

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 29 APR 2025 | DAY. Tuesday |
| TABLED BY: | Hon. Julius Melly, mp on behalf of L.O.M |
| CLERK-AT THE-TABLE: | Benson Inzofu. |

OF

THE AUDITOR-GENERAL

ON

**BUNYALA TECHNICAL AND VOCATIONAL
COLLEGE**

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



BUNYALA TECHNICAL & VOCATIONAL COLLEGE

REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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1. Acronyms & Glossary of Terms

| | |
|-----------|---|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TVC | Technical Vocational College |
| TVET | Technical and Vocational Education and Training |
| E4D | Employment and Skills for Development |
| BTVC | Bunyala Technical and Vocational College |
| CCTV | Closed Circuit Television |
| HELB | Higher Education Loans Board |
| A -in - A | Appropriation in Aid |
| FY | Fiscal Year |
| MOU | Memorandum of Understanding |
| ICT | Information and Communication Technology |
| LAN | Local Area Network |
| TNA | Training Needs Assessment |
| PU | Production Unit |
| KUCCPS | Kenya University and Colleges Central Placement Service |
| KATTI | Kenya Association of Technical Training Institutions |
| TVETA | Technical and Vocational Education and Training Authority |
| NHIF | National Hospital Insurance Fund |
| NSSF | National Social Security Fund |
| PAYE | Pay As You Earn |
| NG-CDF | National Government- Constituency Development Fund |
| NYS | National Youth Service |

Key College Information and Management

(a) Background information

The *Bunyala Technical & Vocational College* (hereinafter known as the *College*) was registered in accordance with the TVET Act 2013, on 12th October 2017. The College is domiciled in Kenya, Busia County, along Bumala – Port Victoria road. The College is under the Ministry of Education, State Department for Vocational and Technical Training.

The College has seven academic and six non-academic departments including the finance, procurement, stores and Internal Audit functions (internal audit is outsourced from a sister institution).

(b) Principal Activities

The principal mandate of the College is to provide technical training for knowledge and skills empowerment of trainees. In addition, ensure commensurate evaluation and certification through the relevant state agencies such as Kenya National Examinations Council (KNEC), Kenya Accountants and Secretaries National Examinations Board (KASNEB). The training function is conducted under established curriculum by KICD and TVET CDACC with strict observance of quality and standards relevant in technical and vocational training. The college advertises and recruits trainees through KUCCPS and directly as walk-ins. This is done in a manner to ensure access and equity in training and guided by the Kenya Constitution 2010 and Statues of Kenya, and mandated regulatory and supervisory bodies.

VISION

Provide training opportunities in science, technology and innovation for the world of work

MISSION

Attract and empower trainees in Science, technology and innovation for the purpose of transferring relevant skills.

MOTTO

Technical and Innovation Skills for Economic Authority

The Core mandate of Bunyala TVC is enshrined in its Strategic Plan and presented as strategic objectives which are outlined below: -

Core Objectives

- i) Offer training in technical and entrepreneurial skills relevant to the labour market
- ii) Establish mechanism to increase enrolment
- iii) Strengthen linkage and partnerships for sustainable development
- iv) Improve institutional infrastructure and increase capacity
- v) Create a conducive environment for innovation
- vi) Nurture talent for self-reliance

(c) Key Management

Bunyala TVC day-to-day management is under the following key organs:

1. Board of governors
2. Senior Principal
3. Deputy Principal
4. Registrar
5. Dean of Students
6. Heads of departments

(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. | Senior Principal | Mr. Emmanuel Biketi Wamalwa |
| 2. | Deputy principal | Mr. Keffa Oduor Musumba |
| 3 | Registrar (s) | Mr. Winslaus Otunga |
| 4 | Dean of students | Mr. Fredrick Were |
| 5 | Head of Finance | CPA Namwakira Odero Immaculate |
| 6 | Procurement Officer | Mr.Simon Sinjagi Nandambala |

(e) Fiduciary Oversight Arrangements

| Name of Committee | Members |
|--|--|
| Finance Planning and Development Committee | 1. Mr. Kemboi K. Josphat - Chairperson 2. Mrs. Caroline Wanyama 3. Mr. Ochoro D. Paul |
| Academic, Human Resource and Welfare Committee | 1. Prof. Wilphredian Okumu-Bigambo – Chairperson 2. Mr Ochoro D. Paul 3. Ms. Martha Wekesa |
| Audit and Risk Management Committee | 4. Mr. Ekuot David 5. Ms. Nakhulo Henrietta – Chairperson 6. Mr. Dennis Obare – Internal Auditor |

(f) College Headquarters
Bunyala Technical and Vocational College
P.O. Box 104 – 50410, Port Victoria
Along Bumala – Port Victoria Road
Bunyala Sub County
Busia County, KENYA

(g) College Contacts

Telephone: (+254) 758850414, (+ 254) 0722 437 056
E-mail: info@bunyalatvc.ac.ke/principal@bunyalatvc.ac.ke
Website: www.bunyalatvc.ac.ke

(h) College Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200

2. Kenya Commercial Bank
Port Victoria Branch
Account numbers
1252563639
1252563736
1252563787




(i) Independent Auditors

Auditor-General
Office of Auditor General
Anniversary Towers, Institute 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



2. The Board of Governors

| No. | Member | Details |
|-----|---|--|
| 1. |  <p>Mr Francis Rambui, M.BA Chairman BoG</p> | <p>Born on 4th January 1982. Holder of MBA Entrepreneurship. He has over 10 years' experience in the banking industry. Currently Branch Manager KCB Kilgoris. He is the current Chairman of the Board of Governors Bunyala TVC.</p> |
| 2. |  <p>Prof. Wilphredian Okumu-Bigambo, Ph.D Chairman Academic, Human Resource and Welfare Committee</p> | <p>Born on 22nd September 1957. Holder of PhD in Communication and Public relations Over 40 years' experience in the education sector. Currently, a prof. at the Eldoret University</p> |
| 3. |  <p>Ms Henrietta Nakhulo Namava, B.Ed Chairperson Audit and Risk Management Committee</p> | <p>Born on 29th June 1977. She is a holder of Bachelor's degree in Education. She has more than 20 years' experience in teaching and advocacy</p> |





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| | | |
|-----------|---|--|
| <p>4.</p> |  <p>Mr. Kemboi Joseph, M.BA/CPA II Chairman Finance Planning and Development Committee</p> | <p>Born on 10th April 1971. He holds M.Phil. Economics and B.Ed. Arts. He has more than 12 years' experience of teaching at the university of Eldoret.</p> |
| <p>5.</p> |  <p>Mr. David Aukot, B.Sc (Mech. Eng.)</p> | <p>Born on 24th April 1990. He holds a M.Sc in Information Systems</p> |
| <p>6.</p> |  <p>Dr. Daniel Ochoro, M.BA</p> | <p>Born on 27th September 1960 PhD Research and sustainable development Over 40 years' experience in teaching</p> |
| <p>7.</p> |  <p>Mrs Carolyn N.A. Wanyama, B.Sc.</p> | <p>Born on 1st September 1972. Holds a B.Sc Agriculture and Human Ecology Extension Over 25 years' experience in agriculture industry working at the Nzoia Sugar Co.</p> |


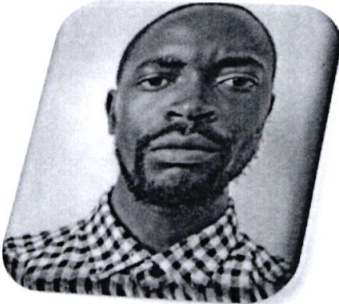
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| | | |
|----|--|--|
| 8. |  Ms Martha Wekesa. M.BA County Director Busia/Bungoma | Born in 1966. She holds an MSc in Food Science Technology. She has more than 25 years' experience working in TVET sector |
| |  Emmanuel Biketi Wamalwa , M.Ed | Born on 11 th September 1973. Holder of M.Ed (Guidance and Counselling, B.Ed Tech), Dip in Ed. and Senior Management Course. Senior Principal/Secretary BoG. Over 25 years' experience in teaching and 17 years in administration in TVET institutions. |

3. Key Management Team

| No. | Member | Details |
|-----|--|------------------|
| 1. |  Emmanuel B. Wamalwa, M.Ed | Senior Principal |
| 2. |  Mr Musumba Keffa Oduor , B.Ed | Deputy Principal |
| 3. |  Mr. Winslaus Otunga. B.Sc | Registrar |
| 4. |  Mr. Fredrick Were. B.Sc | Dean of Students |

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| | | |
|----|--|---------------------|
| 5. |  CPA Namwakira Odera Namwakira, CPA (K) | Finance Officer |
| 6. |  Mr. Simon Sinjagi Nandambala | Procurement Officer |

4. Chairman's Statement

In the Financial Year 2022-2023, the College has continued to grow. This growth is shown by the continued increase in our enrolment. We have the courses that are attracting students and trainers who are committed to our values as we continue with our operations.



We continue to pursue our Strategic objectives as outlined in the Strategic Plan. Funds are tied to our core business of training and whatever we can put to use is in pursuance of our college strategic plan. It is a key consideration in our annual work plans and even our performance contracting.

As we enter the fourth year of our strategic plan, we are very alive to the fact that we have not achieved it in totality. This will be a major consideration as we continue and even come up with the strategy for the next planning period. We are in the process of reviewing the Strategic Plan in the FY 2023/24 to align it with the government's manifesto and the economic and technological dynamism.

We managed to construct a tractor shed and a pit latrine. The farm machinery have been exposed to the harsh weather patterns for a long time. It was imperative that we set up a tractor shed to secure the equipment. The college has been operating with only one-six door pit latrine for trainees as well as a two-door pit latrine for trainers. The increasing number of trainees and trainers had piled heavy pressure on the facility thereby calling for the need to raise another one. These structures had been set as targets in our Performance Contract for the FY 2022/23 which meant that they had to be constructed despite the prices of commodities having sky rocketed due to the alleged war between Russia and Ukraine and other factors that led to world economies performing poorly.

