

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 25 NOV 2024

DAY.

Monday

**REPORT**

TABLED  
BY:

Hon. NAOMI WAGU

DEP. MADRITY WHT

CLERK-AT  
THE-TABLE:

HALE HUSSEIN

**OF**

**THE AUDITOR-GENERAL**

**ON**

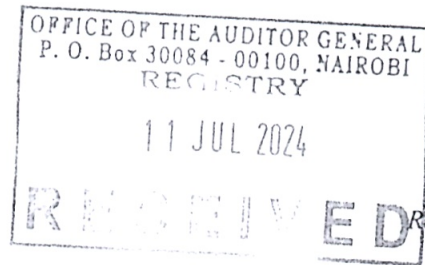
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**CHAVAKALI HIGH SCHOOL**

**FOR SIX MONTHS PERIOD ENDED  
30 JUNE, 2021**

**VIHIGA COUNTY**





*Revised 30<sup>th</sup> June 2021.*



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**CHAVAKALI HIGH SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS (6) PERIOD ENDED  
30<sup>th</sup> JUNE 2021**

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Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



# CHAVAKALI HIGH SCHOOL

## Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

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## CHAVAKALI HIGH SCHOOL

### Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

#### I. Key School Information And Management

##### (a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Vihiga County, Sabatia Sub-County

The school was re-registered in March 2020 under registration number **38S00300073** and is currently categorized as a National School.

The school is a boarding school and had **2148** number of students as at 30<sup>th</sup> June 2021. It has **12 streams** and **80 teachers** of which **22 teachers** are employed by the School Board of Management.

##### (b) School Board of Management - Board Members

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

Ref	Name of Board Member	Designation	Date of appointment
1	Mr. Kobia Mucheke	Chairman	28 <sup>th</sup> May 2019
2	Mr. John Kaira Warutere	Secretary - Principal	28 <sup>th</sup> May 2019
3	Mr. Tom Majani	Member –Rep CEB	“
4	Ms. Emily Kadenyi	Member - PA	“
5	Mr. Rodgers Senaji	Member - Sponsor	“
6	Mr. Hesborn Aligula	Member - PA	“
7	Mr. Enos Lanogwa	Member- PA Chair	“
8	Mr. Philip Lumwamu	Member -Community	“
9	Dr. Malweyi Inwani	Member -Community	“
10	Mrs, Gladys Jepkorir	Members – PA Rep	“
11	Mr. Phelix Opondo	Member - Community	“
12	Mrs. Gladys Madete	Member -Community	“
13	Ms. Deborah Kwamboka	Member –Teacher Rep	“
14	Mrs. Christine Mabele	Member - Community	“
15	Mr. Benson Mudangale	Member – Special Needs	“
16	Mrs. Peninah Vulimu	Member -Sponsor	“
17	Beatrice Agala	Member - Sponsor	“
18	Mr. Benedict Khayati	D/Principal Academics	“
19	Mr. Evans Mackenzie	D/Principal Admin	“



## CHAVAKALI HIGH SCHOOL

### Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

#### The function of the School Board of Management include:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

#### (c) Committees of the Board

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Kobia Mucheke Enos Lanogwa Hesborn Aligula Philip Lumwamu John Kuira Rodgers Mulemi SCDE Benedict Khayati Evans Mackenzie	Chair person Member " " " " " " "	4
2	Finance, procurement and general purposes Committee	Dr. Malweyi Inwani Christine Mabele John Kuira Rodgers Mulemi Evans Mackenzie Benedict Khayati	Chair Person Member " " "	4
3	Academic Committee	Tom Alex Majani Philip Lumwamu John Kuira Deborah Kwamboka Benedict Khayati Evans Mackenzie	Chairperson Member " " " "	4
4	SIC Committee	Gladys Madete Kobia Mucheke John Kuira Enos Lanogwa Hesborn Aligula Benedict Khayati	Chairperson Member " " " "	5



## CHAVAKALI HIGH SCHOOL

### Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
5	Discipline and welfare Committee	Gladys Jepkorir Felix Opondo John Kuira Emily Kadenyi Evans Mackenzie Benedict Khayati	Chairperson Member " " " "	5

#### (d) School operation Management

For the financial period ended 30<sup>th</sup> June 2021 the School day-to-day management was under the following persons:

Ref	Designation	Name	TSC Number
1	Principal	John Kuira Warutere	199176
2	Deputy Principal- Finance & Admin	Evans Mackenzie	314622
3	Deputy Principal- Academics	Benedict Khayati	380239
4	School Bursar	Dickson Lovega Kamadi	BOMOO7

#### (e) Schools contacts

Post Office Box: 144-50300  
Telephone: 0714726527  
E-mail: [chavahigh@yahoo.co.uk](mailto:chavahigh@yahoo.co.uk)



## CHAVAKALI HIGH SCHOOL

### Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

#### (f) School Bankers

The following school operated fifteen(15) number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB Bank  
Branch: Mbale  
Account Number: 1102302228 Boarding Account  
1102302082 Tuition Account  
1102309605 Operations Account  
1110511930 Savings A/c P.Emoluments  
1110511647 Savings A/c Service Gratuity  
1255083204 Parents Association A/c  
111090720 Savings Account BOM  
1109208723 Savings Account PTA  
Farm Account  
CHS Project Account  
NSIUA Account
  
2. Name of Bank: Equity Bank  
Branch: Mbale  
Account Number: 0960297321233 – SIC Account  
0960297321162 – Fees Collection Account - Boarding
  
3. Name of Bank: Cooperative Bank  
Branch: Mbale  
Account Number: 01129471133000 – Fees Collection A/c – Boarding
  
4. Name of Bank: Absa Bank  
Branch: Mbale  
Account Number: 2037268197 – Fees Collection A/c

#### (g) Independent Auditors

Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

## CHAVAKALI HIGH SCHOOL

### Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

#### II. Summary Report of Performance of The School

The following is a summary report of the performance of the school against the set performance evaluation criteria:

##### a) Financial performance:

###### Surplus and Deficit

Year	January – June 2021	-	(316,699)
Year	2020	-	(2,922,737)
Year	2019	-	12,697,273

