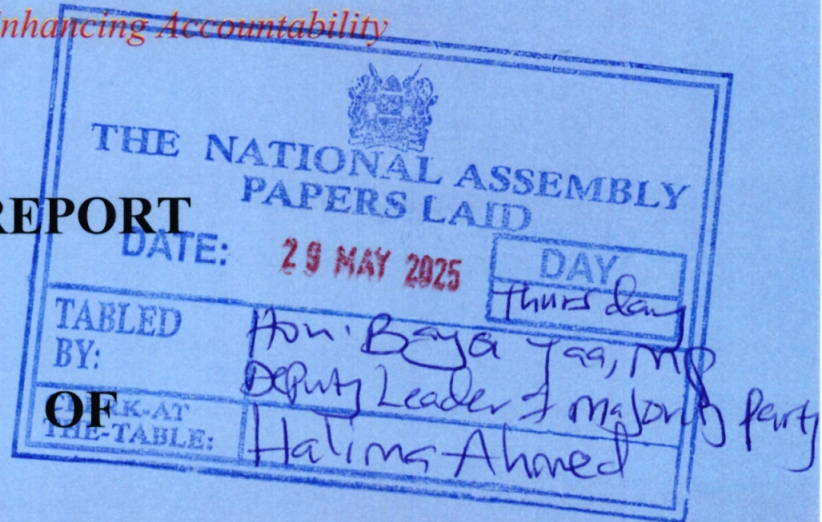
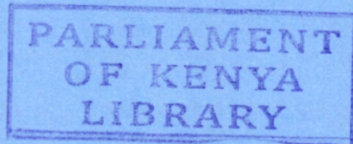


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



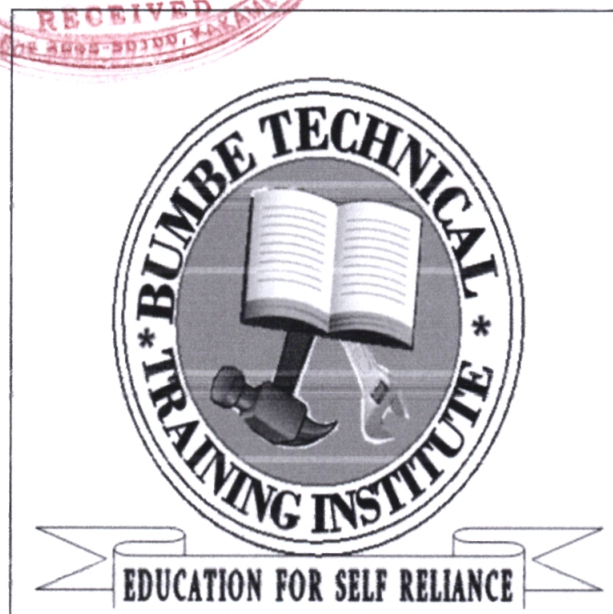
**THE AUDITOR-GENERAL**

**ON**

**BUMBE TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2023**





***BUMBE TECHNICAL TRAINING INSTITUTE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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







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**I. Key Entity Information and Management**

**(a) Background information**

Bumbe Technical Training Institute is a public institution established in 1986 to succeed the Bumbe Technical secondary school which was established in the year 1977 to offer technical secondary education up to form four. Bumbe Technical Training Institute was registered as Technical Training Institution in October 2004 and was incorporated under the TVET Act 2013. Bumbe is domiciled in Kenya and has no branches outside the country.

The institute is located on the shores of Lake Victoria along the Bumala-Sio Port-Port Victoria road, in Samia Sub County, Funyula constituency, Bwiri Location. It stands on a 10 acre piece of land. The initial capital for the construction of the technical school was extended by the local community the Anglican Church of Kenya (ACK) and supported by the ministry of education (MOE). Bumbe Technical Training institute is aligned with the Ministry of Education Vision, Mission and Objectives. Its priorities are in line with the National TVET policy and Vision 2030.

**(b) Principal Activities**

The principal mandate of the institution is to train and develop middle managers for national development, to advance, transmit & enhance technical entrepreneurial skill & knowledge for self reliance and to offer courses leading to a ward of diplomas and certificates in TVET programmes in collaboration with other tertiary institutions.

The institute's vision is to be a centre of excellence in research, innovation and technical training. Whereas the mission is to provide research driven technical and entrepreneurial training, for self reliance in competitive market and national production system.

Bumbe TTI is currently running six academic Departments as listed below:

1. Building & Civil Engineering
2. Business , Liberal and Information Studies
3. Institutional Management
4. Electrical & Electronic Engineering
5. Automotive Engineering
6. ICT

The institution offers courses ranging from Artisan, Craft to Diploma.

**(c) Key Management**

The institute's day-to-day management is under the following key organs:

Board of Governors.

Accounting officer/ Principal

Top Management



**Bumbe Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

| No. | Designation                | Name                     |
|-----|----------------------------|--------------------------|
| 1.  | Principal                  | Mr.CalestusOmilloWanjala |
| 2.  | Deputy principalFinance    | Mr.WasilwaJuma           |
| 3   | Deputy principal Academics | Ms. Florence             |
| 4   | Registrar                  | Mr.Shaban M. Namatsi     |
| 5   | Dean of students           | Mr. Kevin Isaac Khasenye |
| 6   | Head of Finance            | Mr. Alex O. Owade        |
| 8   | Head of Procurement        | Mr. Francis Okumu        |

**(e) Fiduciary Oversight Arrangements**

**Audit and riskcommittee activities**

|                      |               |
|----------------------|---------------|
| Ms. Maureen Jalang'o | - Chairperson |
| Eng. Peter Kochola   | - Member      |
| Dr.SelineAwino       | - Member      |

**Activities**

- 1) Examining the institute's financial statements to determine whether they are reliable.
- 2) Ensuring the institute establishes a thorough risk management process and effective internal control
- 3) Reviewing the institute's policies, particularly in areas such as ethics, conflict of interest and fraud.

**Finance and operations committee activities**

|                       |                |
|-----------------------|----------------|
| Ms. Agatha NeemaOduor | - Chair Person |
| Ms.DolphineTaaka      | - Member       |
| Mr. Kenneth Sirima    | - Member       |

**Activities**

- 1) Review periodically the institute's annual budget and recommending adjustments for approval.
- 2) Oversee cash flows and financial management
- 3) Ensuring that financial reporting requirements are fulfilled
- 4) Ensuring that the financial elements of the BTTI are in accordance with its vision, mission and strategic plan
- 5) Reporting to the full board about the financial condition of the institution and/or any financial irregularities or inefficiencies.

**Academic& Human Resource committee activities**

|                    |               |
|--------------------|---------------|
| Eng. Peter Kochola | - Chairperson |
| Mr. Kenneth Sirima | - Member      |
| Dr.SelineAwino     | - Member      |

**Activities**

1. Review periodically the institute's Policies to incorporate emerging trends and best practices in Human Resource Management, in the Public Service.
2. Ensuring that HR and Academic policies are aligned with Institutes Vision, Mission and Strategic plan.
3. Overseeing Academics and HR operations in the Institute.
4. Periodical reporting of HR and Academics progress/Updates to the full Board.



**Key Entity Information and Management (Continued)**

**(f) BTTI Headquarters**

P.O. Box 440 - 50406  
Off Port Victoria Road

FUNYULA, KENYA

**(g) BTTI Contacts**

Telephone: (254) 736 391 750  
E-mail: [info@bumbetti.ac.ke](mailto:info@bumbetti.ac.ke)  
Website: [www.bumbetti.ac.go.ke](http://www.bumbetti.ac.go.ke)

**(h) BTTI Bankers**

National Bank of Kenya  
Busia Branch  
P.O. Box 264  
Busia 50400  
Busia, Kenya

Kenya Commercial Bank  
Port Victoria Branch  
P.O. Box 271  
Port Victoria 50401  
Port Victoria, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**Bumbe Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**2. The Board of Governors**

| No. | Governor                                                                                                                                                                                                                                                                                                                | Details                                                                                                                                                                                                                                                                         |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  |  <p>Prof. Fredrick O. Wanyama<br/> P.O.Box333-40105,Maseno, KENYA.<br/> Tel:+254-057-351551(Office).Cell:<br/> +254722-233479/+254733718108.<br/> Fax:+254-057-351221<br/> E-mail:fwanyama@hotmail.com/<br/> fwanyama@maseno.ac.ke</p> | <p><b>Ph.D. in Political Science</b>, Maseno University, Kenya.</p> <p>1994: <b>M.A in Government</b>, University of Nairobi, Kenya.</p> <p>1990: <b>B.A (Hon.) in Government</b>, University of Nairobi, Kenya.</p> <p>Chairman Board Of Governors</p>                         |
| 2.  |  <p>Ms. Agatha Neema Oduori</p>                                                                                                                                                                                                       | <p>Date of birth; 27<sup>th</sup> April, 1988<br/> Bachelor of commerce (finance Option)<br/> The catholic university of eastern Africa<br/> (second class upper)</p> <p>Certified public accountant (CPA finalist)</p> <p>Chairperson in finance and development committee</p> |
| 3.  |  <p>Ms. Dophine Taaka Barasa</p>                                                                                                                                                                                                     | <p>Date of Birth. 1978</p> <p>B.sc. Science<br/> (Tourism)- Moi University</p> <p>Branch manager Auto Xpress Limited, Kakamega</p> <p>Member of Academic, Human Resource Welfare committee</p> <p>Member of the Board</p>                                                       |

|    |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. |  <p>Kenneth Godfrey Sirima<br/>P. O. Box 63 – 50404 Bumala<br/>Cell: 0722-337132<br/><a href="mailto:kgsirima@yahoo.com">kgsirima@yahoo.com</a></p>                                                                                                                  | <p>University of Nairobi<br/>Bachelor of Science – Mathematics / Computer Science</p> <p><b>AREAS OF COMPETENCE</b></p> <ul style="list-style-type: none"> <li>• Project management, development and capacity building for support of financial management systems.</li> <li>• Systems selection, implementation and support of systems.</li> <li>• Systems design and development of financial management systems.</li> <li>• Knowledge of ICT technologies - Windows, Dos, Unix, programming - Basic, Pascal, Cobol, MSOffice and numerous windows based utilities and software.</li> <li>• Planning and organization in the reengineering of business Processes.</li> </ul> <p>Member of the Board</p> |
| 5. |  <p>Dr. Celine Awino<br/><b>Email:</b> <a href="mailto:cawino@mmust.ac.ke">cawino@mmust.ac.ke</a> or<br/><a href="mailto:awinocelline26@gmail.com">awinocelline26@gmail.com</a> or<br/><a href="mailto:omondicelline77@gmail.com">omondicelline77@gmail.com</a></p> | <p>Technical university of Berlin (Germany)<br/>Doctor of natural science in renewable energy<br/>July 2009- July 2011 University of Pune (India)<br/>Master of Science in Physics (First class with distinction)<br/>Aug 1998- Nov 2003 Moi University (Kenya)<br/>Bachelor of education science (Physics and Mathematics)<br/>First class honors</p> <p>Member of the Board</p>                                                                                                                                                                                                                                                                                                                         |
| 6. |  <p>En.. Peter Odhiambo Kochola</p>                                                                                                                                                                                                                                | <p>Date of Birth. 1954</p> <p>B.sc. Electrical Engineering<br/>(University of Nairobi)</p> <p>Registered Electrical Engineer, lecturer KIHBT Nairobi</p> <p>Chairman Academic, Human Resource Welfare committee</p> <p>Member Audit Committee</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 7. |                                                                                                                                                                                                                                                                                                                                                       | <p>Date of birth; 5<sup>th</sup> August 1986</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |



|    |                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                    |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |  <p>Ms. Maureen Jalang'o<br/>P.O Box 3, 50404 Bumala-Kenya, Tel:<br/>+254725863526</p> | <p>Bachelor of laws (LLB)</p> <p>Kampala international University</p> <p>Diploma in law</p> <p>Kenya school of professional studies</p>                                                                                                                                                                                                            |
| 8. |  <p>Mr. Calestus Wanjala Omilo</p>                                                     | <p>Date of birth. 1971</p> <p>Secretary to the Board of Governors</p> <p>M. Phc – Human Resource Development</p> <ul style="list-style-type: none"><li>- Bachelor of Education ( Science)<br/>second class honours</li><li>- Diploma in Sciences &amp; Technical Education</li><li>- Diploma in Management</li></ul> <p>Secretary to the Board</p> |

**Bumbe Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**3. Management Team**

| No. | Member                                                                                                               | Details                                                                                                                                                                                                                                                                                                              |
|-----|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  |  <p>Mr. Calestus Wanjala Omilo</p>  | <p>Date of birth. 1971</p> <p>Secretary to the Board of Governors</p> <p>M. Phc – Human Resource Development</p> <ul style="list-style-type: none"> <li>- Bachelor of Education ( Science) second class honours</li> <li>- Diploma in Sciences &amp; Technical Education</li> <li>- Diploma in Management</li> </ul> |
| 2.  |  <p>Mr. Juma Wasilwa</p>            | <p>Date of birth. 1968</p> <ul style="list-style-type: none"> <li>- Bachelor of Business Management (Second Class honours)</li> <li>- Diploma in Technical Education (Business Studies)</li> <li>- Diploma in Business Administration</li> </ul> <p>Deputy Principal Administration</p>                              |
| 3.  |  <p>Madam Florence K. Maleche</p> | <p>Date of birth. 1974</p> <p>Bachelor of Education Home science &amp; Technology</p> <p>Deputy Principal Academics</p>                                                                                                                                                                                              |
| 4.  |  <p>Mr. Patrick Nabatwa</p>       | <p>Date of birth. 1968</p> <p>Diploma in Technical Education</p> <p>Diploma in Mechanical Engineering</p> <p>Higher Diploma in Education Management.</p> <p>Registrar</p>                                                                                                                                            |

|    |                                                                                                                                                                                                                          |                                                                                                                                                              |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. | <br>Mr. Kevin Khasenye Khasenye                                                                                                         | <p>Date of birth. 1978</p> <p>- Bachelor of Education Arts ( English &amp; Literature)</p> <p>Dean Of Students</p>                                           |
| 6. | <br>Mr. Alex O. Owade                                                                                                                   | <p>Date of Birth; 1984</p> <p>Bachelor degree of commerce – Fin. Option</p> <p>ICPAK – No. 29374</p> <p>CIFA – Intermediate Level</p> <p>Finance Officer</p> |
| 7. | <br>Mr. Francis Onyango Okumu<br>P.o Box 440 Funyula<br>Email. <a href="mailto:Okumufrancis57@gmail.com">Okumufrancis57@gmail.com</a> | <p>Date of Birth; 1996</p> <p>Bachelor degree in logistics and supply chain management</p> <p>Procurement Officer</p>                                        |



#### **4. Chairman's Statement**

On behalf of the Board of Governors of Bumbe Technical Training Institute, I am privileged to give the following report on the activities undertaken by the Institute during the Financial Year 2022/2023. This report highlights the activities, challenges and the future prospects of the institution. We appreciate the government support and funding that has enabled the Institute to carry out its functions and remain relevant in technical and vocational education and training (TVET) in the country. It is our hope that the government will continue to avail more resources to the Institute to facilitate our contribution to the production of a workforce with relevant skills to resolve the challenges of the 21<sup>st</sup> Century at the local, national and global levels.

#### **Key Activities during the Financial Year**

##### ***Strategic Plan and Policies***

Following the expiry of the Institute's strategic plan for the period 2015 – 2020, the Board developed a new plan for the period 2022 – 2027 that is being implemented. The Board Charter was also developed during the year to guide the Board in carrying out its functions. The Board initiated the development of a number of policies to guide the governance and management of the Institute and are in the final stages of completion. These are the Academic Policy, Human Resource Management Policy, Audit and Risk Management Policy and Financial Management Policy.

##### ***Linkages and Collaboration***

The Institute established a number of linkages and collaborations with partners to enable it carry out its mission. The most significant of these was the partnership with the German International Development Cooperation (GIZ), through the Government of Kenya, to launch a Craft Course in Automotive Engineering that fosters partnership between the Institute and industry. To strengthen the learning outcomes of this course, GIZ will support equipping of an Automotive Engineering Workshop and training of staff. This will not only contribute to improvement of training facilities and diversification of courses offered by the Institute, but will also increase student enrolment.

With the support of the Ministry of Education, the Institute established a partnership with the African Development Bank (AfDB) to support the construction of students' hostels. The resultant improvement in students' accommodation attracts students from the entire country, which will not only increase the number of trainees, but also the Institute's financial base for sustainable development.

##### ***Improvement on Infrastructure***

Following the completion of the main gate, the Institute paved the driveway into the compound using cabro blocks, which has improved the ambience of the institution. The construction of the first phase of the Science Laboratory block was also launched during the Financial Year. We are grateful to the Ministry for the financial support towards this project and do hope that the support will be maintained up to its completion.

#### **Challenges**

##### ***Financial constraints***

The institution has a high capital outlay and has been struggling to raise adequate financial resources for the purpose. The resultant financial

constraints are as a result of low student enrolment; poor fee payment by students; poor economic base that cannot sustain income-generating activities; and irregular and/or undisbursed capitation from the Ministry of Education. Consequently, a number of scheduled activities were not carried out.

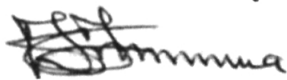
**i) Future Prospects**

Despite the cited challenges, Bumbe Technical Training Institute remains a going concern. It has been able to meet its obligations, albeit with some difficulties that ought to be addressed. To this end, the institute plans to:

- Increase training courses by mounting more CBET and Technology oriented courses as well as introduction of flexible and blended learning through online training;
- Strengthen training departments by acquiring more tools and equipment, increase capacity through training of more staff in technical areas;
- Carry out extensive marketing of courses offered in the Institute as a means of increasing student enrolment;
- Solicit support from well-wishers and investors to construct hostels for student accommodation in order to attract and retain students from distant places;
- Improve the physical infrastructure in order to improve the image of the Institute as a means of attracting more students;
- Increase means of transport for staff and students through purchase of a bigger Institute Bus;
- Enhance security by construction of a perimeter wall fence, installation of biometric identification systems and CCTV cameras at critical areas; and
- Acquire more land from the community for expansion and infrastructural development of the Institute.

This will enhance the growth of the Institute to the desired level of a National Polytechnic as well as ensure delivery of quality services within its mandate.

**Prof. Fredrick Wanyama PhD**



**ii) Chairperson, Board of Governor**

## **5. Report of the Principal**

During the Financial Year 2022/2023, the institution put in place a number of measures to enable it attain its mandate. This report gives an overview of the achievements made during the Financial Year 2022/2023, as well as the challenges experienced

### **1. Enrolment**

During the FY2022/2023 our enrolment was 2156 students. We were expecting to enrol over nine hundred new students who will apply during the year.

### **2. Staff establishment**

The Institution has 47 trainers employed by the Public Service Commission and 41 employed by the Board of Governors. During the same year four trainers were transferred to other stations on deployment as a Deputy Principals,

### **3. Curriculum**

We implemented all our training programmers in the seven departments on CBET courses as approved by the TVET Authority.

### **4. Infrastructure Development, Renovation and Facelift**

The institute was supported by the AfDB through the Ministry to construct a hostel of 60 students. The construction is still underway and we hope to be completed by the end of 2024.

The Science Laboratory block that was to be completed during the year could not be done due to limited support from the Ministry.

The institute through its internally sourced funds started the construction of the front face of the perimeter wall.

A number of classes and hostel facilities were also renovated and painted.

### **5. Partnerships and Collaborations**

The institute has reached out to a number of partners to support it to execute its mandate in training. A number of industries in Automotive have supported the dual training programme, where a number of students have been send to training with the industry. Other organisations have also supported the institution to place students on attachment. During the year the institution was identified to partner with Collages and Institutes in Canada (CiCAN) to start programmes in the Blue economy. In order to fulfil its mandate of training for production, the institution has reached out to the community for partnership in income generating activities.

## **6. Challenges**

### **1. Low enrolment.**

Bumbe technical training institute is in the category of colleges expected to have over 5000 students, however the current enrolment stands at 2156 students. There is also a drop out of few students due to lack of fees, upkeep and other personal issues like pregnancies and job seeking. Poor perception and attitude from the local community leading to poor enrolment and support of the training activities in financial constraints.

This has led to low fee payment by students. Most students have delayed in paying fees and are reluctant on applying HELB loans.



**2 Delay in government capitation and scholarships.**

The institute suffered a financial crisis as the government delayed in disbursement of capitation and scholarships to students enrolled by KUCCPS.

There has been delay in releasing funds for projects planned for by the ministry and hence leading to delay in starting the project. A number of the development project as indicated in the Performance Contract and Budget estimates for the financial year 2022-2023 were not executed due to delay in financial disbursements.

**3. Security**

The institute is located on the boarder of Kenya and Uganda and this poses major security risk. With no proper fencing and security monitoring mechanism, susceptible to terror attacks.

**4. Accessibility of the institute**

The road network is not good and nearest tarmac is four kilometre away hence difficulty to access the institute.

**5. Narrow Curriculum base**

The institute has started a few courses relevant to the cultural and economic activities of local community especially in the field of blue economy (aquaculture) however there is need to expand further the curriculum further to include fresh water and marine engineering courses. This has been hampered by lack of relevant infrastructure and land for expansion.