The board played the oversight role entrusted to it by the government in a very committed manner. Members were able to attend all meetings either physically or virtually and positively contributed to the agenda in a manner that was able to take the institution to the next level. This is expressed by attendance of board meetings and contributions of members in making resolutions. We are cognizant of the opportunity presented to enable us make an impact in society. We identified key areas to help us in funds mobilization to reduce our reliance on capitation. We are focused on introducing new income generating activities (IGAs) in baking and innovations and production using our lathe and milling machines. We target to establish at least two new IGAs in the FY 2023/24. The board has observed that the government priorities seem to have changed and support to the TVET sector has become too much unpredictable. If the institution does not innovate ways of raising revenue internally or externally through donors, then meeting its core mandate might prove to be a tall order.

Our management team continues to grow in competence and their work is held in high esteem in the continued fulfilment of their duties. They implement board decisions with courage and

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boldness, following established laws, regulations, policies and circulars. They have always come up with innovative ways that improve the college performance in all departments. These has seen the college improve its face value through improved environment, physical facilities and performance in national examinations. These committed service has led to the increase in enrolment and we envisage to raise the enrolment further if this style of leadership is sustained.

We are happy as a board to note that our college has been performing well in co-curricular activities. This is envisaged by the fact that Bunyala TVC is the national champion in Volleyball ladies and have been competing favourably in both regional and national tournaments in the same discipline. This is encouraging considering that we have emerged winners in competitions involving our bigger brothers and sisters in senior colleges including national polytechnics. We are in the process of establishing a policy on how to motivate and retain talented trainees and help them acquire knowledge and skills besides their talents.

Towards the agenda of greening TVET, the college planted 500 tree seedlings within the college compound. All the students were mobilised to and got involved in the exercise. We are in the process of installing solar power to mitigate the shortage of electrical power from the national grid. This is part of th our effort to tap into green energy.



Mr Francis Rambui
Chairman of the Board of Governors

5. Report of the Senior Principal

Bunyala Technical and Vocational College (BTVC) continues to scale the early stages of development as a new and upcoming TVET institution. Management has established mechanisms to see the enrolment of the college grow. The year saw the institution work closely with the office of the President to raise its visibility by reaching out to the targeted group in villages. This has helped realise growth in enrolment from 710 to 952 as at 30th June 2023.



The college managed to construct a six-door toilet to serve the increasing number of trainees. There are plans construct more toilets in order to match the demand and remain compliant with the Public Health standards. We also managed to construct a tractor shed to accommodate the farm machinery and tractors that have been exposed to harmful weather patterns for some time. The shed has enabled us to provide safe haven for the farm machinery.

The college has been experiencing a problem of scarcity of land for training general agriculture and agriculture engineering students on practical lessons. We requested the office of the President through the Deputy County Commissioner, Bunyala sub county for land which she allocated 8 acres for learning purposes. The land belongs to the National government. So far, the agriculture department has already put the land under utilisation by our students for horticulture farming. Plans are underway to establish a tuition block to host the department at the farm.

In addition, insecurity has been an issue to be addressed in this institution. There have been rampant cases of petty theft where some items used to get lost in small numbers. To address this, we installed 18 CCTV cameras and immediate plans mooted to increase the number to 25. We have also installed fire-fighting equipment around the main block and the kitchen.

Bunyala TVC enrolled students in Five short term courses under the KCB Foundation's 2jiajiri and E4D programmes. The programme enrolled a total of 200 students who undertook training for a period of 7 months. The students were subjected to very intensive competency-based training with terminal examinations being from the National Industrial Training Authority (NITA). In addition, the college managed to register a total of 291 candidates in other programmes for KNEC examinations. The average performance achieved was 73% on average.

In our quest to enhance training and offer practical knowledge to graduates from our institution and other colleges, we provided opportunities for internship and attachment for trainees. We successfully managed to attach a total of 13 trainees for both internship and attachment. These comprised 3 interns who were deployed under BoG terms and 10 attachees. The college also participated in the regional TVET Fair for KATTI Western Region where we presented various

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innovations cutting across three departments i.e. Building Technology, Electrical and Agriculture. We also presented a robot for the robot contest at the national level. Although our machine did not win, but our team learnt a good lesson to help us improve our performance on such matters.

On matters sports, Bunyala TVC is the national defending champion for volleyball women and currently is also the regional defending champion for the second year in a row. We hope to successfully defend our title at the national competition that is coming up later in the year. The institution participated in soccer for men as well as athletics where we emerged position four in soccer in the regional championships.

We signed a performance contract with the national government in July 2021. Our team in charge of Performance Contracting ensured that we had most of our targets performed despite financial and staff shortages challenges. In the Performance Contract for the financial year 2020/2021, Bunyala TVC was among the colleges that managed to score a “good” remark. We look forward to improve on our performance for the Performance Contract for the FY 2022/23 in the evaluation expected to take place in October 2023.

A number of issues have been a hindrance to our performance making us not to achieve as per our budgetary allocations and work plans. Some of them include scarcity of water which has delayed due to inadequate funding. We do not have adequate land for expansion and undertaking of other college functions especially related to training. We have plans to acquire more land if funds will be available.

The college fell short on its fees collection target due to less capitation received from the Ministry of Education. Quarter four capitation amounting to Kshs 5.04 million (calculated at ksh.7,500 per trainee for 672 trainees) was not disbursed by the Ministry. The National Youth Service also delayed with our payment for 32 trainees which amounted to Ksh. 4,537,067. They later paid ksh. 3,857,000. The Higher Education Loans Board (HELB) was also not able to pay all the students as per the list approved by the board for our students. We were informed that the budgetary allocation to HELB was exhausted and was not enough to fund all the qualified applicants. Government policy on capitation has made parents to go slow on payment of fees especially considering that Busia and Budalang’i in particular are poverty stricken areas. The latest statistics from Kenyan National Bureau of Statics indicates that Busia is among the poorest counties in Kenya.

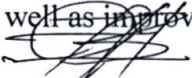
We have continued to take some important decisions that – whilst difficult – have enabled us to move more quickly towards protecting and strengthening our operations. These include the Public Private Partnerships for accommodation of students that provides the community surrounding the College with the opportunities to benefit economically from our students who come from all over the country.

In order to mitigate against the challenges realised, we have started implementing some plans to help increase our A-in-A. These plans include farming, workshop operations related to our plant machinery like lathe and injector testing machines. In addition to this, we purpose to maintain the current partnership with KCB Foundation as well as seeking to establish new ones with the aim of raising enrolment and realising increased enrolment. To this end, the college signed a memorandum of understanding with KCB Foundation on matters training of students in various short term courses e.g. Masonry, beauty therapy, plumbing and related courses. We also have a plan to mount a bakery unit to produce bread and related products both for internal use as well as distributing and selling to the neighbouring institutions and markets.

We also plan to enhance guidance and counselling services by improving the services offered by the department. We intend to broaden the approach by bringing more staff on board through the respective departments.

We remain focussed to ensuring that our first to come clients will be our trainees. We plan to improve in our service delivery both to trainees as well as parents and suppliers among others. The positive image generated is expected to help in generating an upbeat attitude among stake holders hence growth and expansion of the institution.

Bunyala is located in semi arid area where rainfall is not reliable. Despite these climate challenge, we managed to plant 500 tree seedlings by involving all the trainees and staff. We are looking forward to plant more in the next financial year swell as distributing to the community more than 2,000 tree seedlings. Plans are at an advanced stage to install solar power in phases to help provide for power back up as a solution to frequent power outages within Busia County. We intend to install and continuously upgrade this system to reduce our cost on power as well as improve our utilisation of green energy.


Mr Emmanuel Wamalwa
Senior Principal/Secretary BoG

6. Statement of Performance against Predetermined Objectives

Bunyala TVC has 6 strategic pillars and objectives within its Strategic Plan for the FY 2021- 2025. These strategic pillars are as follows:

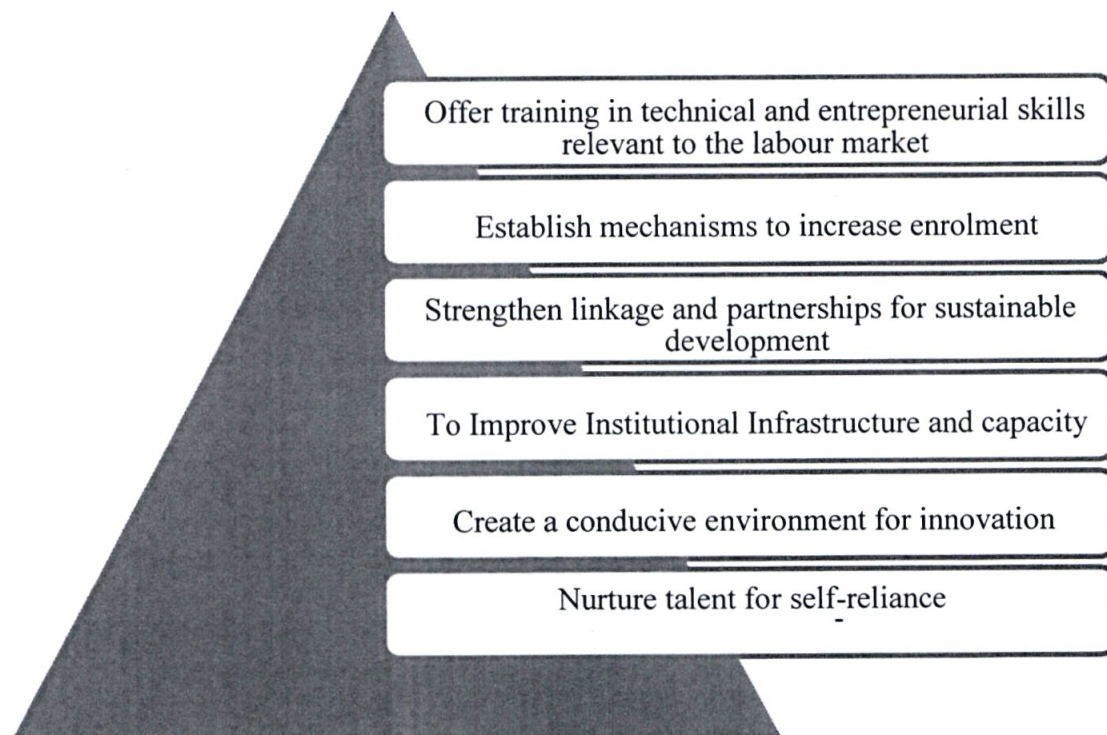


Fig. 1: Strategic Pillars

Bunyala Technical and Vocational College develops its annual work plans based on the above pillars.

Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key performance indicators | Activities | Achievements |
|---|--|---|--|--|
| Pillar 1: training in technical and entrepreneurial skills relevant to the labour market | <ul style="list-style-type: none"> ✓ Practical training with relevant live example ✓ Liaison with industry | <ul style="list-style-type: none"> ✓ Quality training ✓ Competent graduates ✓ Efficient tools and equipment ✓ Competent graduates ✓ Increased revenue ✓ e-library established | <ul style="list-style-type: none"> ✓ Recruit competent staff ✓ Utilize available resources ✓ Establish and equip a Resource Centre i.e. library | <ul style="list-style-type: none"> ✓ Efficient tools and equipment ✓ Increased revenue ✓ Correspondence with industry ✓ This was set in the |

| Strategic Pillar | Objective | Key performance indicators | Activities | Achievements |
|--|--|--|---|--|
| | | <ul style="list-style-type: none"> ✓ Hiring of a librarian ✓ Improved teaching and learning standards ✓ Committed Staff ✓ Improved trainee discipline ✓ Licence/approval of courses ✓ Correspondence letters ✓ Signed MOUs ✓ Demand for training from industry ✓ Brochure indicating new Courses introduced | <ul style="list-style-type: none"> and e- learning facilities ✓ Acquire more tools and equipment ✓ Develop, Implement and enforce the Academic Policy ✓ Registration with regulatory bodies ✓ Identify possible industry partners ✓ Introduce market driven courses | <ul style="list-style-type: none"> • Performance contract on increased enrolment |
| <p>Pillar 2: Establish mechanism to increase enrolment</p> | <ul style="list-style-type: none"> ✓ Intensify marketing and promotion of the college programmes ✓ Establish and enforce internal quality control measures | <ul style="list-style-type: none"> ✓ Nation-wide enquiries ✓ Increased applications for HELB loans ✓ Increased enrolment ✓ Increased retention for trainees ✓ Increased uptake for HELB loans ✓ Increased enrolment ✓ High discipline ✓ Reduced dropout rate ✓ Appropriate teaching standards ✓ Quality Manual ✓ Unqualified Audit Reports ✓ Land title deed for 5 acres | <ul style="list-style-type: none"> ✓ Prepare and distribute sufficient brochures, install signage at strategic places, Carry out print, online and audio-visual media and road shows ✓ Introduce work-study programme for trainees and internship ✓ Facilitate trainees to apply for HELB ✓ Enhance Guidance & Counselling to trainees & the general population ✓ Develop and implement a Quality Management | <ul style="list-style-type: none"> ✓ Increased visibility ✓ Increased enrolment ✓ Reduced drop-out rate ✓ Reduced fees arrears ✓ Increased HELB Loan applications ✓ Increase awareness ✓ Informed selection of courses ✓ Tied to Performance Contract (PC) on improved performance in national exams |

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| Strategic Pillar | Objective | Key performance indicators | Activities | Achievements |
|---|---|--|--|--|
| | | | Manual ✓ Establish sports grounds and acquire relevant sports paraphernalia | |
| Pillar 3: Collaboration and Linkages | ✓ Set up a network with the identified industry partners and other Institutions | ✓ Appointments ✓ Correspondence with collaborating institutions ✓ Benchmark reports and MOUs with collaborating institutions ✓ Exchange programmes ✓ Research paper | ✓ Strengthen existing collaboration and linkages ✓ Conduct Research to benefit collaborating institutions ✓ Empower the ILO's office through capacity building | ✓ Establishing a data bank of industry partners ✓ Visits to the industries identified ✓ Placement of students for attachment and internship ✓ Tied to PC on number of trainees attached and interns absorbed by BTVC |
| Pillar 4: To Improve Institutional Infrastructure and capacity | ✓ Improve Institutional Infrastructure | ✓ Repair and maintenance schedules ✓ Established road network ✓ Qualified staff deployed ✓ Log book ✓ Bus offering services ✓ Driving license ✓ Certificate of completion ✓ Testing certificate | ✓ Improve the college internal road network ✓ Repair and maintain equipment ✓ Acquire a college bus, driving school vehicle and utility car ✓ Drilling water, installing desalination plant and distribution of water for consumption | ✓ Improved access to the college ✓ Efficient working equipment ✓ Clean water in use ✓ Tied to PC: construction of toilet, tractor shed and CCTVC cameras |
| | Improve ICT infrastructure | ✓ Improved performance ✓ Enhanced supervision of duty ✓ Installed LAN ✓ Cost effective | ✓ Expand ICT infrastructure and Integrate in training programmes ✓ Upgrade the | ✓ Enhanced access to information ✓ Creative and innovative training ✓ E-learning facilities ✓ Enhanced Internet |

| Strategic Pillar | Objective | Key performance indicators | Activities | Achievements |
|--|--------------------------------------|--|--|---|
| | | <ul style="list-style-type: none"> communication ✓ Functional MIS | <ul style="list-style-type: none"> existing Financial Management Information System | <ul style="list-style-type: none"> Connectivity ✓ Reliable & effective information management system ✓ Tied to PC: connect fibre optic, bank integration and e-library |
| | Development of the Human Resource | <ul style="list-style-type: none"> ✓ TNA report ✓ Training Certificates ✓ Improved performance ✓ Appraisal report ✓ Team building activities ✓ Strong welfare | <ul style="list-style-type: none"> ✓ Carry out Training Needs Assessment (TNA) and implement its report ✓ Conduct Performance Appraisal ✓ Establish and Strengthen staff welfare | <ul style="list-style-type: none"> ✓ Informed Decisions on staff Development Programmes ✓ Budgetary allocation ✓ Motivated staff ✓ Team work among staff ✓ Tied to PC: improved KNEC performance, establish quality assurance committee |
| | Expand the college financial base | <ul style="list-style-type: none"> ✓ PU policy ✓ Wages for production staff ✓ Correspondence with donors ✓ Procurement documents ✓ Policy document on debt/revenue collection | <ul style="list-style-type: none"> ✓ Operationalise the Production Unit ✓ Funds mobilisation through proposals to both NGO and GoK agencies ✓ Improve methods of revenue collection | <ul style="list-style-type: none"> ✓ Operational PU committee ✓ Increased income ✓ Functional IGAs ✓ Increased number of funded projects ✓ Increased funding ✓ Reduced arrears Reduced debt/equity ratio |
| Pillar 5: Create a conducive environment for innovation | Acquire relevant tools and equipment | <ul style="list-style-type: none"> ✓ Budgetary allocation ✓ Procurement documents ✓ Physical items in place | <ul style="list-style-type: none"> ✓ Allocate funds for the procurement of tools and equipment | <ul style="list-style-type: none"> ✓ Designs for development/production ✓ Requisitions ✓ Exhibitions ✓ PC: improved exams performance |
| | Construct innovation centre | <ul style="list-style-type: none"> ✓ Completion certificate | <ul style="list-style-type: none"> ✓ Construction of a workshop | <ul style="list-style-type: none"> ✓ Complete workshop with innovations rooms |
| Pillar 6: | ✓ To tap and | <ul style="list-style-type: none"> ✓ Recruit competent | <ul style="list-style-type: none"> ✓ Operational | <ul style="list-style-type: none"> ✓ Implementation of the |

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| Strategic Pillar | Objective | Key performance indicators | Activities | Achievements |
|---|--|--|---|---|
| Nurture talent for self-reliance | nurture rich talents among young kenyans | sports officer ✓ Identify/scout for talented trainees | office with competent sports officer ✓ Competitive teams | Budget and procurement plan as a Control tool |

The College develops its annual work plans based on the above 6 pillars. Assessment of the performance against its annual work plan is done on a quarterly basis.

7. Corporate Governance Statement

Bunyala TVC is committed to the principles of good governance. The core values of BTVC as enshrined in the Strategic Plan (i.e. Transparency and Accountability, Integrity, Impartiality, Professionalism and Team work, etc.) ascribe to this assertion.

The Board of Governors Meetings

Bunyala TVC has a total of eight very committed board members. The governor for Busia county has not yet appointed a representative to the board. The board managed to hold three full board meetings and two board committee meetings for each committee as indicated in the table below.