###### Capitation grants

Period	TUITION	OPERATIONS	INFRAST	TOTAL
Jan-June 2021	2,583,070	15,982,223	7,047,498	25,612,791
2020	3,515,000	19,703,313	7,600,000	30,818,313
2019	5,742,568	17,362,904	13,524,000	36,629,471

###### Ratio of Capitation Grants per Student

Year	January – June 2021	-	19,990,349.60/1686	=Kshs. 15,191 per Student
Year	2020	-	30,818,313.19/1862	=Kshs. 16,553 per Student
Year	2019	-	36,629,471.61/1900	=Kshs. 19,279 per Student

###### Other Income Growth

Period	PARENTS FEES	HOUSE RENT	TOTAL
Jan-June 2021	55,714,792	-	55,714,792
2020	76,330,620	345,600	68,890,215
2019	103,288,644	330,000	103,618,644



**CHAVAKALI HIGH SCHOOL****Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021****Growth in Expenditure**

Year	Tuition	Operations	Boarding	Infrast	Total
Jan-June 2021	3,271,576	9,607,110	55,858,879	12,390,992	81,128,557
2020	3,358,220	23,668,943	60,988,713	19,337,270	107,353,146
2019	5,401,697	15,583,616	96,253,876	2,024,462	119,263,651

**Movement of Debtors (School Fees Arrears)**

YEAR	ARREARS 1996-2014	ARREARS 2015-2021	TOTAL
Jan-June 2021	38,777,347	30,192,165	68,969,512
2020	38,777,347	24,514,378	63,291,725
2019	38,777,347	1,661,846	40,439,193

**Movement of Trade Creditors**

Year	Tuition	Operations	Boarding	Total
Jan-June 2021	8,870,545	-	15,852,215	24,722,760
2020	9,111,775	3,646,564	13,468,908	26,227,247
2019	9,120,545	-	12,788,168	21,908,713

**Movement of Cash and Bank Balances**

Account	Dec 2019		Dec 2020		June 2021	
	Cash	Bank	Cash	Bank	Cash	Bank
Tuition	-	437,554	-	585,564	-	393,700
Operations	799	14,298,087	1,479	623,802	1,479	1,898,532
Boarding A/Cs	251,088	8,277,310	187,185	5,981,865	3,863,909	12,553,966
Infrastructure	-	-	618,100	10,328,768	-	8,064,264

**CHAVAKALI HIGH SCHOOL**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**b) Teacher Student ratio:**

Total No. of teachers	-	80	
No. of TSC teachers	-	58	
No. of BOM teachers	-	22	
No. of students	-	2148	
Teacher to student ratio	-	58 : 2148	= 1 : 38

**c) Mean score, candidature and university transition in the 2018, 2019 and 2020 KCSE:**

YEAR	MEAN	DEVIATION	CANDIDATURE	UNIVERSITY ENTRY
2018	6.2854	0.0676	502	502
2019	7.7558	1.4604	571	571
2020	8.5545	0.7987	404	404

**d) Capacity of the school:**

Enrolment	Facilities				
	Class-Rooms	Dormitories	D/Hall	Laboratories	Toilets, Urinals & Water Points
2148	44	17	1	6	68

**e) Development projects carried out by the school:**

- Five storey complex dormitory block for housing 1000 students (Ground floor completed for occupation)
- Funded by the Ministry of Education FSE funds (M&I funds cumulative Kshs. 28 Million)

NAME : Edward Wachilonga Namasaka

DESIGNATION: Senior Principal

SIGN: DATE: 



**CHAVAKALI HIGH SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**III. Statement of School Management Responsibility**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of **Chavakali High School** accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the half financial year ended 30<sup>th</sup> June, 2021, and of the school's financial position as at that date.

Name: CPA Rodgers Mulemi  
Designation: Chairman, School Board of Management

Sign: 

Date: 08/07/24

Name: Mr. Edward Wachilonga Namasaka  
Designation: Senior Principal & Secretary Board of Management

Sign: 

Date: 08/07/24



Name: CPA Jared Omunyole Ochieng

Designation: Bursar/ Finance Officer

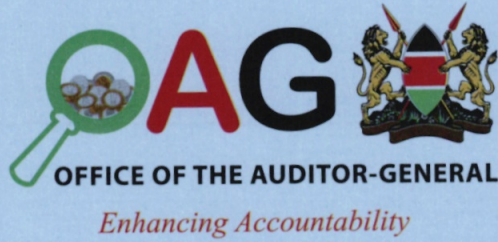
Sign: 

Date: 08/07/24





# REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON CHAVAKALI HIGH SCHOOL FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2021 - VIHIGA COUNTY

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Chavakali High School - Vihiga County set out on pages 11 to 25, which comprise of the statement of assets and liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows



and the statement of budgeted versus actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Chavakali High School – Vihiga County as at 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The statement of cash flows reflects acquisition of assets – infrastructure balance of Kshs.12,390,992. However, Annex 2 to the financial statements on the summary of fixed assets has not recognized any additional assets.

In the circumstances, the accuracy and completeness of the financial statements could be confirmed.

#### **2. Unsupported School Fund Income- Parents' Contributions**

The statement of receipts and payments reflects an amount of Kshs.67,843,981 in respect of school fund income- parents' contributions and as disclosed in Note 3 to the financial statements. However, the school fund income -parents' contributions were not supported by detailed listings or schedules indicating the name of the students and amount paid.

In the circumstances, the accuracy and completeness of school fund income -parents' contributions could not be confirmed.

#### **3. Unsupported Payments**

The statement of receipts and payments reflects a balance of Kshs.81,128,557 in respect of tuition, operations, infrastructure, and boarding and school funds payments. However, the payments were not supported by detailed listings or schedules to indicate the name of the payee, date of payment, purpose of payment and amount paid.

In the circumstances, the accuracy and completeness of payments could not be confirmed.