Calestus W. Omilo

**PRINCIPAL / SEC BOARD OF GOVERNOR**

# **Bumbe Technical Training Institute**

## **Annual Report and Financial Statements for the year ended 30th June 2023**

### **6. Statement of Performance against Predetermined Objectives**

The Government is committed to ensuring that Public Offices are well managed and are cost effective in delivering quality services to the Public in line with Provisions of the Constitution.

The Government recognizes that Bumbe TTI holds a key role in the 'Big Four' agenda initiatives and other National Priorities in order to improve the quality of life of Kenyans and make Kenya globally competitive

The BOG of Bumbe TTI signed a Performance Contract with the Government of Kenya during the financial year 2022/2023 in line with its Strategic Objectives. The purpose of this Performance Contract is to establish the basis for ensuring that efficient and effective services are delivered to all stakeholders in line with the Provisions of the Constitution and by requiring Bumbe Technical Training Institute to adopt systems that enable innovation and adoptability of Public Services to the needs of the users.

This Performance Contract therefore represents a basis for continuous performance improvement that meets the expectations of the Kenyan people.

Bumbe Technical Training Institute has six strategic pillars and objectives within its Strategic Plan for the FY 2019/2020 to 2023/2024. The strategic pillars are as follows: -

Pillar 1. To increase access to quality and relevant Education and Training opportunities.

Pillar 2. To Institutionalize Innovation, applied Research and Development.

Pillar 3. To integrate ICT in training and Delivery

Pillar 4. To strengthen Institute Capacity and Competitiveness.

Pillar 5. To enhance sound Governance and Management

Pillar 6. To establish Linkages and Collaborations

Bumbe Technical Training Institute develops its annual work plans based on the above six pillars. Assessments of the Board's performance against its annual work plan are done on quarterly basis. Bumbe Technical Training Institute achieved its performance against targets for the FY 2022/2023 as indicated in the table below: -

| <b>S/No</b> | <b>Objective</b>                                                                | <b>Performance Indicator</b>                                                                                                                                                                          | <b>Activities</b>                                                                                                                                                                                                                                | <b>Achievement status as at 30<sup>th</sup> June 2023</b> |
|-------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 1.          | To increase access to quality and relevant education and training opportunities | <ul style="list-style-type: none"> <li>Number of trainees enrolled in SET</li> <li>Number of CBET programmes mounted</li> <li>Number of trainees enrolled</li> <li>Project completion Rate</li> </ul> | <ul style="list-style-type: none"> <li>Increased trainee enrolment in SET</li> <li>CBET curriculum implemented</li> <li>Trainee enrolment increased</li> <li>Number of completed projects</li> <li>Increased external exams pass rate</li> </ul> | 163<br><br>5<br><br>2156<br><br>3<br><br>71.5%            |

# Bumbe Technical Training Institute

## Annual Report and Financial Statements for the year ended 30th June 2023

|    |                                                                  |                                                                                                                                                                                      |                                                                                                                                                                                         |                       |
|----|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|    |                                                                  | <ul style="list-style-type: none"> <li>• Pass Rate</li> <li>• Constructed modern gate, well lit compound</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>• Improve infrastructure</li> </ul>                                                                                                              | 98%                   |
| 2. | To institutionalize Innovation, applied Research and Development | <ul style="list-style-type: none"> <li>• Research papers presented</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Science technology and innovation mainstreaming</li> </ul>                                                                                     | 1                     |
| 3. | To integrate ICT in training and service delivery                | <ul style="list-style-type: none"> <li>• Online programmes started</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Integrating ICT in learning</li> </ul>                                                                                                         | All courses           |
| 4. | To strengthen Institute capacity and competitiveness             | <ul style="list-style-type: none"> <li>• Analysed data,</li> <li>• Number of staff trained</li> <li>• Number of youth on internship/industrial attachment/ Apprenticeship</li> </ul> | Competence Development                                                                                                                                                                  | 60%<br><br>4<br><br>6 |
| 5. | To enhance sound governance and Management                       | <ul style="list-style-type: none"> <li>• Number of trainings on leadership and management Conducted</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>• Training of HODS on corruption prevention and Disability mainstreaming</li> </ul>                                                              | 2                     |
| 6. | To establish Linkages and Collaborations                         | <ul style="list-style-type: none"> <li>• Number of organizations partnered with.</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>• Creating partnerships with various organizations and industries</li> <li>• Developing MOUs with partnered industries/ organizations</li> </ul> | 3                     |



## **7. Management Discussion and Analysis**

BTTI is a public technical training institution with mandate to prepare and equip middle level managers, advance, transmit and enhance technical and entrepreneurial skills.

The annual report provides highlights of the year 2022-2023. It infuses deeper into the operation and strategic activities that shaped the year.

The year 2022-2023 was essential for BTTI, a year of strategic thinking, planning in reaffirming the Institute's steady commitment to service delivery in training field. The financial year characterized by extra ordinary challenges ranging from electioneering activities coupled with high inflation rate, the institute is conceited with its accomplishments. The foundational strength of our governance structure and the unparalleled commitment of the flexible workforce, allowed the institute to end the year with an improved performance and progress across all strategic pillars, creating the pace for continuous growth incoming financial year.

### **1) Growing Student Admission**

In the financial year, the institute continued to grow its admission. The total active students increased to 2156. This was made possible by the institute's resilience and adoption of workable marketing and retention strategies. The institute continues to monitor and respond to student needs through customer satisfaction surveys and giving quick feedbacks to matters raised.

The growth was due to combined effort by Board and management towards the execution of the institute's strategic plan which saw an upward trend in student registration. The institute continued to maintain a balance between cost optimization and service delivery to students

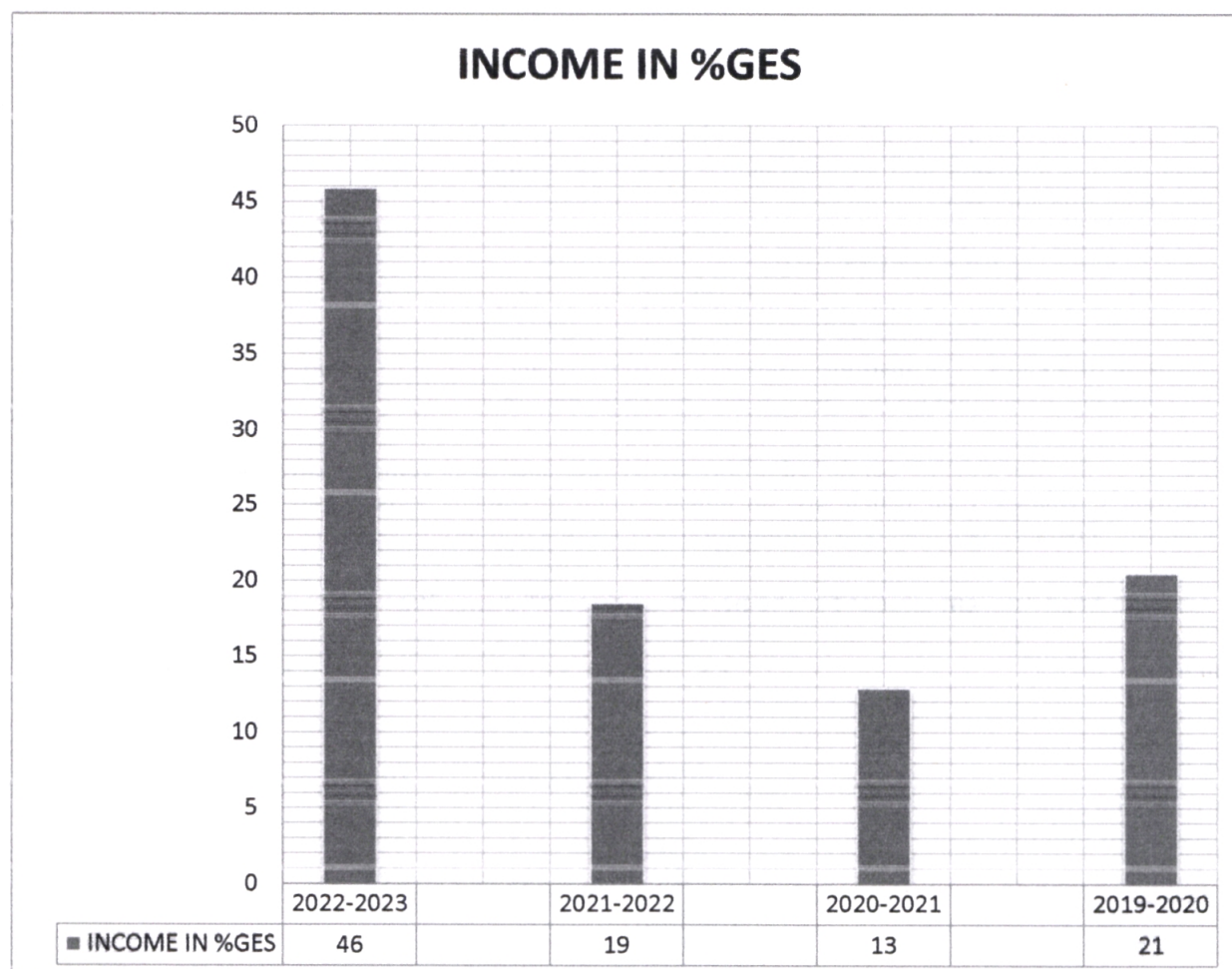
**Table 1: Students' enrolment for the period ending 30<sup>th</sup> June, 2023**

| <b>Department</b>                    | <b>FY 2022-2023</b> |               |              | <b>FY2021-2022</b> |               |              |
|--------------------------------------|---------------------|---------------|--------------|--------------------|---------------|--------------|
|                                      | <b>Male</b>         | <b>Female</b> | <b>Total</b> | <b>Male</b>        | <b>Female</b> | <b>Total</b> |
| Automotive Engineering               | 166                 | 33            | 199          | 132                | 18            | 150          |
| Building and Civil Engineering       | 488                 | 115           | 603          | 401                | 62            | 463          |
| Business & Liberal studies           | 81                  | 201           | 282          | 52                 | 133           | 185          |
| Electrical Engineering               | 301                 | 77            | 378          | 290                | 56            | 346          |
| Institutional management             | 52                  | 511           | 563          | 61                 | 483           | 544          |
| Information communication technology | 77                  | 54            | 131          | 48                 | 42            | 90           |
| <b>TOTAL</b>                         | <b>1165</b>         | <b>991</b>    | <b>2156</b>  | <b>984</b>         | <b>794</b>    | <b>1778</b>  |

## 2) Revenue Growth

During the year the institute managed total revenue of kshs 85,292,150 up from Kshs 77,774,939 in the last financial year.