Board of Governors Meeting Attendance as at 30th June 2023

| S/NO | NAME | DATE | DATE | DATE |
|------|---------------------------------|------------|------------|------------|
| | | 23/09/2022 | 27/01/2023 | 26/06/2023 |
| 1. | Mr. Francis Rambui | Present | Present | Present |
| 2. | Ms. Martha Wekesa | Present | Apology | Present |
| 3. | Prof. Wilphredian Okumu Bigambo | Apology | Present | Present |
| 4. | Caroline A. Wanyama | Present | Present | Present |
| 5. | Josephat Kemboi | Present | Present | Present |
| 6. | Duncan Ochoro | Present | Present | Present |
| 7. | David Ekuot | Present | Present | Present |
| 8. | Henrietta Nakhulo Namava | Present | Present | Present |

Board Committees

| S/N | NAME | ACADEMIC, HUMAN RESOURCE & WELFARE COMMITTEE | |
|-----|---------------------------------|--|------------|
| | | DATE | DATE |
| | | 14/09/2022 | 19/01/2023 |
| 1. | Prof. Wilphredian Okumu Bigambo | Present | Present |
| 2. | Mr. Duncun Paul Ochoro | Present | Present |
| 3 | Mr. Emmanuel Wamalwa | Present | Present |
| | | FINANCE, PLANNING & DEVELOPMENT COMMITTEE | |
| | | 20/09/2022 | 26/01/2023 |
| 1. | Mr. Josephat Kemboi | Present | Present |
| 2. | Ms. Caroline A. Wanyama | Present | Present |
| 3. | Mr. Emmanuel Wamalwa | Present | Present |
| | | RISK AND AUDIT COMMITTEE | |
| | | 20/09/2022 | 26/01/2023 |
| 1. | Ms. Henrietta N. Nakhulo | Present | Present |
| 2. | Eng. David M. Ekuot | Present | Present |
| 3. | Mr. Dennis Obare | Present | Present |

Succession plan

The composition of the current board of governors which is the second one since inception of BTVC is different from the first one. There is a blend of some members who were in the first board mixed with new ones. The nomination panel selected members consciously taking note that there had to be succession plan whereby as experienced members leave, one term members take over to guide the next lot. This is done in consultation with the appointing authority without compromising standards and guiding regulations.

Board Charter

This charter sets out the key values and principles of the Board of governors of the Bunyala TVC. It provides a concise overview of the role and responsibilities of the board of governors; powers of the board and board committees; separation of roles between the Board and Management; and the practice of the board in respect of corporate governance matters. This Board Charter is subject to the provisions of the TVET Act, 2013, the PFM Act, 2012 and any applicable law or regulatory provisions. The board charter was developed and aligned to the Mwongozo: The Code of Governance for State Corporations.

Process of appointment and removal of board members

- a) The Board shall consist of members as shall be determined from time to time and subject to regulatory requirements. The Board Nominating Committee shall recommend names for appointment by the Cabinet Secretary for Education as per regulatory requirements.
- b) The Chairman of the Board shall be appointed by the Cabinet Secretary for Education.
- c) The number of Board members shall be as determined by the TVET Act 2013.
- d) Governor's remuneration package shall be adequately disclosed in the full board meeting(s) in line with the financial ability of the college as regulated by the TVET Act 2013.

The Roles and Functions of the Board

- a) The Board is the ultimate decision-making body of the College.
- b) The Board is responsible for establishing sound system of internal control for the College.
- c) The Board is responsible for overseeing the corporate governance framework.
- d) The Board is responsible for: adoption of strategic plans and policies; monitoring the operational performance; establishing policies and processes that ensure integrity of the College's internal controls; and risk management.
- e) The Board is responsible for establishing clear roles and responsibilities in discharging its fiduciary and leadership functions.
- f) The Board is responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.

- g) The Board is responsible for ensuring that the strategies adopted promote the sustainability of the College.
- h) The Board is responsible for establishing policies and procedures for effective operations of the College.
- i) The Board establishes appropriate staffing and remuneration policies for all employees as required.
- j) The Board ensures the College's compliance with all applicable laws, regulations, governance codes, guidelines and regulations and establishes systems to effectively monitor and control compliance across the College.

Board Induction and Training

- a) Each Board member shall participate in an induction program that is tailored to effectively orient the member to the College's business, strategy, objectives, policies, procedures, operations, senior management and operating environment. The induction shall also include all the necessary information that shall be required by a member for effective performance on the Board. New Board members shall also be introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the College.
- b) Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the College.
- c) The Board shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the College and corporate governance environment.
- d) The Board shall conduct a bi-annual review to identify the training needs and facilitate up skilling as well as continuous development.

Board and Member Performance

Performance evaluation identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

We strive to provide the highest quality of training to our trainees by;

- i) Being courteous, fair, ethical and professional.
- ii) Being positive and helpful and provide reason for any decisions we make.
- iii) Providing assistance when required.
- iv) Answering enquiries or requests accurately and in a timely manner
- v) Treating our staff, Contractors and Suppliers honestly and with respect.
- vi) Keeping the Institute clean, tidy and free from any damage.

Conflict of Interest

- a) All Board members are required to:
 - ✓ Declare any interests that may give rise to potential or perceived conflict, for instance, business relationships or other circumstances that could interfere with exercise of objective judgment;
 - ✓ Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted Board member shall not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the provisions of the guiding laws, rules & regulations of the College.
- b) The Board shall evaluate all potential or perceived conflict of interest as declared and shall approve such transactions with the College as may be appropriate.
- c) A register of declared Conflicts of Interest shall be maintained by the Secretary.

Board Remuneration

During every Board meeting, members are entitled to a sitting allowance, lunch allowance (if lunch is not provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations and or as resolved by the members in an official board meeting (the resolution must be in line with existing laws and regulations). a) The Board shall establish and approve formal and transparent remuneration policies and procedures for members.

Below is a summary of entitlement per Board Member

| Type of payment | Chairman | Member | Remark |
|--|-----------|-----------|-----------|
| | Allowance | Allowance | |
| Sitting allowance (per meeting) | 10,000 | 9,000 | |
| Transport allowance | 10,000 | 8,000 | |
| Airtime | 3,000 | - | |
| Lunch allowance | SRC rates | SRC rates | SRC Rates |
| Accommodation allowance when travelling for official college assignments both inside and outside Kenya | SRC rates | SRC rates | SRC rates |

The board has been busy working on advertising of the college programmes in order to increase enrolment. It has also been working closely with the Office of the President, the area Member of Parliament and other stakeholders towards holding effective open days that are properly publicised to increase visibility.

Ethics and Conduct as well as governance audit

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

- a) The Board shall adopt a Code of Conduct for all governors and employees that addresses, among other things, conflict of interest and which shall be reviewed and updated regularly. A summary of this code shall be made available on the College's website.
- b) The College shall adopt effective whistle blowing mechanisms that encourage staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices.
- c) The Board shall also adopt the Public Service Code of Conduct that will apply to all governors and staff.
- d) The board shall be subjected to appraisal by management in consultation with the State Department

The Board should ensure that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit should cover the following parameters among others: -

- e) Leadership and strategic management;
- f) Transparency and Disclosure;
- g) Compliance with Laws and Regulations;
- h) Communication with stakeholders;
- i) Board independence and governance;
- j) Board systems and procedures;
- k) Consistent shareholder and stakeholders' value enhancement; and
- l) Corporate social responsibility and investment.

8. Management Discussion and Analysis

Operational & Financial Performance

The enrolment of the college grew from 522 to 710 registered in the previous FY 2021/22. The major challenges the college faces include but not limited to:

- i) Impending Court battles with creditors for delayed settlement of pending bills
- ii) Delayed disbursement of capitation and HELB funds
- iii) High wages due to increased number of trainers which has continued to increase with increase in enrolment
- iv) Inadequate infrastructure such as classrooms, workshops, playground and related facilities.

Below is a summary of our financial performance for the last two financial years:-

All figures are in Kenya Shillings.

| | 2022/2023 | 2021/2022 |
|-------------------|-------------|------------|
| Income | 33,210,537 | 37,212,188 |
| Expenditure | 37,352,295 | 35,266,457 |
| Surplus/(deficit) | (4,141,758) | 1,945,731 |

During the year ended 30th June,2023 capitation was reduced from Ksh.7,500 to Ksh.5000 for quarter one, and Ksh. 4000 for quarter two and three respectively. The College reported a deficit of Ksh 4,141,758 for FY 2022/2023 as a result of depreciation of Agricultural machinery from MoE which was not budgeted for.

Key Projects and Investment decisions the College implemented/ongoing/planned

The following key projects were completed in the FY 2022/23: -

- i) Installation of CCTVC cameras around the compound at strategic points

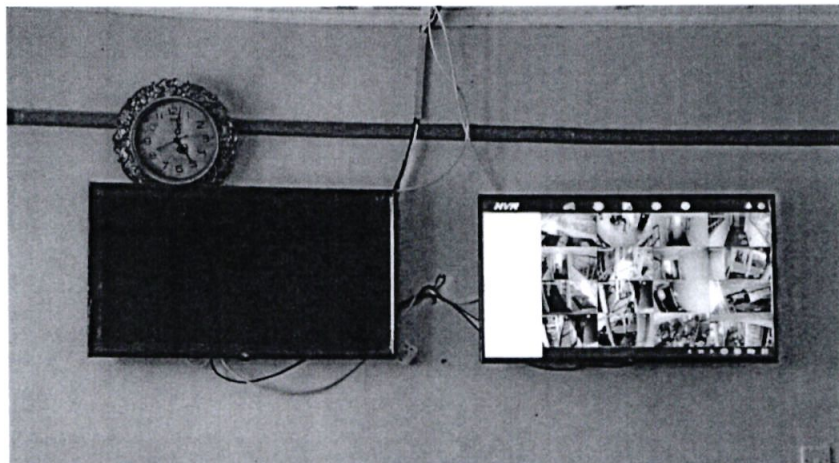


Fig. 1: CCTV camera screens in Senior Principal's office

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

- ii) Construction of a six door toilet for both ladies and gentlemen to serve the trainees
- iii) Construction of a tractor shed
- iv) Embarked on phase I of construction of a building construction department unit

The following projects are earmarked to be constructed in the FY 2023/24

- v) Water drilling to provide clean drinking water to trainees as well as the community
- vi) Construction of a tuition block if funds will be available.
- vii) Modern kitchen funded by the NG-CDF, Budalang'i Constituency

Compliance with Statutory Requirements

The college complies with all statutory requirements relevant to her and they include: -NHIF, NSSF, PAYE, HELB loans repayments, Affordable Housing Levy, NITA and to make the quarterly and annual returns complying with the PFM Act, 2012 and circulars/directives from the Ministry of Education, the Presidency and other coordinating agencies such as KUCCPS, KATTI., TVETA and other public agencies.