#### **4. Inaccuracies in Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects a cash and cash equivalents balance of Kshs.32,037,189 and as disclosed in Note 9 and 10 to the financial statements. Review of the cash and cash equivalents revealed that the statement of



assets and liabilities reflects a bank balance of Kshs.28,171,800 which related to fifteen (15) bank accounts as disclosed in Note 9 to the financial statements. However, the School did not provide bank reconciliations to support the balances. Further, three (3) bank accounts were not disclosed in Note 9 to the financial statements and eleven (11) cashbooks with a balance amounting to Kshs.20,524,312 were not provided for audit.

Further, included in the bank balance of Kshs.28,171,800 is an overdrawn school fund bank account with a credit balance of Kshs.3,593. This was contrary to Paragraph 1.3.20 of the International Public Sector Accounting Standards on requirements for reporting of cash receipts, payments and balances on a gross basis which provides that assets and liabilities, receipts and payments shall not be offset unless required or permitted by the Accounting Standards.

In addition, the statement of financial assets and financial liabilities reflects an amount of Kshs.3,865,388 as cash in hand. However, the amount was not supported with a board of cash survey report.

In the circumstances, the accuracy of the cash and cash equivalents balance could not be confirmed.

#### **5. Unsupported and Long Outstanding Accounts Receivables**

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects an accounts receivables balance of Kshs.74,209,775. The accounts receivables balance was in respect of fees arrears, rent arrears and salary advances which was not supported by the debtors' ledger and schedule showing the opening balances, receivables for the year, amount received during the year and the outstanding balances. Further, the receivable balance in respect of fees arrears amounting to Kshs.56,830,325 or 77% of the accounts receivables was outstanding for over one (1) year.

In the circumstances, the accuracy and completeness of the accounts receivables could not be confirmed.

#### **6. Unsupported and Long Outstanding Accounts Payable**

The statement of financial assets and financial liabilities and as disclosed in Note 12 in the note to the financial statements reflects an accounts payables balance of Kshs.36,564,994 in respect of trade creditors, prepaid fees, pocket money, retention monies, unpaid salaries and statutory deductions, CHS project and unremitted statutory deductions (NHIF). Included in the amount is Kshs.19,638,762 that was not supported by trade creditors ledger, invoices, delivery notes, local purchase orders (LPO) issues and receipts vouchers. Further, payable balance amounting to Kshs.30,031,410 or 82% of the accounts payables was outstanding for over one (1) year.

In the circumstances, the accuracy and completeness of the accounts payables could not be confirmed.



The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Chavakali High School Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2021. The financial statements were submitted on 20 May, 2024 which was thirty-two (32) months after the statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Late submission of financial reports adversely affects the Office of the Auditor-General in meeting the statutory timelines.

In the circumstances, Management was in breach of the law.

#### **2. Non-Compliance with the Public Sector Accounting Standards Board**

Review of the financial statements revealed that the financial statements were not paginated in accordance with the prescribed reporting template. All the pages were numerically paginated whereas the reporting template by the Public Sector Accounting Standards Board requires that the non-financial information be in roman while the pages from the statement of receipts and payments to the Annexes be in numerals.

Further, Annex 2 to the financial statements on summary of fixed assets register did not reflect the asset's date of purchase, historical cost brought forward, disposals and



additions during the year as required by the reporting template issued by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, Management did not comply with the reporting template requirements by the PSASB.

### **3. Cash Purchases of Goods, Works and Services**

During the year under review, the School procured goods, works and services at a cost of Kshs.1,489,720 on a cash basis which exceeded the threshold matrix in the second schedule on provisions on law value procurement. This was contrary to Regulation 92 of the Public Procurement of Assets and Disposal Regulations, 2020 which provides that a procuring entity may use a low-value procurement method where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule which provides that the maximum level of expenditure under the low-value procurement method is Kshs.50,000, Kshs.100,000 and Kshs.50,000 per item per financial year for goods, works and services respectively.

In the circumstances, Management was in breach of the law.

### **4. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015**

Review of payment vouchers and supporting documentation revealed that there was no evidence that the goods were inspected after delivery to confirm if what was requested was what was delivered. This was contrary to Section 48(1) and (3) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to establish an *ad hoc* Committee known as the Inspection and Acceptance Committee and the Committee shall immediately after the delivery of the goods, works or services inspect and where necessary, test the goods received.

Further, goods received and issued were not supported by counter requisition and issue voucher by the user department. This was contrary to provisions of Regulation 168 of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that they are received and taken on charge.

In addition, Management did not prepare a procurement plan for the year under review. This was contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer shall prepare an Annual Procurement Plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

In the circumstances, Management was in breach of the law.

### **5. Conflict of Interest in Procurement of Goods**

Review of payment records provided for audit revealed that an amount of Kshs.798,600 was paid to the School worker's group for the supply and delivery of beef during the year



under review. However, this was a registered group owned and operated by members of the non-teaching staff of the school who did not declare their conflict of interest. This was contrary to Section 66 (5) (a) of the Public Procurement and Asset Disposal Act, 2015 which states that an employee or agent of the procuring entity or a member of the Board or committee of the procuring entity who has a conflict of interest with respect to a procurement shall not take part in the procurement proceedings.

In the circumstances, Management was in breach of the law.

## **6. Failure to Prepare the School Improvement Plan**

During the year under review, Management did not prepare a School Improvement Plan to be used to measure the School's improvement activities, keep the School in focus in achieving the school target, prioritization of School needs, ensuring prudent utilization of resources and improve accountability. This was contrary to Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School funds which requires a school to develop improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes.

In the circumstances, Management was in breach of the provisions of the Operation Manual.

## **7. Management of Inventory**

Review of the School's inventory revealed that there were books and stationery, foodstuff and repairable furniture stores. However, inventory management records such as receipts vouchers (S13), receipts counter issue vouchers (S11) and stores ledger cards (S9) were not maintained. This was contrary to Regulation 166(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that for effective, economical, efficient and transparent use of government inventory, stores and assets at all levels, an Accounting Officer of a procuring entity shall take full responsibility of the management or control of inventory and assets.

Further, no evidence was provided to indicate that stock-taking exercise was conducted at the end of the financial year. No stock/inventory disclosure was made in the annual report and financial statements as required by the financial reporting template.

In the circumstances, Management was in breach of the law.