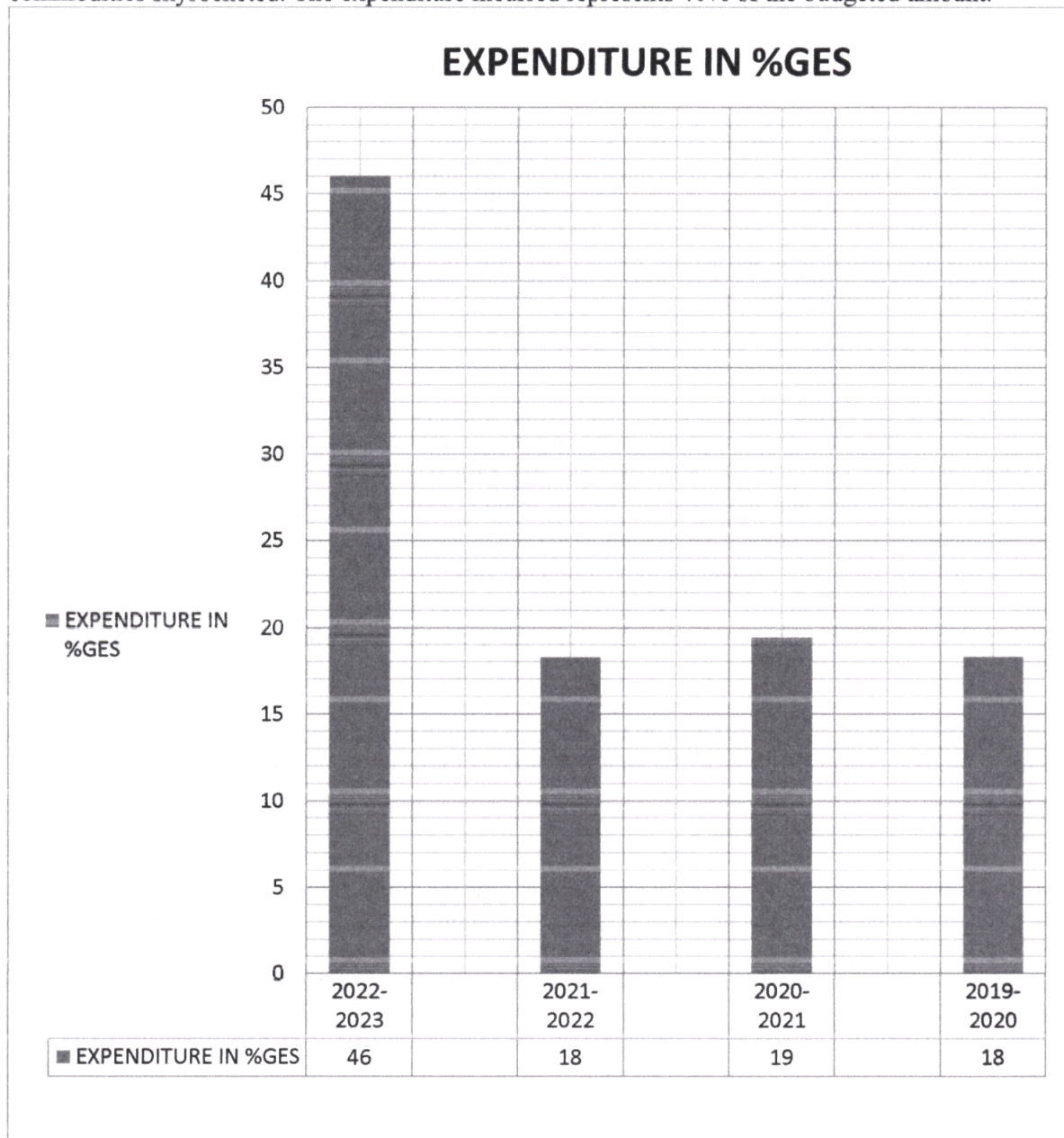
This represents a growth of 9.67% in comparison to the previous year. Fee collection and government capitation remain the main revenue contributors of our income. The Institute realized 46% of the budgeted revenue.



**Figure1:** Income in Percentage of Budget.

### 3) Expenditure

In the financial year under review, the institute spend Kshs 85,536,962 up from 76,565,126 an increment of 33.15% from the previous year. This was attributed to high cost of fuel and inflation that saw prices of commodities skyrocketed. The expenditure incurred represents 46% of the budgeted amount.



**Figure2:** Expenditure as a percentage of budget



## **8. Environmental And Sustainability Reporting Statement**

BTTI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

### **Sustainability strategy and profile**

During the year, BTTI implemented strategies that set the short – to – medium term strategic direction of the Institute. The strategies took into consideration the disruption resulting from Covid 19 pandemic and sought to identify new opportunities that could be exploited during the period, including identification of innovations to enhance operations and service delivery to our students.

The strategies articulated how we would deliver our core mandate and govern the implementation and outcomes of the strategic pursuit.

Given the uncertainties brought about by the pandemic, we were cognizant that our strategy would require continuous review, evaluation and monitoring to remain relevant and responsive to our operating environment.

BTTI exist due to the value addition esteemed by our students. The interdependent nature of our value chain was the primary consideration in development of our strategic objectives.

The Management has put in place incentives to attract more trainees. For instance, there is an MOU between the Management and the area MP to pay training fees for all trainees willing to be trained at Sister Mariana-Nangina Campus. This shall not only increase the number of trainees but also the institute's financial base for sustainable development. Government capitation is likely to be increased over the years as the population of trainees in technical courses increase

The government in partnership with the development partners like The African Development Bank, (AfDB) Germany international Cooperation(GIZ), has pledged support to construct a science laboratory block, Automotive engineering Workshop equipment, hostel and capacity building for staff, which shall lead to diversification of courses offered by the institute leading to increased enrolment as well as revenue generation. Some physical facilities will gain a face lift due to the resources gotten from the exchequer.

### **Environmental performance**

There is an Environmental Policy in place that outlines how the compound should be managed.

The environment department has an elaborate plan on cleaning, planting of trees and general maintenance of the compound.

The main challenge faced is that this region sometimes experiences dry spells devoid of rainfall hence trees dry up whenever it is too dry. Landscaping is yet to be done thus working with ground maintenance machines is a challenge.

### **Employee welfare**

The Institute has in place the policy guidelines on recruitment process. Through the leadership of the Principal, BTTI develops Human Resource Plan based on comprehensive job analysis and which shall be reviewed every year to address emerging issues and needs.

The Principal notifies the Board of Governors in accordance with the procedures set out in the Manual, all vacant positions within the establishment, which are to be filled substantively, or in an acting capacity. Such affirmation originates from the various functional heads and must be supported for the recruitment and confirmation that the positions are not only within the approved establishment but also fully funded within the budget.

All positions are filled through an open, competitive, fair and merit-based process, factoring in gender rule.

The Institute has Performance Management Policy in place factoring in methods of improving skills and managing careers, appraisal and reward systems.

The Institute recognizes and commit itself to the achievement of the highest standards of health and safety in the work place, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it has policies and programmes that assure the protection from such hazards and disasters.

The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

#### **Market place practices-**

Work at Bumbe TTI is done in strict observance of the rule of law without undue political influence and in a transparent manner. The institute observes the Constitution of Kenya 2010; Ministry of Education policy guidelines as may be made from time to time. The public service code of conduct regulations helps give direction in the way services are offered at the work place. In our dealings with the political class we deal with those who add positive value to the institute. For instance, the Management links with the MCAs, MPs and the County government for bursary funds provision to our needy trainees so that they can settle outstanding fee arrears. This has seen the institute get support along that line.

The user departments come up with procurement requisitions that go through multi-stage approvals before resources are availed for the program or project implementation to kick off. Similarly, in accordance with the public procurement and asset disposal regulations all relevant rules are followed right from the invitation for tender bids until award of the tenders. All this is done in cognizance of the fact that affirmative action requirements safeguarding the marginalized groups such as the youth, women and PWDs are given an equal opportunity to access supply of equipment and services hence no discrimination based on any of the listed groups.

Bumbe institute applies a number of marketing practices to attract the prospective students. Some of these strategies include but not limited to sign posts at strategic places, Schools and Church visits, Road shows, Website, Facebook pages, Print media advertisements, TV adverts.

Consumer rights are safeguarded through effective and efficient service delivery that is time bound. There are customer service charters that outline which, how and when the service shall be offered satisfactorily.



## **9. Corporate Social Responsibility / Community Engagements**

The Institute offers Diploma and Certificate course in Nutrition and Dietetics management that involves massive community interaction between the trainees and the community members around the school

During the financial period, the institute was involved in a community sensitization forum on good dietary practice, good hygiene and prevention of common communicable diseases.



*Fig 1: A group of Nutrition trainees taking a community member on best nutrition Practices*



*Fig 2 : Diploma of Nutrition trainees talking to community members on common communicable diseases*





**Fig 3: Nutrition students, Community health volunteer and a mother pose for a photo after a Maternal Health Care counseling session.**

The institute also engages the blood transfusion centre – Busia satellite office in blood donation drives within the Institute. The trainees donate blood that can be used to assist the community and patients at large



**Fig 4 : Trainees donating blood for assistance in the health facilities within busia county**

## **10. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Institute's affairs.

### **Principal activities**

The principal activities of the entity are continued to be:

1. Training and developing middle level managers for the national development
2. Advancing, transmitting and enhancing technical and entrepreneurial skills and knowledge for self-reliance
3. Offering courses leading to the award of up to diploma certificates in TVET programmes in collaboration with other tertiary institutions and appropriate industries.

### **Results**

The results of the entity for the year ended June 30<sup>th</sup> 2023 are set out on page 1 - 34

### **Board of Governors**

The members of the Board who served during the year are shown on page V - VII. During the year no director retired/ resigned.

### **Auditors**

The Auditor General is responsible for the statutory audit of the BTTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the BTTI for the period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....  
**Secretary of the Board**  
**Nairobi**  
**Date:**



## **11. Statement of Board of Governors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 -require the board membersto prepare financial statements in respect of BTTI, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of BTTI for the period. The Council members are also required to ensure that the Institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The council members are also responsible for safeguarding the assets of BTTI.