Major risks facing BTVC

Major risks to the college are:

- i) Low student numbers: We are conducting several college marketing initiatives and are hopeful they will boost the student enrolment numbers come the next financial year and, in the years to follow.
- ii) The success of our college is dependent upon our ability to attract and retain key personnel, including trainers and technicians.
- iii) We are dependent upon the disbursement of funds from our parent Ministry for execution of our budgets and programs. Failure to receive disbursement for quarter four or delayed disbursements really affect our operations.
- iv) It may not be possible to claim or collect from the government capitation for financial period past even when our returns were in order. It is also difficult to collect on grant promises which are factored into our budgets.
- v) Project proposal negotiation and funding from the Ministry of Education is outside our control and the proposal terms may change in the future.
- vi) The substantial majority of our revenue is derived from a limited number of sources. During the year ended 30 June 2023, those sources that represented greater than 10% of our total revenue were:
 - a. Trainee fees collection: 56% of our total revenue
 - b. Capitation and govt. disbursements: 30% of our total revenue
- vii) College fee revenue from our trainees is a significant portion of overall revenue. There is need to diversify our revenue sources away from student led revenue streams to enhance sustainability.
- viii) Competition for trainees is highly competitive in Kenya, we have to make sure that the calibre of our training programs is of high standard so that our trainees will be our No. 1

marketers. This increased competition could cause our profitability to decline unless appropriate measures are instituted to mitigate against this risk.

- ix) A cyber-attack on or disruption to our IT systems or other systems utilized in our operations could compromise our operations, adversely impact our reputation and subject us to sub optimal operations.
- x) Inability to take up insurance policies could expose us to significant losses.
- xi) We are subject to governmental regulation and other legal obligations related to privacy, data protection, data security and safeguarding. Our actual or perceived failure to comply with such obligations could harm our college.

Material Arrears in Statutory and Other Financial Obligations

Bunyala TVC fully complied with all the Statutory deductions and submitted according to established guidelines and timelines. The college does not have any material arrears in Statutory and other Financial obligations.

9. Environmental and Sustainability Reporting Statement

Bunyala TVC top management underscores the importance of sustainable efforts as key to ensuring that those living today do not interfere with operations of those who will come tomorrow. We have ensured strict adherence to the college Kenya Constitution 2010 especially the bill of rights, rules and regulations of the college and other legal and ethical standards to ensure that social and economic sustainability. We stick to our Core Values which are embedded in our Strategic Plan i.e. Integrity, Professionalism, Transparency and Accountability, Impartiality, etc.

Sustainability strategy and profile

We recognize the shared responsibility to protect our planet. Although our facilities and operations have a small ecological footprint, we reduce the environmental impact of our business through preservation, conservation, and waste reduction practices. We have plans to move away from using wood fuel to gas and mounting up phase one of the solar generated power. Garbage has been well managed by providing dustbins and washing points at strategic points, Bins for female Trainees have been provided to manage sanitary pads.

Key achievements and failures

Bunyala TVC as an College has planted over five hundred trees of different species which have been nurtured and are growing within the compound. Currently, we have constructed a modern tree nursery with more than 6 different species of tree seedlings. We have more than 5000 seedlings in the nursery. We are targeting to plant more in the college as well distribute more than four thousand to the community.

Our main failure has been in ability to nurture to maturity all the tree that we have planted because of the unreliable rainfall and lack of steady supply of water. We are working on mitigation strategies by drilling our own water.

Environmental performance

Bunyala TVC works with students and staff to ensure good performance of our environment. The college has put in place measures to control soil erosion within the compound, air and water pollution and waste management. These measures include hired staff dedicated specifically to environmental management, budgetary allocation on matters tree planting and management, etc. BTVC employs a holistic approach to manage the natural resources and ecological processes that serve our social, economic and cultural values. We in conjunction with the KERRA have constructed water ways within the institution and along the main road to control water flow and minimise soil erosion. We are in the process of developing an environmental policy to guide the college on such matters.

Employee welfare

i) Policies guiding the hiring process:

The college has in place a Human Resources Management Policy and Procedures Manual which guides on the following process: - terms and conditions of service for all cadres, code of conduct for staff, job positions and qualification. The policy has been aligned to the Public Service Human Resource Management Policy and Procedures manual and takes into account the gender ratio and stakeholder engagement. The board which plays the oversight role, is involved in all matters of staff welfare including at the point of recruitment.

ii) Improving of skills and managing careers

Training needs assessment is conducted as well as staff appraisal to ascertain the levels of need among both the teaching and non-teaching staff. The board supports staff to undertake skills upgrading and or re-skilling to align with the new technological trends. This is done on annual basis. We have started awarding best performers among staff and students through an event (talents day) organised once per year.

iii) Safety and compliance with OSHA

Bunyala TVC is compliant with the OSHA Act of 2007. We have installed fire fighting equipment in all relevant and risk areas, designated a place for fire assembly and guarded all powered machines to safeguard the users. We

Market place practices

Bunyala TVC is committed to its values on impartiality, professionalism, integrity and transparency and accountability.

a) Responsible competition practice, marketing and advertisement

The college advertises for its programmes through the media and local community. We do not mention our competitors in our advertisement unless for a good course such as partnerships/linkages. We have an anti-corruption officer in college with a clear policy guiding the activities of the office. The college does not encourage external political interference in college affairs. The institution usually contracts IEBC to manage the trainees elections to ensure fairness and minimise internal misunderstandings.

b) Responsible Supply chain and supplier relations

The college adheres to the Public Procurement and Disposal Act 2015, the regulations of 2020 and other related circulars on procurement. We operate within the legal framework on all procurement matters. The college usually holds sensitization forums for her suppliers prior to procurement procedures and proceedings. We also engage our suppliers in mutual price negotiation before awarding contracts. We adhere to the credit period as stated in the bid

documents subject to availability of funds. In addition, the college service delivery charter also presents the duration we take to pay suppliers and this is followed to the later.

c) Product stewardship

The college procurement unit ensures that we procure goods with the following considerations: -

- i) Environmental friendly products
- ii) End life management of each product e.g. plastic recycling
- iii) Promotion of local content i.e. buy Kenya build Kenya

Promotion of education and sports: The college promotes education especially technical education by supporting needy students through work-study programmes for very needy students, talented in sports and other related areas.

Healthcare: The college has made special arrangements with the sub county hospital to treat all her students with sick sheets and bill the institution. This has been working well and our students are accessible to quality service from the government facilities.

Water and Sanitation: the college has had a very big challenge with clean drinking water. We procured a water bowser which we use to supply water to our students including the local community. It is a very costly venture and we are considering drilling a borehole to mitigate this gap. The board constructed an additional six door pit latrine to ease the burden on the existing ones and provide adequate sanitation to the increasing students population.

Corporate Social Responsibility / Community Engagements

The college was involved in the following CSR activities in the FY 2022/23

- iv) Supported the office of OCPD (Officer Commanding Police Division) with furniture for the OCS's office.
- v) Supported the budget for the national holidays celebration by the Deputy County Commissioner for Bunyala Sub county. We supported the budget during the June 1st 2023 madaraka day celebration as well as the 12th December 2023 Jamhuri day celebration.

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 Bunyala TVC's affairs.

Principal activities

The principal activities of the College are to provide for coordinated assessment, examination and certification; to institute a mechanism for promoting access and equity in training; to assure standards, quality and relevance in technical and vocational education and training and for connected purposes as guided by the Constitution and Statutes of Kenya, and mandated regulatory and supervisory bodies.

Results

The results of the College for the year ended June 30 2023 are set out on page 1 to 8.

Board of Governors

The members of the Board who served during the year are shown on page xxx. During the year no director retired/ resigned and no one was appointed with effect from xxxx date.

Auditors

The Auditor General is responsible for the statutory audit of the *College* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Secretary of the Board - EMMANUEL WAMALWA ,

Nairobi

Date:

11. Statement of Board of Governors/ Council's 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 - (entities should quote the applicable legislation under which they are regulated)) require the board members to prepare financial statements in respect of the college, which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the College for that year/period. The board members are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The board members are also responsible for safeguarding the assets of the college.

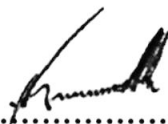
The Board members are responsible for the preparation and presentation of the Bunyala TVC financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining 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 college, (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 college, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the college'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 and (*the State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under*). The board members are of the opinion that Bunyala TVC's financial statements give a true and fair view of the state of the college's transactions during the financial year ended June 30, 2023, and of the BTVC's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the Bunyala TVC'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 college 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 Bunyala TVC's financial statements were approved by the Board on _ 17th July 2023 and signed on its behalf by:



.....
Name: Francis Rambui
Chairperson of the Board/Council



.....
Name: Emmanuel B Wamalwa
Accounting Officer/Principal

REPUBLIC OF KENYA

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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON BUNYALA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on 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 the 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 Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the 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 Bunyala Technical and Vocational College set out on pages 1 to 44, which comprise the statement of financial

Report of the Auditor-General on Bunyala Technical and Vocational College for the year ended 30 June, 2023

position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Bunyala Technical and Vocational College 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 19 to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.17,927,993. Review of the debtors ageing analysis revealed that receivables amounting to Kshs.8,632,233 or 48% of the debts had been outstanding for more than one (1) year. However, Management did not provide evidence of effort made to collect the long outstanding debts. Further, no provision for bad and doubtful debts was provided during the year under review.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.17,927,993 could not be confirmed.

2. Unconfirmed Farm Machinery Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.129,143,875, which as disclosed in Note 22 to the financial statements includes farm machinery balance of Kshs.68,347,890. However, ownership documents for seven (7) tractors and valuation report for the farm machinery were not provided for audit review.

In the circumstances, the accuracy and ownership status of farm machinery balance of Kshs.68,347,890 could not be confirmed.