## **8. Non-Compliance with Non-Teaching Staffing Level**

Review of the non-teaching staff payroll revealed that the School employed forty-eight (48) non-teaching staff against the set limit of thirty - six (36). Thus, the School exceeded the maximum number of non-teaching staff by twelve (12) officers. This was contrary to Section 5.0 of Ministry Circular No.MOE.HQS/3/13/3 dated 19 October, 2017 on Guidelines for Implementation of Free Day Secondary Education states that to minimize the cost of secondary education, it is necessary to rationalize the recruitment of non-teaching as recommended by the task force report and as detailed in table 3.2.



In the circumstances, the engagement of employees beyond the recommended number was in breach of the Ministerial set guidelines and may lead to the School's inability to sustain the wage bill.

### 9. Stalled Project - Construction of Hostel Block

On 7 August, 2020, the School entered into a contract with a company for the construction of a four (4) storey hostel block (building) at a contract price of Kshs.123,230,540. During the year under review, the School paid the contractor a sum of Kshs.12,390,992 for works done and certified. However, a physical inspection of the project undertaken in May, 2024 revealed that only the ground floor of the hostel was constructed and was occupied by the students. The project had stalled and the contractor was not on site.

In the circumstances, the value for money incurred on the stalled projects could not be confirmed.

### 10. Failure to Reconcile Student Enrolment Data

Review of student records provided for audit revealed unexplained variance in student numbers between National Education Management Information System data and School registers resulting in tuition fees under disbursement on both capitation grants for tuition and operation fees of Kshs.2,035,156 as analyzed below:

Month	No. of Students per NEMIS	No. of Students as per Register	Capitation Grant per Student (Kshs)	Total Expected Capitation per School Register (Kshs)	Actual Expected Capitation Received (Kshs)	Capitation not Received
6 Jan, 2021	1,880	2,148	345	741,060	648,600	92,460
6 Jan, 2021	1,880	2,148	3,398	7,297,937	6,387,394	910,543
23 Feb, 2021	1,968	2,148	1,284	2,758,032	2,526,912	231,120
23 March, 2021	1,968	2,148	601	1,291,485	1,183,260	108,225
28 April, 2021	1,968	2,148	2,086	4,480,728	4,105,248	375,480
19 May, 2021	1,978	2,148	100	214,393	197,425	16,968
19 May, 2021	53	2,148	1	2,148	53	2,095
2 June, 2021	1,978	2,148	357	765,762	705,157	60,605
2 June, 2021	1,978	2,148	1,398	3,002,904	2,765,244	237,660
<b>Total</b>	<b>15,651</b>	<b>19,332</b>		<b>20,554,449</b>	<b>18,519,293</b>	<b>2,035,156</b>

Management explained that the difference was due to the failure of the School to fully register all students on the National Education Management Information System especially Form I students who at the time of admission, did not have all the required particulars for uploading to the National Education Management Information System. This was contrary to the Ministry of Education Circular No.MOE.HQ/3/13/3 dated 16 June, 2021 on the implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in the National Education Management Information System and the principals to ensure their records are accurate.

In the circumstances, Management was in breach of the circular and the underfunding of the School may have affected service delivery to the students.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Failure to Establish Board of Management Committees**

During the year under review, the School operated without an Audit Committee. This is contrary to Section 61(2) of the Basic Education Act, 2013 which requires the Board of Management to establish the Finance, Procurement and General Purposes Committee, Academic Standards, Quality and Environment Committee, Ethics and Integrity Committee, Audit Committee and Human Rights and Student Welfare Committee.

In the circumstances, the existence of an effective internal control mechanism could not be ascertained.

#### **2. Weakness in the Accounting System**

During the year under review, the School processed revenue and payments through an automated accounting system. The school relied on the accounting system to produce



reports. However, the system did not produce periodical financial reports needed for internal management and controls purposes or for external analysis purposes such as budget performance reports, bursary reports, detailed revenue and receivables reports.

Further, the system did not allow for adequate customization of reports to meet specific user needs such as bank reconciliations. In addition, there was lack of adequate training and support for users of the School's accounting system resulting to inconsistent use of the system, errors in data entry and report generation.

In the circumstances, Management controls on the reliability of the accounting system could not be confirmed.

### **3. Failure to Maintain an Imprest Register**

During the year under review, the school issued imprests for different purposes to staff. However, it was noted that Management did not prepare and maintain an imprest register and imprests were not issued through imprest warrants. It was therefore not possible to confirm whether the imprests issued during the year were accounted for and if the regulations regarding management of imprest were adhered to.

In the circumstances, the existence of effective internal controls on imprest management could not be confirmed.

### **4. Management of School Text Books**

Review of the management of textbooks revealed that the School did not have a stores ledger to show the number of textbooks received, issued and the balances in the library. On 29 January, 2021, the School received one thousand and thirty-eight (1038) copies of set books titled Inheritance and of the Pearl each. However, physical inspection of the books undertaken in the month of May, 2024 revealed that the books have never been utilised and they have been kept in boxes in the library.

In the circumstances, the effectiveness of the internal controls on textbook management could not be confirmed.

### **5. Lack of Ownership Documents**

Management maintained a fixed asset register that did not contain all information required including identification or serial number, acquisition date, description of asset, location, class and cost of acquisition. Further, ownership documents for an unknown size of land owned by the school were not provided for audit.

In the circumstances, the ownership and safety of fixed assets could not be ascertained.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.



## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the School or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in



an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

16 September, 2024

**CHAVAKALI HIGH SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**V. Statement of Receipts and Payments Period to 30<sup>th</sup> June 2021**

DESCRIPTION OF VOTE HEAD	Note	Jan-June 2021	Jan - Dec 2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	2,537,070	4,126,800
Capitation grants for operations	2	15,982,223	28,143,313
School Fund Income- Parents' Contributions	3	67,843,981	76,330,621
School Fund Income- Other receipts	4	115,850	20,233,329
<b>TOTAL RECEIPTS</b>		<b>86,479,124</b>	<b>128,834,063</b>
<b>PAYMENTS</b>			
Tuition	5	3,271,576	3,970,020
Operations	6	9,607,110	43,686,213
Infrastructure	7	12,390,992	-
Boarding and School Fund	8	55,858,879	84,100,567
<b>TOTAL PAYMENTS</b>		<b>81,128,557</b>	<b>131,756,800</b>
<b>SURPLUS/DEFICIT</b>		<b>5,350,567</b>	<b>(2,922,737)</b>

The school financial statements were approved on \_\_\_\_\_ 2024 and signed by:

.....  