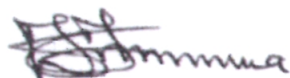
The Board membersare responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institution for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the BTTI, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Boardmembers accept responsibility for BTTI's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 andsection 14 of the State Corporations Act, and section 29 of schedule 2 of the TVET Act, 2013. The Boardmembers are of the opinion that BTTI financial statements give a true and fair view of the state of theInstitute's transactions during the financial year ended June 30, 2023, and of the Institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the BTTI's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The BTTI financial statements were approved by the Board on 30/09/2023 and signed on its behalf by:



.....  
**Name. Prof. Fredrick Wanyama PhD**  
**Chairperson of the Board**

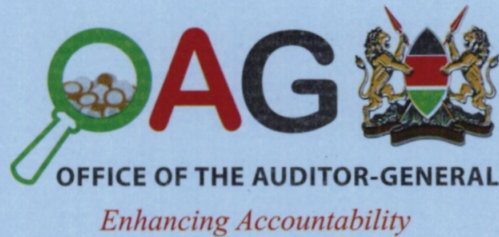


.....  
**Name. Mr. Calestus Wanjala Omilo**  
**Accounting Officer/Principal**



# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON BUMBE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

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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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Bumbe Technical Training Institute set out on pages 1 to 34, which comprise of the statement of financial position

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*Report of the Auditor-General on Bumbe Technical Training Institute for the year ended 30 June, 2023*



as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the 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 Bumbe Technical Training Institute as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Unsupported Finance Costs**

The statements of financial performance and Note 16 to the financial statements indicate finance costs amounting to Kshs.2,263,647. However, the debit notes, interest computations and changes in lending rates as stipulated in the loan agreements were not provided for audit review.

In the circumstances, the accuracy and completeness of finance costs amounting to Kshs.2,263,647 could not be confirmed.

#### **2. Unsupported Borrowings**

The statement of financial position and Note 22 to the financial statements indicate borrowings balance of Kshs.21,813,184 in respect to unsecured bank loan. However, The National Treasury approvals, general ledgers and amortization schedules were not provided for audit review.

In the circumstances, the accuracy and completeness of borrowings balance of Kshs.21,813,184 could not be confirmed.

#### **3. Unconfirmed Cash and Cash Equivalents Balance**

The statement of financial position and Note 17 to the financial statements reflect cash and cash equivalents balance of Kshs.8,158,672, which includes amounts of Kshs.807,362 and Kshs.5,878,407 held in two local banks. However, the amounts differ with the respective cash book balances of Kshs.760,162 and Kshs.1,887,092 thereby resulting to unreconciled variances of Kshs.47,200 and Kshs.3,991,315 respectively.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.8,158,672 could not be confirmed.



#### **4. Inaccuracy in the Statement of Financial Position**

The statement of financial position reflects capital fund balance of Kshs.272,635,972 as at 30 June, 2023 while the statement of changes in net assets reflects a balance of Kshs.269,074,701, resulting to unexplained variance of Kshs.3,561,271.

In the circumstances, the accuracy and completeness of capital fund balance of Kshs.272,635,972 as at 30 June, 2023 could not be confirmed.

#### **5. Inaccuracy in the Statement of Changes in Net Assets**

The statement of financial position reflects property, plant and equipment balance of Kshs.236,432,409 which as disclosed in Note 19 to the financial statements includes revaluation loss of Kshs.2,560,906 in respect to buildings and revaluation gain of Kshs.15,920,000 in respect to land, all totalling Kshs.13,359,094. However, the statement of changes in net assets reflects revaluation amount of Kshs.15,920,000 resulting to unexplained variance of Kshs.2,560,906.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

#### **6. Inaccuracy in the Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.8,158,672 as at 30 June, 2023. However, the statement includes changes in current payables and current receivables amounts of Kshs.4,420,108 and Kshs.10,770,522, respectively erroneously under cash flows from investing activities instead of cash flows from operating activities. Further, a hybrid of direct and indirect methods was used in preparation of the statement instead of the direct method prescribed by the reporting template issued by the Public Sector Accounting Standards Board.

In addition, the statement reflects net cash outflow from operating activities of Kshs.1,794,486. However, a reconciliation statement for cash generated from operations was not included by way of a Note to the financial statements as required by reporting template prescribed by the Public Sector Accounting Standards Board.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bumbi Technical Training Institute 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.



## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis amounts of Kshs.185,826,628 and Kshs.85,292,150 respectively resulting to under-funding of 100,534,478 or 54% of the budget. Similarly, the Institute incurred actual expenditure of Kshs.85,536,962 against an approved budget of Kshs.185,826,628 resulting to under-expenditure of Kshs.100,289,666 or 54% of the budget.

In the circumstances, the under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the previous year's audit, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues had not been resolved and no explanation was provided for the delay in resolving the issues.

### **Other Information**

The Management is responsible for the Other Information set out on page v to xxvii which comprise of Key Entity Information, the Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Corporate Governance Statement, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## 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 the 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. Non-Compliance with Law on Staff Ethnic Diversity

Review of staff bio data for the month of June, 2023 revealed that the Institute had seventy-five (75) staff on contract, permanent and pensionable terms, out of which sixty-three (63) staff or 84% were from one ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### 2. Improper Inventory Control and Stores Management

During the year under review, Management did not provide quarterly and annual stock report for audit review contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effects of the matter 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 governance were not effective.

### **Basis for Conclusion**

#### **Inadequate Information Communication Technology Internal Controls Environment**

Review of Information Communication Technology (ICT) internal controls environment and records of the Institute indicated that the ICT section lacked key documents including the ICT strategic plan and an approved ICT policy. Further, the Institute had not established an ICT steering committee. This was contrary to Regulation 110 (1) of the Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers for a National Government entity should institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

In the circumstances, the effectiveness of the Institute's ICT environment internal controls could not be confirmed.

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 the Board of Governors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 governance.

In preparing the financial statements, Management is responsible for assessing the Institute's, ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease its 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the Institute'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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**17 March, 2025**



**13. Statement of Financial Performance for the year ended 30 June 2023**

| Description                                                       | Notes | 2022 - 2023               | 2021-2022              |
|-------------------------------------------------------------------|-------|---------------------------|------------------------|
|                                                                   |       | Kshs                      | Kshs                   |
| <b>Revenue from Non-Exchange transactions</b>                     |       |                           |                        |
| Transfers from other National Government entities                 | 6     | 21,641,000                | 30,817,500             |
|                                                                   |       | <b>21,641,000</b>         | <b>30,817,500</b>      |
| <b>Revenue from Exchange transactions</b>                         |       |                           |                        |
| Rendering of services- fees from students                         | 7     | 59,499,850                | 67,834,030             |
| Sale of goods                                                     | 8     | 3,062,100                 | 4,155,854              |
| Rental revenue from facilities and equipment                      | 9     | 1,089,200                 | 3,073,530              |
| Other Income                                                      |       | 0                         | 679,000                |
| <b>Revenue from Exchange transactions</b>                         |       | <b>63,651,150</b>         | <b>75,742,414</b>      |
| <b>Total Revenue</b>                                              |       | <b>85,292,150</b>         | <b>106,559,914</b>     |
| <b>Expenses</b>                                                   |       |                           |                        |
| Use of goods and services                                         | 10    | 5,558,888                 | 5,589,039              |
| Employee costs                                                    | 11    | 28,143,010                | 22,340,702             |
| Board Expenses                                                    | 12    | 1,495,000                 | 1,916,000              |
| Depreciation and amortization expense                             | 13    | 10,506,942                | 9,790,873              |
| Repairs and maintenance                                           | 14    | 2,715,351                 | 1,666,526              |
| General expenses                                                  | 15    | 49,671,526                | 65,551,998             |
| Finance costs                                                     | 16    | 2,263,647                 | 34,457                 |
| <b>Total Expenses</b>                                             |       | <b>100,354,364</b>        | <b>106,889,595</b>     |
| <b>Net surplus for the year</b>                                   |       | <b><u>-15,062,214</u></b> | <b><u>-329,681</u></b> |
| Surplus(deficit) attributable to owners of the controlling entity |       | <b><u>-15,062,214</u></b> | <b><u>-329,681</u></b> |
|                                                                   |       | <b><u>-15,062,214</u></b> | <b><u>-329,681</u></b> |

The notes set out on pages 7 to 31 form an integral part of the Annual Financial Statements.

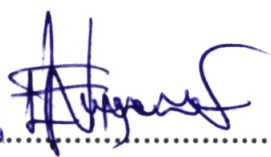
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**14. Statement of Financial Position as at 30th June 2023**

| Description                                               | Notes | 2022-2023<br>Kshs         | 2021-2022<br>Kshs         |
|-----------------------------------------------------------|-------|---------------------------|---------------------------|
| <b>Assets</b>                                             |       |                           |                           |
| <b>Current Assets</b>                                     |       |                           |                           |
| Cash and cash equivalents                                 | 17    | 8,158,672                 | 23,325,810                |
| Current portion of receivables from exchange transactions | 18    | 49,858,075                | 39,087,553                |
|                                                           |       | <b>58,016,747</b>         | <b>62,413,363</b>         |
| <b>Non-Current Assets</b>                                 |       |                           |                           |
| Property, plant, and equipment                            | 19    | 236,432,409               | 212,029,771               |
|                                                           |       |                           |                           |
| <b>Total Assets</b>                                       |       | <b><u>294,449,156</u></b> | <b><u>274,443,134</u></b> |
| <b>Liabilities</b>                                        |       |                           |                           |
| <b>Current Liabilities</b>                                |       |                           |                           |
| Trade and other payables from exchange transactions       | 20    | 14,148,014                | 9,948,946                 |
| Refundable deposits from customers                        | 21    | 509,000                   | 287,960                   |
|                                                           |       | <b>14,657,014</b>         | <b>10,236,906</b>         |
| <b>Non-Current Liabilities</b>                            |       |                           |                           |
| Borrowings                                                | 22    | 21,813,184                | 10,000,000                |
| <b>Total Liabilities</b>                                  |       | <b><u>21,813,184</u></b>  | <b><u>10,000,000</u></b>  |
| Capital                                                   |       | 269,074,701               | 251,502,743               |
| Revaluation                                               |       | 15,920,000                | 0                         |
| Accumulated Surplus                                       | Pg 3  | -12,358,729               | 2,703,485                 |
| <b>Total Capital Fund</b>                                 | Pg 3  | <b><u>272,635,972</u></b> | <b><u>254,206,228</u></b> |
| <b>Total Net Assets and Liabilities</b>                   |       | <b><u>294,449,156</u></b> | <b><u>274,443,134</u></b> |

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Institution Board of Governors by:

  
 Prof. Frederick Kiangana  
 Chairman of Board

  
 Finance Officer  
 ICPAK No 25609  
 Date 30/9/22  
 Eugene Kibonyo

  
 Celestus Kiangana  
 Principal  
 Date 30/9/22



**15. Statement of Changes in Net Asset for the year ended 30 June 2023**

|                                          | Revaluation<br>reserve | Fair value<br>adjustment<br>reserve | Retained<br>Surplus | Capital            | Total              |
|------------------------------------------|------------------------|-------------------------------------|---------------------|--------------------|--------------------|
| <b>Balance c/d as at June 30, 2019</b>   | -                      | -                                   | <b>21,099,030</b>   | <b>229,909,186</b> | <b>251,008,216</b> |
| Balance b/f as at July 1, 2019           | -                      | -                                   | <b>21,099,030</b>   | <b>229,909,186</b> | <b>251,008,216</b> |
| Revaluation gain                         | -                      | -                                   | -                   | -                  | -                  |
| Prior year adjustment                    | -                      | -                                   | -                   | -                  | -                  |
| Total comprehensive income               | -                      | -                                   | 8,542,583           | -                  | 8,542,583          |
| Addition during the year                 | -                      | -                                   | -                   | 6,375,285          | 6,375,285          |
| <b>Balance c/d as at June 30, 2020</b>   | -                      | -                                   | <b>29,641,613</b>   | <b>236,284,471</b> | <b>265,926,084</b> |
| <b>Balance b/f as at July 1, 2020</b>    | -                      | -                                   | <b>29,641,613</b>   | <b>236,284,471</b> | <b>265,926,084</b> |
| Total comprehensive income               | -                      | -                                   | (26,608,447)        | -                  | (26,608,447)       |
| Addition during the year                 | -                      | -                                   | -                   | 5,733,319          | 5,733,319          |
| <b>Balance c/d as at June 30, 2021</b>   | -                      | -                                   | <b>3,033,166</b>    | <b>242,017,790</b> | <b>245,050,956</b> |
| <b>Balance b/f as at 1st July, 2021</b>  | -                      | -                                   | <b>3,033,166</b>    | <b>242,017,790</b> | <b>245,050,956</b> |
| Total comprehensive income               | -                      | -                                   | (329,681)           | -                  | (329,681)          |
| Addition during the year                 | -                      | -                                   | -                   | 11,240,218         | 11,240,218         |
| <b>Balance b/f as at 30th June, 2022</b> | -                      | -                                   | <b>2,703,485</b>    | <b>253,258,008</b> | <b>255,961,493</b> |
| <b>Balance b/f as at 1st July, 2022</b>  | -                      | -                                   | <b>2,703,485</b>    | <b>253,258,008</b> | <b>255,961,493</b> |
| Total comprehensive income               | -                      | -                                   | (15,062,214)        | -                  | (15,062,214)       |
| Addition during the year                 | 15,920,000             | -                                   | -                   | 15,816,693         | 31,736,693         |
| <b>Balance b/f as at 30th June, 2023</b> | <b>15,920,000</b>      | -                                   | <b>(12,358,729)</b> | <b>269,074,701</b> | <b>272,635,972</b> |

16. Statement of Cash Flows for the year ended 30 June 2023

| Description                                                  | Note  | 2022-2023<br>Kshs   | 2021-2022<br>Kshs   |
|--------------------------------------------------------------|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                  |       |                     |                     |
| <b>Receipts</b>                                              |       |                     |                     |
| Transfers from other government entities/govt. Grants        | 6     | 21,641,000          | 30,817,500          |
| Rendering of services- fees from students                    | 7     | 59,499,850          | 67,834,030          |
| Sale of goods                                                | 8     | 2,563,200           | 4,155,854           |
| Rental revenue from facilities and equipment                 | 9     | 1,089,200           | 3,073,530           |
| Other income                                                 | 8     | 498,900             | 679,000             |
| <b>Total Receipts</b>                                        |       | <b>85,292,150</b>   | <b>106,559,914</b>  |
| <b>Payments</b>                                              |       |                     |                     |
| Compensation of employees                                    | 11    | 28,143,010          | 22,340,702          |
| Use of goods and services                                    | 10(b) | 3,073,778           | 5,589,039           |
| Board Expenses                                               | 12    | 1,495,000           | 1,916,000           |
| RMI                                                          | 14(b) | 2,439,675           | 1,666,526           |
| General Expenses                                             | 15    | 49,671,526          | 65,551,998          |
| Finance Cost                                                 | 16    | 2,263,647           | 34,457              |
| <b>Total Payments</b>                                        |       | <b>87,086,636</b>   | <b>97,098,722</b>   |
| <b>Net Cash Flows from operating activities</b>              |       | <b>(1,794,486)</b>  | <b>9,461,192</b>    |
| <b>Cash flows from investing activities</b>                  |       |                     |                     |
| Decrease/Increase in current payable                         |       | 4,420,108           | (9,079,875)         |
| Decrease/Increase in current receivable                      |       | (10,770,522)        | (6,451,866)         |
| Property, plant and equipment                                |       | (18,835,422)        | -                   |
| <b>Net Cash flows from investing activities</b>              |       | <b>(25,185,836)</b> | <b>(15,531,741)</b> |
| <b>Cash flows from financing activities</b>                  |       |                     |                     |
| bank loan                                                    |       | 11,813,184          | 8,685,447           |
| <b>Net cash flows used in financing activities</b>           |       | <b>11,813,184</b>   | <b>8,685,447</b>    |
| <b>Net Increase /(Decrease) in Cash and Cash equivalents</b> |       | <b>(15,167,138)</b> | <b>2,614,898</b>    |
| Cash and Cash equivalents at 1JULY 2022                      |       | 23,325,810          | 20,710,912          |
| <b>Cash and Cash equivalents at 30 JUNE 2023</b>             |       | <b>8,158,672</b>    | <b>23,325,810</b>   |

Note; Property, plant and equipment acquired include

|                  |            |
|------------------|------------|
| Motor vehicles   | 16,588,000 |
| Computers        | 500,000    |
| Work in progress | 1,747,422  |



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|              |                   |
|--------------|-------------------|
| <b>Total</b> | <b>18,835,422</b> |
|--------------|-------------------|

**17. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2023**

|                                           | Original<br>budget | Adjustment  | Final budget       | Actual on<br>comparable<br>basis | Performance<br>difference | Variation   |
|-------------------------------------------|--------------------|-------------|--------------------|----------------------------------|---------------------------|-------------|
|                                           | 2022-2023          | 2022-2023   | 2022-2023          | 2022-2023                        | 2022-2023                 | 2022-2023   |
| Revenue                                   | Kshs               | Kshs        | Kshs               | Kshs                             | Kshs                      |             |
| Development grants                        | 48,735,628         | -           | 48,735,628         | -                                | (48,735,628)              | -100%       |
| Government capitation                     | 60,000,000         | -           | 60,000,000         | 21,641,000                       | (38,359,000)              | -64%        |
| Rendering of services- Fees from students | 64,720,000         | -           | 64,720,000         | 59,499,850                       | (5,220,150)               | -8%         |
| Sale of goods                             | 10,794,000         | -           | 10,794,000         | 2,563,200                        | (8,230,800)               | -76%        |
| Other Income-                             | 1,191,000          | -           | 1,191,000          | 498,900                          | (692,100)                 | -58%        |
| Rental income                             | 386,000            | -           | 386,000            | 1,089,200                        | 703,200                   | 182%        |
| <b>Total income</b>                       | <b>185,826,628</b> | <b>-</b>    | <b>185,826,628</b> | <b>85,292,150</b>                | <b>(100,534,478)</b>      | <b>-54%</b> |
| <b>Expenses</b>                           |                    |             |                    |                                  |                           |             |
| Development grants                        | 48,735,628         | -           | 48,735,628         | -                                | (48,735,628)              | -100%       |
| Employee costs                            | 28,799,716         | 1,108,000   | 29,907,716         | 23,426,237                       | (6,481,479)               | -22%        |
| Board Allowances                          | 2,190,000          | -           | 2,190,000          | 1,495,000                        | (695,000)                 | -32%        |
| General expenses                          | 78,922,684         | (1,108,000) | 77,814,684         | 48,961,950                       | (28,852,734)              | -37%        |
| Use of goods and services                 | 9,178,600          | -           | 9,178,600          | 3,073,778                        | (6,104,823)               | -67%        |
| Internal Development                      | 18,000,000         | -           | 18,000,000         | 8,579,997                        | (9,420,003)               | -52%        |
| <b>Total expenditure</b>                  | <b>185,826,628</b> | <b>-</b>    | <b>185,826,628</b> | <b>85,536,962</b>                | <b>(100,289,666)</b>      | <b>-49%</b> |
| <b>Surplus for the period</b>             |                    |             |                    | <b>-244,812</b>                  |                           |             |

- I. No development grants were received from the government during the financial period thus non expenditure incurred.
- II. The capitations were received partly for 3 quarters, quarter 4 capitation of kshs 15,000,000 was not entirely received.
- III. The board ensured proper admission and retention of students leading to almost over achievement of rendering of services as a vote head
- IV. Majority of students and staff establishment sourced their meals in nearby facilities thus contributing to low performance in sales of goods vote head, necessitating subletting catering service from an outsourced entity.
- V. Rental income performed fairly low due to capacity constraints
- VI. Due to cost effective mechanisms employed by the board and cognizant of revenue generated the Institute managed to spend below budgeted amount in all voted heads.

**VII. RECONCILIATION OF TOTAL EXPENDITURE AMOUNTS AS PER STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS ON THE STATEMENT OF FINANCIAL PERFORMANCE**

| <b>DETAILS</b>                                                         | <b>KSHS.</b>             |
|------------------------------------------------------------------------|--------------------------|
| Actual expenditure as per statement of cash flow – Recurrent           | 76,956,965               |
| Add; Capital Expenditure – Cash flow                                   | 8,579,997                |
| Actual expenditure as per statement of comparison of budget and actual | <b><u>85,536,962</u></b> |



## **18. Notes to the Financial Statements**

### **1. General Information**

BTTI entity is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to Train and develop middle level managers for national development.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the BTTI's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the BTTI.

The financial statements have been prepared in accordance with the PFM Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the TVET Act, 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Adoption of New and Revised Standards**

#### **i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.**

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

#### **ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

| <b>Standard</b>                           | <b>Effective date and impact:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IPSAS 41:</b><br>Financial Instruments | <b>Applicable: 1<sup>st</sup> January 2023:</b><br><p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> </ul> |

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| Standard                                                                 | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                          | <ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>                                                                                                                                                                                                                                                                     |
| <b>IPSAS 42:</b><br>Social Benefits                                      | <b>Applicable: 1<sup>st</sup> January 2023</b><br>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>                                            |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <b>Applicable: 1st January 2023:</b> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. |
| Other improvements to IPSAS                                              | <b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                |



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| Standard                                                                               | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                        | <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b>No impact</b></p>                                                                                                                                                                                                                                                                                                                   |
| IPSAS 43                                                                               | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>No lease held during the reporting period therefore no impact.</b></p> |
| IPSAS 44:<br>Non- Current<br>Assets Held<br>for Sale and<br>Discontinued<br>Operations | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>Non was held and therefore no impact on financial statement</b></p>                                                                                              |

**iii. Early adoption of standards**

BTTI did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured

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reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.



**4 Summary of Significant Accounting Policies (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Council or Board on 30<sup>th</sup> January 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of zero on the FY 2021/2022 budget following the Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section ~~xxx~~ of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule ~~xxx~~ of the ~~xxx~~ Act.

***Sales tax/ Value Added Tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**Notes to the Financial Statements (Continued)**

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ~~xxx~~ years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.