3. Inaccuracy in the Statement of Changes in Nets Assets

The statement of changes in nets assets reflects revaluation reserve balance of Kshs.116,834,000 as at 30 June, 2023. Information available indicate that the amount relates to farm machinery grant from Kenya China Project Phase 2 through the Ministry of Education. However, the amount was erroneously classified as a revaluation gain instead of revenue from non-exchange transactions as required by International Public Sector Accounting Standards. Further, the statement includes adjustment during the year amounting to Kshs.38,788,888 in respect to accumulated depreciation of the donated

farm machinery. However, the analysis and basis of computation of the amount was not provided for audit review.

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

4. Inaccuracy in the Statement of Cash Flows

Review of the statement of cash flows for year ended 30 June, 2023 revealed the following anomalies:

- i. The statement reflects rendering of services-fees from students cash inflow amounting to Kshs.10,102,476 whose analysis was not provided for audit review.
- ii. The statement reflects purchase of property, plant and equipment and intangible assets cash outflow amounting to Kshs.1,775,703. However, Note 22 and 23 to the financial statements on property, plant and equipment and intangible assets reflects purchase of property, plant and equipment and intangible assets amount of Kshs.1,575,703, resulting to unexplained variance of Kshs.200,000.
- iii. The statement reflects net cash outflow from operating activities amounting to Kshs.6,210,818. However, Note 28 to the financial statements on cash generated from operations reflects net cash outflow from operating activities amounting to Kshs.7,173,913, resulting to unexplained variance of Kshs.963,095.

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

5. Unconfirmed Depreciation and Amortization Amount

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects depreciation and amortization amount of Kshs.12,750,500. However, the depreciation and amortization policy was not provided for audit review and the method of depreciation used by Management was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the depreciation and amortization amount of Kshs.12,750,500 could not be confirmed.

6. Inaccuracy in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.33,210,537 and Kshs.33,210,537 respectively. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.37,352,294 and Kshs.37,352,294 respectively. However, the statement was prepared on accrual basis of accounting instead of cash basis of accounting as required by accounting standards. Further, the approved budget was not provided for audit review.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

7. Unconfirmed Rent Expenditure

The statement of financial performance reflects use of goods and services amounting to Kshs.17,383,517 which as disclosed in Note 11 to the financial statements includes boarding expenses amount of Kshs.1,552,968. Included in this amount is Kshs.387,000 paid to a landlord in respect of hostels rent. However, review of lease agreement supporting the expenditure revealed that the agreement had lapsed on 26 October, 2022 and had not been renewed.

In the circumstances, the accuracy and regularity of hostels rent amounting to Kshs.387,000 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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 report for the previous year, several issues were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although Management has indicated that the issues have been resolved in appendix 1 to the financial statements on implementation status of Auditor-General recommendations, not evidence was provided for audit review indicating whether or not the issues had been resolved.

In the circumstances, the issues remain unresolved.

Other Information

Management is responsible for the other information set out on page v to xxxvi which comprise of Key College Information and Management, the Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting 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 College'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 THE 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 payroll records revealed that, as at 30 June, 2023, the College had a total of forty-three (43) employees. However, out of the total number, thirty-seven (37) employees or 86% were from one ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from one ethnic community.

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

2. Non-Compliance with Law on Occupational Safety and Health

Audit review of the College's occupational safety and health environment revealed that the College had not established a safety and health committee at the workplace as required under Section 9(1) of the Occupational Safety and Health Act, 2007. Further, Management did not provide a safety and health audit report for audit review. This was contrary to Section 11(1) of the Occupational Safety and Health Act, 2007 which provides that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out at least once in every period of twelve months by a safety and health advisor.

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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Operating Without an Approved Staff Establishment

The statement of financial performance reflects an amount of Kshs.5,217,429 in respect of employee costs. However, audit verification carried out revealed that the College did not have an approved staff establishment during the year, and therefore the optimal staffing levels for all cadres of staff had not been established.

In the circumstances, the effectiveness of human resource management could not be confirmed.

2. Lack of Board Charter and Performance Evaluation

The statement of financial performance reflects Board expenses amounting to Kshs.719,430 as disclosed in Note 13 to the financial statements. However, review of documentation in support of composition and operations of the Board revealed the following anomalies:

- i. The College's Board operated without a charter contrary to Mwongozo Code of Governance for State Corporations which require that the Board of Directors should develop and adopt a Board Charter which defines the roles, responsibilities and functions of the Board and the Board should periodically review its Board Charter.
- ii. There was no documentary evidence provided for audit review indicating that evaluation of performance of individual Board members was done and report shared with relevant stakeholders. This was contrary to Part 1.12(1)(b) of Mwongozo Code which provides that the Board should undertake an annual evaluation of its performance and share its report with relevant stakeholders.

- iii. Review of records provided indicated that the first terms of three Board Members ended on 5 October, 2021 and were re-appointed for a second term through appointments letters dated 17 March, 2022. However, no records were provided for audit review on their performance evaluation. Therefore, it was not possible to ascertain whether they were qualified for re-appointment contrary to Part 1.5(2) of the Mwongozo Code of Governance which states that the renewal of a board member's tenure should be subject to a favorable evaluation.

In the circumstances, effectiveness of the College's governance could not be confirmed.

3. Lack of Internal Audit Function

During the year under review, the College did not have an internal audit function and internal audit committee. This was contrary to Section 73 (1)(a) of the Public Finance Management Act, 2012 which provides that every national Government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the effectiveness of the College's internal controls could not be confirmed.

4. Inventories Management Internal Control Weaknesses

The statement of financial position reflects inventories balance of Kshs.298,295. However, physical inspection of the store revealed inadequate storage space and inventories items were stored on the floor thereby exposing them to damage. Further, inventories management policy was not provided for audit review.

In the circumstances, the effectiveness of internal controls on inventories management 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 the 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 College's ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using applicable basis of accounting unless Management is aware of the intention to terminate the College 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 College'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

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

13. Statement of Financial Performance for The Year Ended 30 June 2023

| | Notes | 2022-2023 | 2021-2022 |
|---|-------|--------------------|-------------------|
| | | Current FY | Comparative FY |
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 8,270,000 | 11,715,000 |
| Transfers from other levels of government | 7 | 4,537,067 | 4,686,400 |
| | | 12,807,067 | 16,401,400 |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 8 | 20,384,970 | 19,759,820 |
| Sale of goods | 9 | 8,500 | 150,000 |
| Miscellaneous income | 10 | 10,000 | 900,968 |
| Revenue from Exchange transactions | | 20,403,470 | 20,810,788 |
| Total Revenue | | 33,210,537 | 37,212,188 |
| | | | |
| Expenses | | | |
| Use of goods and services | 11 | 17,383,517 | 23,872,687 |
| Employee costs | 12 | 5,217,429 | 6,011,291 |
| Board /Council Expenses | 13 | 719,430 | 2,191,700 |
| Depreciation and amortization expense | 14 | 12,750,500 | 2,661,308 |
| Repairs and maintenance | 15 | 1,169,323 | 347,980 |
| Contracted services | 16 | 90,000 | 150,000 |
| Finance costs | 17 | 22,095 | 31,491 |
| Total Expenses | | 37,352,294 | 35,266,457 |
| | | | |
| Net surplus/(deficit) for the year | | (4,141,758) | 1,945,731 |

(The notes set out on pages 8 to 43 form an integral part of the Annual Financial Statements).

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

| Description | Notes | 2022-2023 | 2021-2022 |
|---|-------|--------------------|-------------------|
| | | Current FY | Comparative FY |
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 18 | 1,261,362 | 9,247,883 |
| Current portion of receivables from exchange transactions | 19 | 17,927,993 | 2,409,783 |
| Receivables from exchange transactions | 20 | 4,750,067 | - |
| Inventories | 21 | 298,295 | 1,398,130 |
| Total Current Assets | | 24,237,717 | 13,055,96 |
| Non-Current Assets | | | |
| Property, plant, and equipment | 22 | 129,143,875 | 61,490,305 |
| Intangible assets | 23 | 783,490 | 1,566,745 |
| Total Non-Current Assets | | 129,927,365 | 63,057,050 |
| Total Assets | | 154,165,082 | 76,112,846 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 24 | 2,092,353 | 200,000 |
| Refundable deposits from customers | 25 | 2,300,236 | 3,017,330 |
| Current provisions | 26 | - | - |
| Total Current Liabilities | | 4,392,589 | 3,217,330 |
| Total Liabilities | | 4,392,589 | 3,217,330 |
| Net Assets | | | |
| Revaluation Reserves | | 116,834,000 | - |
| Accumulated Surplus | | (30,005,341) | 12,925,304 |
| Capital Fund | | 62,943,833 | 59,970,211 |
| Total Reserves | | 149,772,492 | 72,895,515 |
| Total Liabilities and Reserves | | 154,165,081 | 76,112,845 |

The Financial Statements set out on pages 01 to 07 were signed by:

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023



.....
Chairman of Council/Board
FRANCIS RAMBUI

Date:03.03.2025



.....
Finance Officer

ICPAK No 28178
IMMACULATE NAMWAKIRA

Date:03.03.2025



.....
Principal **EMMANUEL
NAMALWA**

Date:03.03.2025

15. Statement of Changes in Net Asset For The Year Ended 30 June 2023

| Description | Revaluation reserve | Accumulated Fund | Capital Grants/Fund | Total |
|--|---------------------|---------------------|---------------------|--------------------|
| At July 1, 2021 | - | 10,979,574 | 59,970,211 | 70,949,785 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 1,945,731 | - | 1,945,731 |
| Capital grants received during the year | - | - | 2,973,622 | 2,973,622 |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | - | - |
| At June 30, 2022 | - | 12,925,305 | 62,943,833 | 75,869,138 |
| | | | | |
| At July 1, 2022 | - | 12,925,305 | 62,943,833 | 75,869,138 |
| Revaluation gain | 116,834,000 | - | - | 116,834,000 |
| Adjustments during the year | | (38,788,888) | | (38,788,888) |
| Surplus/(deficit) for the year | - | (4,141,758) | - | (4,141,758) |
| Capital grants received during the year | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | - | - |
| At June 30, 2023 | 116,834,000 | (30,005,341) | 62,943,833 | 149,772,492 |

Note:

1. The Revaluation gain was as a result of the cost of Equipment valued by the MOE at 1,153,482 USD supplied under Kenya China project phase 11i 2018.the prevailing average exchange rate was 101.2881 giving us kshs. 116,834,000.
2. A prior year adjustment was as a result of accumulated depreciation of agricultural equipment for the year).