Name: Mr. Rodgers Mulemi

Chair BOM

Date: 08/07/24

.....  


Name: Mr. Edward Wachilonga  
 School Principal/ Secretary to  
 BOM

Date: 8/7/24



.....  


Name: CPA Jared Ogunyole

Bursar/ Finance Officer

Date: 8/7/24





**CHAVAKALI HIGH SCHOOL**

Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

**VI. Statement of Financial Assets and Financial Liabilities as at 30<sup>th</sup> June 2021**

	Note	Jan-June 2021	Jan -Dec 2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	28,171,800	29,274,491
Cash Balances	10	3,865,388	806,764
<b>Total Cash and cash equivalent</b>		<b>32,037,189</b>	<b>30,081,255</b>
Account's receivables	11	74,209,775	68,391,609
<b>TOTAL FINANCIAL ASSETS</b>		<b>106,246,964</b>	<b>98,472,864</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	12	36,564,994	34,141,461
<b>NET FINANCIAL ASSETS</b>		<b>69,681,970</b>	<b>64,331,403</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	13	64,331,403	67,254,140
Surplus/Deficit for the year		5,350,567	(2,922,737)
<b>NET FINANCIAL POSITION</b>		<b>69,681,970</b>	<b>64,331,403</b>

The School's financial statements were approved on \_\_\_\_\_ 2024 and signed by:

.....  
 Name: RODGER MUKOMI  
 Chair BOM  
 Date: 08/07/24

.....  
 Name: Joseph L...  
 School Principal/ Secretary to  
 BOM  
 Date: 08/07/24

.....  
 Name: JARED OMWIPOTE  
 Bursar/ Finance Officer  
 Date: 08/07/24



**CHAVAKALI HIGH SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

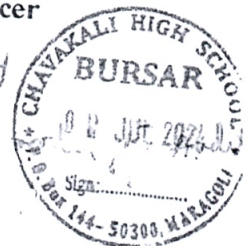
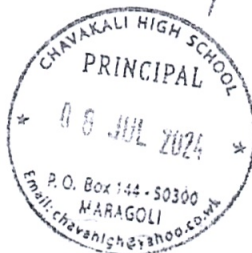
**VII. Statement of Cash Flows for the Period Ended 30<sup>th</sup> June 2021**

	Jan-June 2021	Jan- Dec 2020
	Kshs	Kshs
<b>Receipts for operating income</b>		
Capitation grants for tuition	2,537,070	4,126,800
Capitation grants for operations	15,982,223	28,152,773
School fund income- Parents contributions/ fees	64,449,347	83,970,040
School fund income- other receipts	115,850	20,233,329
<b>Total receipts</b>	<b>83,084,490</b>	<b>136,482,942</b>
<b>Payments</b>		
Payments for Tuition	3,271,576	3,978,790
Payments for operations	9,607,110	13,663,188
Boarding and school fund payments	55,858,878	86,465,295
<b>Total payments</b>	<b>83,330,885</b>	<b>104,107,272</b>
<b>Net cash flow from operating activities</b>	<b>14,346,925</b>	<b>32,375,669</b>
<b>Cashflow From Investing Activities</b>		
Acquisition of Assets- Infrastructure	(12,390,992)	19,337,270
<b>Net cash flows from Investing Activities</b>	<b>(12,390,992)</b>	<b>(19,337,270)</b>
<b>Cashflow From Borrowing Activities</b>		
Proceeds from borrowings/ loans	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash And Cash Equivalents</b>	<b>1,955,933</b>	<b>13,038,399</b>
Cash and cash equivalent at BEGINNING of the year	30,081,255	17,042,856
Cash and cash equivalent at END of the year	32,037,189	30,081,255

.....  
 Name: ROBERT MUYEM  
 Chair BOM  
 Date: 08/07/2021

.....  
 Name: \_\_\_\_\_  
 School Principal/ Secretary to BOM  
 Date: 08/07/2021

.....  
 Name: JARED OMMIYOTE  
 Bursar/ Finance Officer  
 Date: 08/07/2021





**CHAVAKALI HIGH SCHOOL**

Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

**VIII. Statement of Budgeted Versus Actual Amounts for the Period Ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/e %
	Kshs	Kshs			Kshs	Kshs
<b>RECEIPTS</b>						
<b>(1) Capitation Grant on Tuition</b>						
Textbooks and reference materials	800,000	-	800,000	638,972		
Teaching / learning materials	2,402,289	-	2,402,289	1,799,197	161,028	80%
SMASSE	120,000	-	120,000	98,900	603,092	75%
					21,100	82%
<b>(2) Capitation Grant on Operations</b>					0	
Personnel emoluments	5,000,000	-	5,000,000	4,831,687	0	
Local transport / travelling	1,000,000	-	1,000,000	755,795	168,313	97%
Electricity and water	2,200,000	-	2,200,000	2,046,352	244,205	76%
Administration costs	1,200,000	-	1,200,000	1,156,825	153,648	93%
Edu Afya NHIF	1,500,000	-	1,500,000	1,368,256	43,175	96%
					131,744	91%
<b>3) FDSE for Infrastructure</b>					0	
Maintenance & Improvement MoE	10,240,000	-	10,240,000	9,000,000	0	
M&I parents' contribution	4,296,000	-	4,296,000	3,390,992	1,240,000	88%
					905,008	79%
<b>4) Fees Charged on Parents</b>					0	
Boarding Equipment and Stores	33,747,574	-	33,747,574	39,833,453	0	
Personnel emoluments	6,146,678	-	6,146,678	5,629,438	-6,085,879	118%
					517,240	92%