**4 Summary of Significant Accounting Policies (Continued)**

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

**h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:



**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments**

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**k) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

***Contingent assets***

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.



**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**n) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**4 Summary of Significant Accounting Policies (Continued)**

**q) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

**r) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**t) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.



**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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**6. Transfers from other National Government entities**

| Description                                  | 2022-2023         | 2021-2022         |
|----------------------------------------------|-------------------|-------------------|
|                                              | Kshs              | Kshs              |
| <b>Unconditional Grants</b>                  |                   |                   |
| Capitation Grants                            | 21,641,000        | 30,817,500        |
| <b>Total Government Grants and Subsidies</b> | <b>21,641,000</b> | <b>30,817,500</b> |

**(a) Transfers from other Government entities (Categorized)**

| Name Of The Entity Sending The Grant           | Amount recognized to Comprehensive Income Statement<br>Kshs | Amount deferred under deferred income<br>Kshs | Amount recognised in capital fund<br>Kshs | Total grant income during the year<br>Kshs | 2021-2022<br>Kshs |
|------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|--------------------------------------------|-------------------|
| Ministry of Education/State Department of TVET | 21,641,000                                                  | 00                                            | 00                                        | 21,641,000                                 | 30,817,500        |
| <b>Total</b>                                   | <b>21,641,000</b>                                           | <b>00</b>                                     | <b>00</b>                                 | <b>21,641,000</b>                          | <b>30,817,500</b> |

**7. Rendering of Services**

| Description                                         | 2022-2023         | 2021-2022         |
|-----------------------------------------------------|-------------------|-------------------|
|                                                     | Kshs              | Kshs              |
| Tuition fees                                        | 2,731,676         | 4,130,440         |
| Activity fees                                       | 6,328,235         | 5,045,505         |
| Examination fees                                    | 7,935,030         | 11,640,963        |
| Library fees                                        | -                 | 1,664,870         |
| Insurance                                           | 1,590,600         | 3,083,457         |
| Registration fees                                   | 1,528,500         | 1,034,160         |
| Student ID                                          | 305,700           | 203,450           |
| Electricity & Water                                 | 4,705,550         | 2,756,750         |
| Local travelling                                    | 5,056,545         | 3,869,960         |
| Personal Emolument                                  | 16,647,880        | 21,353,383        |
| Attachment                                          | -                 | 1,971,745         |
| Student council                                     | 1,302,300         | 872,782           |
| RMI                                                 | 5,066,934         | 3,122,390         |
| Development/PTA-Bus fund                            | 2,894,000         | 4,912,650         |
| Contingencies                                       | -                 | 978,835           |
| Medical                                             | 1,303,500         | 1,183,540         |
| Driving School                                      | 607,450           | 0                 |
| Computer Proficiency                                | 1,018,000         | 0                 |
| Fees balancee paid                                  |                   | 9,150             |
| Graduation Fees                                     | 477,950           | -                 |
| <b>Total revenue from the rendering of services</b> | <b>59,499,850</b> | <b>67,834,030</b> |

This revenue was collected from students school billed and partly collected during the financial year.



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**8. Sale of Goods**

| Description                                 | 2022-2023        | 2021-2022        |
|---------------------------------------------|------------------|------------------|
|                                             | Kshs             | Kshs             |
| Catering services                           | 2,563,200        | 3,454,474        |
| Bus Hire                                    | 498,900          | 0                |
| Production units                            | 0                | 325,130          |
| Town campus                                 | 0                | 36,000           |
| Driving school                              | 0                | 340,250          |
| <b>Total revenue from the sale of goods</b> | <b>3,062,100</b> | <b>4,155,854</b> |

**9. Rental revenue from facilities and equipment**

| Description      | 2022-2023        | 2021-2022        |
|------------------|------------------|------------------|
|                  | Kshs             | Kshs             |
| Students Hostels | 1,089,200        | 2,978,530        |
| Staff houses     | 0                | 95,000           |
| <b>Total</b>     | <b>1,089,200</b> | <b>3,073,530</b> |

**Other Income**

| Description          | 2022-2023 | 2021-2022      |
|----------------------|-----------|----------------|
|                      | Kshs      | Kshs           |
| Computer proficiency | 0         | 679,000        |
| <b>Total</b>         | <b>0</b>  | <b>679,000</b> |

This was revenue collected from students who were accommodated within the Institution and employees who were housed at staff quarters at a subsidized cost.

**10. Use of Goods and Services**

| Description                    | 2022-2023        | 2021-2022        |
|--------------------------------|------------------|------------------|
|                                | Kshs             | Kshs             |
| E W & C                        | 841,778          | 1,694,446        |
| Book Fund                      | 2,485,110        | 208,533          |
| Security -                     | 1,978,000        | 2,038,180        |
| Hostel                         | 254,000          | 1,518,690        |
| Tender                         | 0                | 129,190          |
| <b>Total good and services</b> | <b>5,558,888</b> | <b>5,589,039</b> |

**10(b). RECONCILIATION OF TOTAL EXPENDITURE AMOUNTS AS PER STATEMENTS OF FINANCIAL PERFORMANCE AND OF CASHFLOW ACTUAL AMOUNTS**

| DETAILS                                             | KSHS.                   |
|-----------------------------------------------------|-------------------------|
| Total Commitments as per use of goods and services  | 5,558,888               |
| Less; Trade payable for the year (Aviv Book Centre) | -2,485,110              |
| Actual Expenditure as per statement of cash flow    | <b><u>3,073,778</u></b> |

**11. Employee Costs**

| Description                      | 2022-2023         | 2021-2022         |
|----------------------------------|-------------------|-------------------|
|                                  | Kshs              | Kshs              |
| Personal Emoluments              | 24,935,173        | 20,227,404        |
| National Social Security Fund    | 1,698,700         | 1,174,360         |
| Income Tax – PAYE                | 711,837           | 361,788           |
| National Hospital Insurance Fund | 797,300           | 577,150           |
| <b>Employee costs</b>            | <b>28,143,010</b> | <b>22,340,702</b> |

**12. Board Expenses**

| Description    | 2022-2023        | 2021-2022        |
|----------------|------------------|------------------|
|                | Kshs             | Kshs             |
| BOG allowances | 1,495,000        | 1,916,000        |
| <b>Total</b>   | <b>1,495,000</b> | <b>1,916,000</b> |

**13. Depreciation and Amortization expense**

| Description                                | 2022-2023         | 2021-2022        |
|--------------------------------------------|-------------------|------------------|
|                                            | Kshs              | Kshs             |
| Property, plant and equipment              | 10,506,942        | 9,790,873        |
| <b>Total depreciation and amortization</b> | <b>10,506,942</b> | <b>9,790,873</b> |

**14. Repairs and Maintenance**

| Description                          | 2021-2022        | 2020-2021        |
|--------------------------------------|------------------|------------------|
|                                      | Kshs             | Kshs             |
| Property                             | 1,523,409        | 1,324,464        |
| Vehicles                             | 1,191,942        | 342,062          |
| <b>Total Repairs and Maintenance</b> | <b>2,715,351</b> | <b>1,666,526</b> |

**14(b). RECONCILIATION OF TOTAL EXPENDITURE AMOUNTS AS PER STATEMENTS OF FINANCIAL PERFORMANCE AND OF CASHFLOW ACTUAL AMOUNTS.**

| DETAILS                                                | KSHS.                   |
|--------------------------------------------------------|-------------------------|
| Total Commitments as per Repairs and Maintenance       | 2,715,351               |
| Less; Trade payable for the year (Matrices Auto Tires) | -275,676                |
| Actual Expenditure as per statement of cash flow       | <u><b>2,439,675</b></u> |



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**15. General expenses**

| Description                      | 2022-2023         | 2021-2022         |
|----------------------------------|-------------------|-------------------|
|                                  | Kshs              | Kshs              |
| Advertising:                     | 248,520           | 1,085,377         |
| Administration costs:            | 6,567,894         | 6,437,675         |
| Insurance:                       | 626,821           | 212,000           |
| Tuition                          | 6,461,059         | 6,967,016         |
| LT & T                           | 8,366,888         | 6,153,728         |
| Production Unit                  | -                 | 73,765            |
| Exam fee                         | 11,174,183        | 9,775,020         |
| Activity fees                    | 3,355,610         | 2,440,755         |
| Internet connectivity            | 1,375,595         | 3,882,087         |
| Caution money                    | 84,230            | 55,800            |
| Students council                 | 287,608           | 690,210           |
| Rent/Hostel                      | 0                 | 115,890           |
| ISO                              | 0                 | 16,040            |
| Attachment                       |                   | 474,010           |
| Research                         | 2,570,740         | 1,869,520         |
| Town campus expenses             | 200,000           | 170,667           |
| Bank chargers                    | 122,402           | 53,548            |
| Driving lesson expenses          | 82,000            | 320,562           |
| Income tax penalty               |                   | 78,592            |
| Helb refund                      | 176,000           | -                 |
| Computer training expenses       | 697,360           | 161,640           |
| Covid-19 response expenses       | -                 | 6,500             |
| Creditors accrue                 |                   | 20,121,016        |
| Catering Expenses                | 4,416,837         | 3,800,170         |
| Medical                          | 499,929           | 340,740           |
| Ict development                  | 1,698,350         | 0                 |
| Graduation                       | 659,500           | -                 |
| Nangina campus                   |                   | 249,670           |
| <b>Total General Expenditure</b> | <b>49,671,526</b> | <b>65,551,998</b> |

**16. Finance Costs**

| Description                             | 2022-2023        | 2021-2022     |
|-----------------------------------------|------------------|---------------|
|                                         | Kshs             | Kshs          |
| Interest on Loans from Commercial Banks | 2,263,647        | 34,457        |
| <b>Total Finance Costs</b>              | <b>2,263,647</b> | <b>34,457</b> |

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**17. (a) Cash and Cash Equivalents**

| Description                            | 2022-2023        | 2021-2022         |
|----------------------------------------|------------------|-------------------|
|                                        | Kshs             | Kshs              |
| Current Account                        | 8,158,672        | 23,143,342        |
| Cash in Hand                           |                  | 182,468           |
| <b>Total Cash and Cash Equivalents</b> | <b>8,158,672</b> | <b>23,325,810</b> |

**(b) Detailed Analysis of Cash and Cash equivalents**

| Financial Institution     | Account number | 2022-2023        | 2021-2022         |
|---------------------------|----------------|------------------|-------------------|
|                           |                | Kshs             | Kshs              |
| <b>a) Current Account</b> |                |                  |                   |
| Kenya Commercial Bank     | 1157075576     | 807,362          | 13,868,550        |
| National bank of Kenya    | 1021036500800  | 5,878,407        | 5,691,925         |
| National bank of Kenya    | 1021038375900  | 6,909            | 204,949           |
| Kenya Commercial bank     | 1206577150     | 1,465,993        | 3,377,918         |
| <b>Sub- Total</b>         |                | <b>8,158,672</b> | <b>23,143,342</b> |
| <b>b) Others</b>          |                |                  |                   |
| Cash in Hand              |                | -                | 182,468           |
| <b>Sub- Total</b>         |                | <b>-</b>         | <b>182,468</b>    |
| <b>Grand Total</b>        |                | <b>8,158,672</b> | <b>23,325,810</b> |