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

16. Statement of Cash Flows for the Year Ended 30 June 2023

| Description | Note | 2022-2023 | 2021-2022 |
|--|------|--------------------|-------------------|
| | | Current FY | Comparative FY |
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other National Government entities | 6&7 | 8,270,000 | 16,401,400 |
| Rendering of services- fees from students | | 10,102,476 | 16,616,570 |
| Sale of goods | 9 | 8,500 | 150,000 |
| Miscellaneous income | 10 | 10,000 | 900,968 |
| Total Receipts | | 18,390,976 | 34,068,938 |
| Payments | | | |
| Use of goods and services | 11 | 17,383,517 | 23,872,687 |
| Employee costs | 12 | 5,217,429 | 6,011,291 |
| Board /Council Expenses | 13 | 719,430 | 2,191,700 |
| Repairs and maintenance | 15 | 1,169,323 | 347,980 |
| Contracted services | 16 | 90,000 | 150,000 |
| Finance Cost | 17 | 22,095 | 31,491 |
| Total Payments | | 24,601,794 | 32,605,149 |
| Net Cash Flows from operating activities | | (6,210,818) | 1,463,789 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | 22 | (1,775,703) | (5,323,622) |
| Proceeds from sale of property, plant and equipment | | - | - |
| Decrease/(Increase) in non-current receivables | | - | 12,492,390 |
| Net cash flows used in investing activities | | (1,775,703) | 7,168,768 |
| Cash flows from financing activities | | | |
| Net cash flows used in financing activities | | - | - |
| Net Increase/(Decrease) in Cash and Cash equivalents | | (7,986,522) | 8,632,557 |
| Cash and Cash equivalents at 1 JULY | | 9,247,883 | 615,326 |
| Cash and Cash equivalents at 30 JUNE | | 1,261,361 | 9,247,883 |

The Cash Flow Statement has been prepared using direct method as prescribed by PSASB ad presentation under the IPSAS accrual basis of accounting

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization Difference |
|---|-------------------|--------------------|--------------------|----------------------------|------------------------|------------------------|
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| Transfers from other National Government entities | 20,160,000 | 11,890,000 | 8,270,000 | 8,270,000 | - | 100% |
| Transfers from other levels of government | 4,537,067 | - | 4,537,067 | 4,537,067 | - | 100% |
| Rendering of services- fees from students | 19,228,023 | (1,156,947) | 20,384,970 | 20,384,970 | - | 100% |
| Sale of goods | 486,000 | 477,500 | 8,500 | 8,500 | - | 100% |
| Miscellaneous Income | 1,107,578 | 1,097,578 | 10,000 | 10,000 | - | 100% |
| Total Income | 45,518,668 | 12,308,131 | 33,210,537 | 33,210,537 | - | 100% |
| | | | | | | |
| Expenses | | | | | | |
| Use of goods and services | 32,850,260 | (15,466,743) | 17,383,517 | 17,383,517 | - | 100% |
| Employee costs | 8,647,269 | (3,429,840) | 5,217,429 | 5,217,429 | - | 100% |
| Board /Council Expenses | 2,470,065 | (1,750,635)) | 719,430 | 719,430 | - | 100% |
| Depreciation & Amortization | - | 12,750,500 | 12,750,500 | 12,750,500 | | 100% |
| Repairs and maintenance | 1,416,074 | (246,751) | 1,169,323 | 1,169,323 | - | 100% |
| Contracted services | 100,000 | (10,000) | 90,000 | 90,000 | - | 100% |
| Bank Charges | 35,000 | (12,905) | 22,095 | 22,095 | - | 100% |
| Total Expenditure | 45,518,668 | (8,166,374) | 37,352,294 | 37,352,294 | - | 100% |
| | | | | | | 100% |
| Surplus For the Period | - | 20,474,505 | (4,141,757) | (4,141,757) | - | 100% |

**Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023**

(Budget notes)

1. *Capitation income was projected at Kshs 20,160,000 while only Ksh. 8,270,000 was received from the National Government as detailed in note 6 IPSAS 24.14*
2. *(IPSAS 24.29)*
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*
4. *Transfers from other levels of Government is from NYS which was recognized as a receivable as at 30th June, 2023*
5. *Employee cost was projected at Ksh. 8,647,269 but 5,217,429 was utilized as a result of not hiring some personnel such as a nurse, Cateress, Technician*
6. *Remuneration of Directors was projected at Ksh 2,470,000 but Ksh. 719,430 was spent because Two full board meeting and committee meetings were held online*
7. *Depreciation and amortization for agricultural machinery received from Kenya China project phase 2 was not budgeted for*

18. Notes to the Financial Statements

1. General Information

Bunyala TVC College is established by and derives its authority and accountability from TVET Act 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is to offer technical skills and knowledge.

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 *College's* accounting policies. The areas involving a higher degree of judgement 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 *College*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023: 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 College’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an College’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(There is no impact of the standard to Bunyala TVC)</i></p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the College. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the College’s financial performance, financial position and cash flows. <p><i>(NOT ADOPTED)</i></p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| Standard | Effective date and impact: |
|-----------------------------|--|
| | <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) 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.</p> <p><i>(There is no impact of the standard to Bunyala TVC)</i></p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>There is no impact of the standard to Bunyala TVC</i></p> |

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43 | <p>Applicable 1st January 2025</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 College.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard has no impact on Bunyala TVC</i></p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</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><i>The standard has no impact on Bunyala TVC</i></p> |

iii. Early adoption of standards

Bunyala TVC did not early-adopt any new or amended standards in year 2023.

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 College and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The College 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 College.

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on xxx. 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 College upon receiving the respective approvals to conclude the final budget. Accordingly, the College recorded additional appropriations of *Bunyala TVC* on the FY 2022/2023 budget following the Council/ Board's approval. The College'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 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 actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

c) Taxes

Current income tax

The College is exempt from paying taxes as per CAP 470 of the income tax.

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)

Summary of Significant Accounting Policies (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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(College to amend appropriately).* 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the College 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the College. 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 College 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 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 College 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 College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the College 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.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The College does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one College and a financial liability or equity instrument of another College. At initial recognition, the College measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The College classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the College's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an College has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the College classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the College manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The College assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The College recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The College classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 *College*.

k) Provisions

Provisions are recognized when the *College* 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 *College* 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 *College* 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 *College* 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 *College* 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The College recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the College will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The *College* creates and maintains reserves in terms of specific requirements. (*College to state the reserves maintained and appropriate policies adopted*).

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

Bunyala TVC is yet to provide retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an *College* pays fixed contributions into a separate *College* (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.

p) 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.

q) 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.

r) Related parties

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

Notes to the Financial Statements (Continued)

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The *College* 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 *College* 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 *College* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) 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.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the College'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 College 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 College. 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 *College*.
- 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 were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

| Description | 2022-2023 Current FY | 2021/2022 Comparative FY |
|-----------------------------------|-------------------------|-----------------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Capitation Grants | 8,270,000 | 11,715,000 |
| Total unconditional Grants | 8,270,000 | 11,715,000 |

(a) Transfers from other Government entities (Categorized)

| Name of the College Sending The Grant | Amount recognized to Statement of Financial performance * | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | Comparative FY 2021/2022 |
|---------------------------------------|---|---------------------------------------|------------------------------------|------------------------------------|--------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Ministry of Education | 8,270,000 | - | - | 8,270,000 | 11,715,000 |
| Total | 8,270,000 | - | - | 8,270,000 | 11,715,000 |

Notes to the Financial Statements (Continued)

7. Transfers from Other Levels of Government

| Description | 2022/20223 Current FY | 2021/2022 Comparative FY |
|------------------------|-----------------------|--------------------------|
| | Kshs | Kshs |
| Transfer from NYS | 4,537,067 | 4,686,400 |
| Total Transfers | 4,537,067 | 4,686,400 |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

8. Rendering of Services

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|---|-------------------------|-----------------------------|
| | Kshs | Kshs |
| 2018 Intake | 78,610 | 1,305,020 |
| 2019 Intake | 224,550 | 2,751,890 |
| 2020 Intake | 118,060 | 2,014,270 |
| 2021 Intake | 3,953,400 | 7,333,200 |
| 2022 Intake | 7,026,020 | 6,355,440 |
| 2023 Intake | 8,984,330 | - |
| Total Revenue from The Rendering of Services | 20,384,970 | 19,759,820 |

Rendering of service, this is expected revenue from collection of fees from students

9. Sale of Goods

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|---|-------------------------|-----------------------------|
| | Kshs | Kshs |
| Tractor Hire | 8,500 | 150,000 |
| Total Revenue from Sale of Goods | 10,000 | 150,000 |

This is income earned by the Tractors ploughing and harrowing

10. Other Income

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|---------------------------|-------------------------|-----------------------------|
| | Kshs | Kshs |
| Water Bowser | 10,000 | 10,000 |
| Total other income | 10,000 | 10,000 |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To the Financial Statements (Continued)