**CHAVAKALI HIGH SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Repairs and maintenance	2,568,200	-	2,568,200	2,428,167	140,033	95%
Local transport / travelling	1,424,600	-	1,424,600	1,334,142	90,458	94%
Electricity and water	5,184,400	-	5,184,400	5,121,042	63,358	99%
Administration costs	2,877,311	-	2,877,311	2,877,311	0	100%
Activity	700,000	-	700,000	658,111	41,889	94%
<b>Other Income</b>						
Uniform Fund	-	-	-	112,850	(112,850)	-
Student IDs	-	-	-	1,200	(1,200)	-
Insurance compensation	-	-	-	1,800	(1,800)	-
<b>Total Income</b>	<b>81,407,052</b>	<b>-</b>	<b>81,407,052</b>	<b>83,084,490</b>	<b>(1,677,438)</b>	
<b>(1) Expenditure For Tuition</b>						
Textbooks and reference materials	800,000	-	800,000	638,973	161,027	80%
Teaching / learning materials	2,402,289	-	2,402,289	2,531,769	(129,480)	105%
SMASSE	120,000	-	120,000	98,900	21,100	82%
Bank Charges	-	-	-	1,935	(1,935)	-
<b>(2) Expenditure for Operations</b>						
Personnel emoluments	7,011,913	-	7,011,913	6,998,629	13,284	99%
Local transport / travelling	708,312	-	708,312	-	708,312	-
Electricity, water and conservancy	2,147,391	-	2,147,391	510,500	1,636,891	24%
Medical	600,000	-	600,000	701,275	(101,275)	117%



CHAVAKALI HIGH SCHOOL

Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Administration costs	801,123	-	801,123	722,725	78,398	90%
Activity Expenses	700,000	-	700,000	670,980	29,020	96%
Bank Charges	-	-	-	3,000	(3,000)	-
<b>(3) Expenditure for Infrastructure</b>						
Construction of DORMS	12,500,000	-	12,500,000	12,390,992	109,008	99%
<b>(4) Expenditure for School Fund and Boarding</b>						
Personnel emoluments	12,600,400		12,600,400	12,525,452	74,948	99%
Repairs, maintenance and improvements	2,627,000		2,627,000	2,248,347	378,653	86%
Local transport / travelling	3,876,000		3,876,000	3,546,512	329,488	91%
Tuition	5,830,000		5,830,000	4,460,065	1,369,935	77%
Electricity, water and conservancy	2,004,000		2,004,000	2,002,462	1,538	100%
Administration costs	4,245,400		4,245,400	3,992,853	252,547	94%
Activity	362,780		362,780	265,623	97,157	73%
Boarding Equipment and Stores	22,070,444		22,070,444	26,817,565	(4,747,121)	122%
<b>Totals</b>	<b>81,407,052</b>		<b>81,407,052</b>	<b>81,128,557</b>	<b>278,495</b>	<b>100%</b>

**IX. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of Chavakali High School and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the periods presented.

**2. Recognition of receipts and payments**

The school recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the school. In addition, the school recognises all expenses when the event occurs and the related cash has actually been paid out by the school.

**3. In-kind contributions**

In-kind contributions are donations that are made to the school in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the school includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial period.



**Significant Accounting Policies (Continued)**

**5. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial period are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**6. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial period arising from contracted goods or services during the period or in past periods.

**7. Non-current assets**

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.

**8. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The school's budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial period under review has been included in the financial statements.

**9. Comparative figures**

Where necessary comparative figures for the previous financial period have been amended or reconfigured to conform to the required changes in presentation. The financial statements for the current period include comparative information for the prior full calendar period. Users of the financial statements should be aware that the figures for the current period are not directly comparable to the figures of the previous period due to the different lengths of the reporting periods.

**10. Subsequent events**

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended 30<sup>th</sup> June 2021.

## **CHAVAKALI HIGH SCHOOL**

### **Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

#### **11. Change in Reporting Period**

Effective from July 2020 the entity has changed its financial reporting period from the calendar year (January 1 - December 31) to the government financial year (July 1 - June 30). This change aligns the school's financial reporting period with the government fiscal period to improve comparability and compliance with governmental reporting requirements.

#### **12. Impact of Change in Reporting Period**

As a result of this change, the current financial statements cover a shorter reporting period from 1 January 2021 to 30 June 2021 which is six (6) months, compared to the previous reporting period, which covered a full calendar year. This results in the lack of comparability between the current period's figures and the prior year's figures.



**X. Notes To The Financial Statements**

**1 Capitation Grant For Tuition**

	<b>Jan-June2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Textbooks and reference materials	638,973	231,800
Teaching / learning materials	1,799,197	3,515,000
SMASSE	98,900	380,000
<b>Total</b>	<b>2,537,070</b>	<b>4,126,800</b>

**2 Capitation Grant For Operations**

	<b>Jan-June2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	4,831,687	11,235,013
Maintenance & Maintenance	5,823,307	7,600,000
Local transport / travelling	755,795	940,500
Electricity and water	2,046,352	3,184,400
Administration costs	1,156,825	1,588,400
Activity	-	1,425,000
Edu Afya NHIF	1,368,257	950,000
Donation- Alumni Tank	-	840,000
Insurance	-	380,000
<b>Total</b>	<b>15,982,223</b>	<b>28,143,313</b>

**3 Parents Contribution/Fees - School Fund Account**

	<b>Jan-June2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees on Boarding Equipment and Stores	46,795,770	40,707,886
Personnel emoluments	8,629,438	11,714,831
Maintenance & Improvement	2,428,167	7,921,396
Local transport / travelling	1,334,142	2,165,561
Electricity and water	5,121,042	8,119,537
Administration costs	2,877,311	4,614,483
Activity	658,111	1,086,927
<b>Total</b>	<b>67,843,981</b>	<b>76,330,621</b>

4 Other Receipts – School Fund Account

	Jan-June 2021	Jan-Dec 2021
	Kshs	Kshs
Rent income	-	345,600
Income from farming activities	-	16,000
PA Fund Project	-	1,864,835
Refundable Fees	-	144,500
Bursary	-	8,669,141
Uniform Fund	112,850	8,742,700
Students IDs	1,200	183,403
Magazine	1,800	267,150
<b>Total</b>	<b>115,850</b>	<b>20,233,329</b>