**18. Receivables from Exchange transactions**

**(a) Current Receivables from Exchange transactions**

| Description                      | 2022-2023         | 2021-2022         |
|----------------------------------|-------------------|-------------------|
|                                  | Kshs              | Kshs              |
| <b>Current Receivables</b>       |                   |                   |
| Student Debtors                  | 49,858,075        | 39,087,553        |
| <b>Total Current Receivables</b> | <b>49,858,075</b> | <b>39,087,553</b> |



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**Notes to the Financial Statements (Continued)**

**19. Property, Plant and Equipment**

| Cost                                             | Land              | Buildings          | Motor vehicles    | Furniture and fittings | Computers        | Plant and equipment | Capital Work in progress | Total              |
|--------------------------------------------------|-------------------|--------------------|-------------------|------------------------|------------------|---------------------|--------------------------|--------------------|
|                                                  | Kshs              | Kshs               | Kshs              | Kshs                   | Kshs             | Kshs                | Kshs                     | Kshs               |
| <b>Depreciation Rate</b>                         | 0                 | 2.50%              | 25%               | 10%                    | 33.30%           |                     |                          |                    |
| <b>At 1 July 2022(previous year)</b>             | <b>5,500,000</b>  | <b>232,855,657</b> | <b>13,595,763</b> | <b>2,763,242</b>       | <b>3,475,285</b> | <b>4,730,342</b>    | <b>9,732,120</b>         | <b>272,652,409</b> |
| Revaluation                                      | -                 | -                  | -                 | -                      | -                | -                   | -                        | -                  |
| Transfers/Adjustment                             | -                 | -                  | -                 | -                      | -                | -                   | -                        | -                  |
| Additions                                        | -                 | -                  | -                 | -                      | -                | -                   | -                        | -                  |
| <b>At 30<sup>th</sup> June 2023 (Current FY)</b> | <b>5,500,000</b>  | <b>232,855,657</b> | <b>13,595,763</b> | <b>2,763,242</b>       | <b>3,475,285</b> | <b>4,730,342</b>    | <b>9,732,120</b>         | <b>272,652,409</b> |
| <b>Revaluation</b>                               | <b>15,920,000</b> | <b>-2,560,906</b>  |                   |                        |                  |                     |                          | <b>15,920,000</b>  |
| Transfers/Adjustment                             |                   |                    |                   |                        |                  |                     |                          |                    |
| Additions                                        |                   |                    | 16,588,000        |                        | 500,000          |                     | 4,462,485                | 21,550,485         |
| <b>At 30th June 2023 (Current FY)</b>            | <b>21,420,000</b> | <b>230,294,751</b> | <b>30,183,763</b> | <b>2,763,242</b>       | <b>3,975,285</b> | <b>4,730,342</b>    | <b>14,194,605</b>        | <b>307,561,988</b> |
| <b>Depreciation and Impairment</b>               |                   |                    |                   |                        |                  |                     |                          |                    |
| At 1 July 2022(previous year)                    |                   | 38,088,029         | 12,608,263        | 1,724,194              | 3,471,810        | 4,730,341           | -                        | 60,622,637         |
| Depreciation for year                            |                   | 7,619,189          | 2,443,771         | 276,324                | 167,657          | -                   | -                        | 10,506,942         |
| <b>At 30th June 2023 (Current FY)</b>            |                   | <b>45,707,218</b>  | <b>15,052,034</b> | <b>2,000,518</b>       | <b>3,639,467</b> | <b>4,730,341</b>    | <b>-</b>                 | <b>71,129,579</b>  |
| <b>Net Book Value</b>                            |                   |                    |                   |                        |                  |                     |                          |                    |
| <b>At 30th June 2022 (Previous FY)</b>           | <b>5,500,000</b>  | <b>194,767,628</b> | <b>987,500</b>    | <b>1,039,048</b>       | <b>3,475</b>     | <b>1</b>            | <b>9,732,120</b>         | <b>212,029,772</b> |
| <b>At 30th June 2023 (Current FY)</b>            | <b>21,420,000</b> | <b>184,587,533</b> | <b>15,131,729</b> | <b>762,724</b>         | <b>335,818</b>   | <b>1</b>            | <b>14,194,605</b>        | <b>236,432,409</b> |

WIP – This is the construction of modern gate Pathways and Science Lab which are in different stages of completion.

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**20. Trade and Other Payables from Exchange transactions**

| Description                           | 2022-2023         | 2021-2022        |
|---------------------------------------|-------------------|------------------|
|                                       | Kshs              | Kshs             |
| Trade payables                        | 14,148,014        | 7,808,684        |
| Employee Salaries                     | 0                 | 2,140,262        |
| <b>Total Trade and Other Payables</b> | <b>14,148,014</b> | <b>9,948,946</b> |

**Notes To The Financial Statements (Continued)**

**21. Refundable Deposits from Students**

| Description           | 2022-2023      | 2021-2022      |
|-----------------------|----------------|----------------|
|                       | Kshs           | Kshs           |
| Caution money         | 509,000        | 287,960        |
| <b>Total Deposits</b> | <b>509,000</b> | <b>287,960</b> |

**22. Borrowings**

| Description                                       | 2022-2023         | 2021-2022         |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | Kshs              | Kshs              |
| Balance at beginning of the year                  | 9,488,725         | 1,314,553         |
| Domestic borrowings during the year               | 15,000,000        | 10,000,000        |
| Repayments of domestic borrowings during the year | -2,675,541        | -1,314,553        |
| <b>Balance at end of the year</b>                 | <b>21,813,184</b> | <b>10,000,000</b> |



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**23. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk on amounts due.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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**(iii) Market risk**

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Notes To The Financial Statements**

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**(iii) Market risk (Continued)**

**a) Foreign currency risk (Continued)**



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**a) Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

***Management of interest rate risk***

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**iii) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

**24. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

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**Government of Kenya**

The Government of Kenya is the principal shareholder of the entity, holding 100% of the BTII's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Students
- iv) Suppliers
- v) The community
- vi) Key management;
- vii) Board of directors;
- viii) Employees
- ix) Financial institutions-Banks
- x) Kenya Power



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**25. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

**26. Events After The Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**27. Ultimate And Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education Science and Technology. Its ultimate parent is the Government of Kenya.

**28. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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**19. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| Reference No. on the external audit Report | Issue / Observations from Auditor                               | Management comments                                                                                                                                                                         | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
| 1.                                         | Variances between Financial statements and supporting schedules | The financial statements were revised and schedules provided to auditors.                                                                                                                   | Not Resolved                      | 11/10/2023                                                       |
| 2.                                         | Cash and Cash Equivalents                                       | The error was corrected in the revised financial statements.                                                                                                                                | Not Resolved                      | 11/10/2023                                                       |
| 3.                                         | Unsupported Revenue                                             | The schedule supporting revenue of 67,834,030 was availed to the auditors                                                                                                                   | Not Resolved                      | 11/10/2023                                                       |
| 4.                                         | Inaccuracy of Property, Plant and Equipment Balance             | The valuation report was tabled before the of auditors and readjustment to WIP done to correct the transfer                                                                                 | Not Resolved                      | 11/10/2023                                                       |
| 5.                                         | Unsupported Expenditure on Use of Goods and Services            | The expenditures of 1,325,566 forming the entire of 5,589,039 was explained and supporting schedule tabled before auditors                                                                  | Not Resolved                      | 11/10/2023                                                       |
| 6.                                         | Long Outstanding Student Debtors                                | The management resolved that student sitting for any exams had to clear tuition fee first, billing to be done annually for new students. This would help collect the balance of 39,087,553. | Not Resolved                      | 11/10/2023                                                       |
| 7.                                         | Board Allowance                                                 | The expenditure amounting to 1,916,000 was finally supported and schedule detailing the                                                                                                     |                                   |                                                                  |



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| Reference No. on the external audit Report | Issue / Observations from Auditor        | Management comments                                                                                                                                        | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            |                                          | breakdown of sitting & transport allowance provided.                                                                                                       | Not Resolved                      | 11/10/2023                                                       |
| 8.                                         | Un-Secured Bank Loan                     | The bank loan of 10M                                                                                                                                       | Not Resolved                      | 11/10/2023                                                       |
| 9.                                         | Construction of Science Laboratory Block | The expenditure of 950,000 forming part of the entire expenditure of 9,855,894 paid directly to the contractor was supported and prove of payment availed. | Not Resolved                      | 11/10/2023                                                       |
| <b>Other Matter</b>                        |                                          |                                                                                                                                                            |                                   |                                                                  |
| 1.                                         | Budgetary control and performance        | The Institution took the recommendation to undertake budgeting for exams in the succeeding financial year.                                                 | Resolved                          | 11/10/2023                                                       |
| 2.                                         | Unresolved prior year matters            | At the time of audit we have not received the recommendations from the PAC.                                                                                | Not Resolved                      | 11/10/2023                                                       |

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

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(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



.....  
**Mr. Calestus Omillo Wanjala**  
**Accounting Officer**  
**Principal/Secretary of BOG**  
**Date**



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**Appendix III- Inter-Entity Confirmation Letter**



The State Department of TVET wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Bumbe Technical Training Institute as at 30 <sup>th</sup> June 2023 |                |                                                                                 |                 |                       |                   |                                                                                     |                              |
|---------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------|-----------------|-----------------------|-------------------|-------------------------------------------------------------------------------------|------------------------------|
| Reference Number                                                                                        | Date Disbursed | Amounts Disbursed by the State Department of TVET ] (Kshs) as at 30th June 2023 |                 |                       |                   | Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E) | Differences (KShs) (F)=(D-E) |
|                                                                                                         |                | Recurrent (A)                                                                   | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) |                                                                                     |                              |
|                                                                                                         | 26/10/2022     | 7,665,000                                                                       | 0               | 0                     | 7,665,000         | 7,665,000                                                                           | 0                            |
|                                                                                                         | 26/01/2023     | 6,988,000                                                                       | 0               | 0                     | 6,988,000         | 6,988,000                                                                           | 0                            |
|                                                                                                         | 27/06/2023     | 6,988,000                                                                       | 0               | 0                     | 6,988,000         | 6,988,000                                                                           | 0                            |
| <b>Total</b>                                                                                            |                | <b>21,641,000</b>                                                               |                 |                       | <b>21,641,000</b> | <b>21,641,000</b>                                                                   |                              |

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Entity:**

Name ..... Sign ..... Date.....

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