5 Payments For Tuition

	Jan-June-2021	Jan-Dec 2021
	Kshs	Kshs
Textbooks and reference materials	638,972	231,800
Teaching / learning materials	2,531,769	-
SMASSE	98,900	380,000
Bank Charges	1,935	3,271
<b>Total</b>	<b>3,271,576</b>	<b>3,970,020</b>

6 Payments For Operations

	Jan-June 2021	Jan-Dec 2021
	Kshs	Kshs
Personnel emoluments	6,998,629	6,369,648
Service Gratuity	-	741,788
Administration Cost	722,725	2,798,790
Repairs and maintenance & improvements	-	1,081,480
Local transport / travelling	-	256,800
Electricity and water	510,500	24,000
Edu Afya NHIF	666,981	680,000
Activity Expenses	-	922,000
Medical / Insurance Cost	701,275	1,818,100
Bank Charges	7,000	-
Net Salaries	-	8,791,447
Acquisition of Assets	-	19,337,270
NSSF	-	323,040
NHIF	-	185,850
Alumni Tank	-	356,000
<b>TOTAL</b>	<b>9,607,110</b>	<b>43,686,213</b>



7 Infrastructure Payments

Description	Jan-June 2021	Jan-Dec 2021
	Kshs	Kshs
Construction of dormitory	12,390,992	-
<b>Total</b>	<b>12,390,992</b>	<b>-</b>

8 Boarding and School Fund Payments

	Jan-June 2021	Jan-Dec 2021
	Kshs	Kshs
Personnel emoluments	1,795,573	9,797,782
Service Gratuity	4,127,184	546,985
Repairs and maintenance & Improvements	2,248,347	5,234,092
Local transport / travelling	3,546,512	2,091,657
Electricity and water	2,002,462	2,436,324
Tuition Materials	4,460,065	3,975,853
Administration costs	3,992,853	2,883,771
Students IDs	-	100,000
Bank Charges	-	36,082
Net Salaries	6,602,695	4,979,609
Fee on Boarding Equipment and Stores	25,159,711	24,400,652
Activity Expenses	265,623	3,034,339
Bakery Expenses	546,764	1,293,440
Refundable Fees	-	69,027
Alumni Tank	-	70,000
Uniform Fund	-	10,337,150
Bursary	-	8,644,141
Acquisition of Assets – PA Project	-	2,000,000
Farm Expenses	188,770	39,100
Transfer To Infrastructure	-	2,130,563
NSSF	821,520	-
NHIF	100,800	-
<b>TOTAL</b>	<b>55,858,879</b>	<b>84,100,567</b>

9 Bank Accounts

Name of Bank, Account No. & currency	Bank Account Number	Jan-June 2021	Jan-Dec 2021
		Kshs	Kshs
Tuition Account	1102302082	393,700	585,564
Operations Account	1102309605	1,898,532	623,802
School Fund Account/Boarding	1102302228	5,355,255	12,749,024
S/ Acc – Absa Bank Collection Acc	2037268197	303,481	194,408
S / Acc – Coop Bank Collection Acc	01129471133000	1,682,275	258,714
S / Acc – Equity Bank Collection Acc	0960297321162	5,212,955	395,222
Parent Association Development Acc	1255083204	2,367,114	2,367,114
Farm Account		11,009	11,009
Infrastructural Account	0960297321233	8,064,264	10,328,768
Savings Acc - BOM	1110920720	785,183	785,183
Savings acc – P. Emoluments	1110511930	1,840,501	85,448
Savings Acc – Gratuity Acc	1110511647	(3,594)	629,110
Savings Acc - PTA	1109208723	153,549	153,549
CHS Project		44,258	44,258
NSIUA		63,318	63,318
<b>Total</b>		<b>28,171,800</b>	<b>29,274,491</b>

10 Cash In Hand

Description	Jan-June 2021	Jan-Dec 2021
	Kshs	Kshs
Operation Account	1,479	1,479
School Fund account	3,863,909	193
Infrastructure Account	-	805,092
<b>Total</b>	<b>3,865,388</b>	<b>806,764</b>

11 Accounts Receivable

Description	Jan-June 2021	Jan-Dec 2021
	Kshs	Kshs
Fees arrears	68,969,513	63,291,726
Rent Arrears	4,527,750	4,527,750
Salary advances	712,513	547,263
Imprest	-	24,870
<b>Total</b>	<b>74,209,776</b>	<b>68,391,609</b>



An ageing of the fees arrears is as shown below

<b>Description</b>	<b>Jan-June 2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees arrears for current period	12,139,188	7,895,911.00
Fees arrears for the previous period	1,444,510	4,049,245.00
Fees arrears for prior periods (over two years)	55,385,815	51,346,569.55
<b>Total</b>	<b>68,969,513</b>	<b>63,291,725.55</b>

**12 Accounts Payable**

<b>Description</b>	<b>Jan-June 2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade creditors (See ageing below and Annex 1)	19,638,762	23,471,559
Prepaid fees	5,223,638	(707,654.00)
Pocket Money	73,362	70,362
Retention monies	1,145,857	1,145,857
Unpaid salaries and statutory deductions	6,533,584	5,893,333
CHS Project	1,700,000	1,700,000
Caution Money	2,235,361	2,235,361
RD Cheques	-	332,643
NHIF	14,430	-
<b>Total</b>	<b>36,564,994</b>	<b>34,141,461</b>

An ageing of the creditors is as shown below

<b>Description</b>	<b>Jan-June 2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade creditors for current period	6,533,584	6,221,534.22
Trade creditors for prior periods (over two years)	30,031,410	17,250,024.43
<b>Total</b>	<b>36,564,994</b>	<b>23,471,558.65</b>

**13 Fund Balance Brought Forward**

<b>Description</b>	<b>Jan-June 2021</b>	<b>Jan-Dec 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank balances	29,274,491	16,977,961
Cash balances	806,764	64,895
Receivables	68,391,609	63,902,501
Payables	(34,141,461)	(27,618,061)
<b>Total</b>	<b>64,331,403</b>	<b>53,327,296</b>

**14 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

This is the first time the school is being audit, and as such, there are no previous years' recommendations to report or follow up on.



**CHAVAKALI HIGH SCHOOL**
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**
**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
	A	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Supply of goods</b>						
1. Humphrey Gaitano - Maize	777,000	2016	977,000	100,000	100,000	
2. Ronicah Ambogo - Firewood	500,000	2016	250,000	250,000	250,000	
3. Balakhonya Gen Distr. - Firewood	385,000	2016	250,000	135,000	135,000	
4. Broadcore Construction Co. - Furniture	5,718,000	2017&2016	1,853,000	3,865,000	3,865,000	
5. Kwamusoga Investment Co.- Maize	1,269,500	2016	569,000	700,000	700,000	
6. Essarke Enterprises - Stationery	1,302,490	2016	900,000	482,490	482,490	
7. Mildred Aleyo - Firewood	518,000	2016	369,000	149,000	149,000	
8. Nancy Madagwa - Uniforms	302,700	2017	100,000	202,700	202,700	
9. Text Book World - Exercise Books	3,166,030	2017	1,126,000	2,040,030	2,040,030	
10. Yokhama Enterprises - Lab Materials	3,660,711	2015	3,410,711	350,000	500,000	
11. Walker Furniture - Students desks	1,794,500	2015		599,000	599,000	
12. Merry Glory - Tonners	1,620,000	2017	1,160,000	460,000	460,000	
13. Startic Distributors - Books	775,100	2017	100,000	675,100	675,100	
14. Chavakali Bookshop - Stationery	277,940	2017	100,000	177,940	177,940	
15. The Copy Cat Ltd - Toners	1,113,600	2017	1,058,508	55,092	55,092	
16. Trim Tab - T&L Materials	567,000	2015	367,000	200,000	200,000	
17. Walker Furniture -	1,794,500	2015	1,195,500	599,000	599,000	
18. Madadi Supplies - Beans	350,000	2017	179,500	170,500	170,500	
19. Fum Ministries - Maize	1,023,200	2017	273,200	750,000	750,000	
20. Gerishom Muluha - Firewood	442,430	2017	-	442,430	442,430	
21. Pamela Kawai - Vegetables	500,920	2017	450,000	50,920	50,920	
22. Margaret Kavulani - Vegetables	317,200	2017	205,000	112,200	112,200	
23. Aggrey Madiavale - Firewood	93,500	2017	-	93,500	93,500	
24. Majanga Stanley - MAize	824,000	2017	734,000	90,000	90,000	
25. Arnold Mamadi - Maize	129,500	2017	-	129,500	129,500	

**CHAVAKALI HIGH SCHOOL**
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
	A	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
26. Faystep - Beans	1,029,100	2018	600,000	429,100	429,100	
27. Evans Ashiruka - Maize	1,170,000	2018	600,000	570,000	570,000	
28. Alexander Kigunzu - Maize	663,000	2018	397,800	265,200	265,200	
29. Cowood Limited - Maize	780,000	2018	468,000	312,000	312,000	
30. W. Kisia – Beans	364,000	2018	218,400	145,600	145,600	
31. Ndombi – Maize	700,000	2018	420,000	280,000	280,000	
32. Namasaka – Maize	700,000	2018	420,000	280,000	280,000	
33. MT Umeme – Electricity Mat	-	2017	-	350,000	350,000	
34. JSE	-	2017	-	200,000	200,000	
35. Jua Kali Structural Eng Jikos & Bakery	-	2017	-	300,000	300,000	
36. Vision Contractors	455,800	2017	-	455,800	455,800	
37. Stanley Majanga	-	2017	-	250,000	250,000	
38. Nard Concept	-	2017	-	50,000	50,000	
39. Joan Musabi	-	2017	-	150,000	150,000	
40. Francis Munubi	-	2017	-	200,000	200,000	
41. Hamaco Concept	-	2017	-	100,000	100,000	
42. Bochend Gen Merchants – Sports Mat	-	2017	-	87,000	87,000	
<b>Sub-Total</b>	<b>35,084,721</b>		<b>3,124,200</b>	<b>17,304,102</b>	<b>17,454,102</b>	
<b>Supply of services</b>						
43. Joshua Kavinguha – Repairs	1,003,000	2016	758,600	245,000	245,000	
44. LVNWSB – Exhaustion services	250,000	2016	-	250,000	250,000	
45. Kenways Gen Eng. – Repairs	556,500	2018	307,840	248,660	248,660	
46. Pride Kings – Security	971,665	2017	676,665	295,000	295,000	
47. Sambamba Technologies -n Comp. service	1,537,500	2017	650,000	887,500	887,500	
<b>Sub-Total</b>	<b>4,318,665</b>		<b>2,393,105</b>	<b>1,926,160</b>	<b>1,926,160</b>	
<b>Grand Total</b>	<b>39,403,386</b>		<b>5,517,305</b>	<b>19,230,262</b>	<b>19,380,262</b>	



**CHAVAKALI HIGH SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

<b>Asset class</b>	<b>Date purchased</b>	<b>Quantity/ No.</b>	<b>Location</b>	<b>Historical Cost b/f (Kshs) 1<sup>st</sup> July 2020</b>	<b>Additions during the period (Kshs)</b>	<b>Disposals during the period (Kshs)</b>	<b>Historical Cost c/f (Kshs) 30<sup>th</sup> June 2021</b>
Land 1	1959		Chavakali				200,000,000
Buildings and structures			“				550,000,000
Motor vehicles			“				14,400,000
Office equipment, furniture and fittings			“				100,000,000
ICT Equipment, and Other ICT Assets			“				4,392,000
Tools and apparatus			“				2,500,000
Textbooks			“				7,631,000
Other Machinery and Equipment – (Generator, mowers, bakery, posho mill)			“				4,500,000
Heritage and cultural assets – (music band instruments,			“				1,200,000
Intangible assets- soft ware			“				1,800,000
<b>Total</b>							<b>886,423,000</b>