11. Use of Goods and Services

| Description | 2022/2023 | 2021/2022 |
|----------------------------------|-------------------|-------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Boarding | 1,552,968 | 2,505,260 |
| Stationery | 501,054 | 950,850 |
| DSTV | 23,400 | 10,500 |
| Internet | 476,000 | 234,000 |
| Tuition Expenses | 5,185,912 | 3,784,424 |
| Local Travel & Transport | 2,215,823 | 3,079,265 |
| Activity Expenses | 1,783,840 | 1,482,345 |
| Electricity, Water & Conservancy | 747,950 | 1,028,522 |
| Medical Expenses | 3,800 | 16,140 |
| Marketing & Publicity | 472,820 | 511,500 |
| Examination Expenses | 2,038,290 | 6,245,294 |
| Administrative Expenses | 845,657 | 728,193 |
| Tender Expenses | 20,700 | 2,900 |
| Tractor Expenses | 67,000 | 1,710,754 |
| Industrial attachment | 323,650 | 277,140 |
| Production unit | 64,050 | 152,235 |
| Income Tax paid | - | 72,136 |
| Consultancy | - | 60,000 |
| Insurance | 53,130 | 150,509 |
| Regulatory Bodies | 403,250 | 307,500 |
| Pit latrine | - | 270,120 |
| Student Council Expenses | 231,310 | 293,100 |
| Airtime | 172,300 | - |
| Software installation | 50,000 | - |
| Staff uniform | 44,486 | - |
| Development | 106,127 | - |
| Total good and services | 17,383,517 | 23,872,687 |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To the Financial Statements (Continued)

12. Employee Costs

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|-----------------------|-------------------------|-----------------------------|
| | Kshs | Kshs |
| Salaries and wages | 4,049,626 | 5,140,323.35 |
| NHIF | 194,250 | 148,250 |
| NSSF | 528,375 | 439,058 |
| PAYE | 22,170 | 11,935 |
| Staff Training | 1,000 | 62,200 |
| Staff Expenses | 231,585 | 100,210 |
| HELB | 163,723 | 109,315 |
| Staff Welfare | 14,800 | - |
| NITA | 11,900 | - |
| Employee Costs | 5,217,429 | 6,011,291 |

13. Board/Council Expenses

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|-------------------------|-------------------------|-----------------------------|
| | Kshs | Kshs |
| BOG Sitting allowance | 300,300 | 697,200 |
| BOG Transport allowance | 294,000 | 280,000 |
| BOG Per diem | 28,000 | 220,500 |
| BOG Induction | 51,000 | 916,100 |
| BOG Meals | 37,130 | 71,900 |
| Airtime | 9,000 | 6,000 |
| Total | 719,430 | 2,191,700 |

14. Depreciation and Amortization expense

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|--|-------------------------|-----------------------------|
| | Kshs | Kshs |
| Buildings | 1,425,733 | 1,425,733 |
| Furniture and Fittings | 251,188 | 251,188 |
| Computers | 475,614 | 163,584 |
| Office Equipment | 117,489 | 37,549 |
| Intangible Asset | 783,255 | 783,254 |
| Agricultural Machinery | 9,697,222 | |
| Total depreciation and amortization | 12,750,501 | 2,661,308 |

Bunyala Technical and Vocational College
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15. Repairs and Maintenance

| Description | 2022/2023 Current FY | 2021/2022 Comparative FY |
|--------------------------------------|-------------------------|-----------------------------|
| | Kshs | Kshs |
| General Repairs | 1,169,323 | 347,980 |
| Total Repairs and Maintenance | 1,169,323 | 347,980 |

Notes To the Financial Statements (Continued)

16. Contracted Services

| Description | 2022/2023 | 2021/2022 |
|----------------------------------|---------------|----------------|
| | Kshs | Kshs |
| Contracted Services | 90,000 | 150,000 |
| Total contracted services | 90,000 | 150,000 |

17. Bank Charges

| Description | 2022/2023 | 2021/2022 |
|-----------------------------|---------------|---------------|
| | Kshs | Kshs |
| KCB-Fees Account | 15,785 | 23,711 |
| KCB-Operations Account | 1,251 | 2,622 |
| KCB-Production Unit Account | 5,059 | 5,518 |
| Total Finance Costs | 22,095 | 31,851 |

Notes To the Financial Statements (Continued)

18. (a) Cash and Cash Equivalents

| Description | 2022/2023 | 2021/2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Current Account | 1,261,253 | 9,197,833 |
| Others (Cash in Hand) | 109 | 50,050 |
| Total Cash and Cash Equivalents | 1,261,362 | 9,247,883 |

Notes To The Financial Statements (Continued)

18 (b). Detailed Analysis of Cash and Cash equivalents

| Financial Institution | Account number | 2022/2023 | 2021/2022 |
|---------------------------|----------------|------------------|------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| Kenya Commercial Bank | 1252563639 | 2,825 | 8,434,666 |
| Kenya Commercial Bank | 1252563736 | 1,254,339 | 83,789 |
| Kenya Commercial Bank | 1252563787 | 4,088 | 679,378 |
| Sub- Total | | 1,261,252 | 9,197,833 |
| b) Others(Specify) | | | |
| Cash in Hand | | 109 | 50,050 |
| Sub- Total | | 109 | 50,050 |
| Grand Total | | 1,261,362 | 9,247,883 |

19. (a) Receivables from Exchange transactions

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Class of 2018 | 45,910 | |
| Class of 2019 | 179,930 | |
| Class of 2020 | 101,940 | |
| Class of 2021 | 3,573,823 | |
| Class of 2022 | 5,058,410 | |
| Class of 2023 | 8,967,980 | 2,409,783 |
| Total Current Receivables | 17,927,993 | 2,409,783 |

19. (b) Ageing Analysis of Receivables from Exchange transactions

| Description | 2022-2023 | | 2022-2023 | |
|--------------------|-------------------|---------------|---------------------|----------------|
| | Kshs | % of total | Kshs | % of the to |
| | Current FY 2023 | % of total | Comparative FY 2022 | % of the to |
| Less than 1 year | 8,967,980 | 50% | - | - |
| Between 1- 2 years | 8,632,233 | 48% | 13,688,640 | 69% |
| Between 2-3 years | 281,870 | 1.6% | 4,766,160 | 24% |
| Over 3 years | 45,910 | 0.3% | 1,305,020 | 7% |
| Total (a+b) | 17,927,993 | 99.90% | 19,759,820 | 100.00% |

Notes to the Financial Statements (Continued)

20. (a) Receivables from Exchange transactions

| Description | 2022/2023 | 2021/2022 |
|----------------------------------|------------------|-----------|
| | Kshs | Kshs |
| Current Receivables | | |
| Fourth Quarter Capitation | - | - |
| National Youth Service | 4,537,067 | - |
| Staff Debtors (salary advances) | 213,000 | - |
| Total Current Receivables | 4,750,067 | - |

20 (b) Ageing Analysis on Receivables from Non-Exchange Transactions

| Description | 2022/2023 | | 2021/2022 | |
|--------------------|------------------|----------------|-----------|----------------|
| | Kshs | | Kshs | |
| | 2023 | % of the total | 2022 | % of the total |
| Less than 1 year | 4,660,067 | 98% | - | - |
| Between 1- 2 years | 90,000 | 1.9% | - | - |
| Between 2-3 years | - | - | - | - |
| Over 3 years | - | - | - | - |
| Total | 4,750,067 | 99.9% | - | - |

21, Inventories

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|---------------------|
| | Kshs | Kshs |
| Central stores | 298,295.00 | 1,398,130.00 |
| Total Inventories at lower of Cost and Net Realizable Value | 298,295.00 | 1,398,130.00 |

Bunyala Technical and Vocational College
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Notes to the Financial Statements (Continued)

22 a). PLANT, PROPERTY AND EQUIPMENT

| Description | Land | Buildings | Computers&I CT | Furniture and fittings | Office Equipment | Farm Machinery | Capital Work in progress | Total |
|------------------------------------|-----------|------------|-------------------|---------------------------|---------------------|----------------|-----------------------------|-------------|
| | | 2.50% | 33.33% | 12.50% | 12.50% | 8.30% | | |
| Cost | Shs | | Shs | Shs | Shs | Shs | Shs | Shs |
| As At 1 July 2021 | 5,200,000 | 54,596,296 | 100,000 | 1,890,750 | 269,357 | - | - | 62,056,403 |
| Additions | - | 2,433,039 | 390,800 | 118,750 | 31,033 | - | - | 2,973,622 |
| Disposals | - | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| As At 30th June 2022 | 5,200,000 | 57,029,335 | 490,800 | 2,009,500 | 300,390 | - | - | 65,030,025 |
| Additions | - | - | 936,184 | - | 639,520 | - | - | 1,575,703 |
| Disposals | - | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | 116,834,000 | - | 116,834,000 |
| As At 30th June 2023 | 5,200,000 | 57,029,335 | 1,426,984 | 2,009,500 | 939,910 | 116,834,000 | - | 183,439,728 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2021 | - | 1,397,297 | 41,625 | 189,075 | 33,670 | - | - | 1,661,667 |
| Depreciation | - | 1,425,733 | 163,584 | 251,188 | 37,549 | - | - | 1,878,053 |
| On Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - |
| As At 30 June 2022 | - | 2,823,030 | 205,209 | 440,263 | 71,219 | - | - | 3,539,720 |
| Depreciation | - | 1,425,733 | 475,614 | 251,188 | 117,489 | 9,697,222 | - | 11,967,245 |
| On Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | 38,788,888 | - | 38,788,888 |
| As At 30 June 2023 | - | 4,248,764 | 680,822 | 691,450 | 188,707 | 48,486,110 | - | 54,295,854 |
| Net book values | | | | | | | | |
| As At 30th June 2023 | 5,200,000 | 52,780,571 | 746,161 | 1,318,050 | 751,202 | 68,347,890 | - | 129,143,875 |
| As 30th June 2022 | 5,200,000 | 54,206,305 | 285,591 | 1,569,238 | 229,171 | - | - | 61,490,305 |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by professional valuers. These amounts were adopted in the financial statements.

22 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| Description | Cost | Accumulated Depreciation | NBV |
|---------------------------------|--------------------|--------------------------|--------------------|
| | Kshs | Kshs | Kshs |
| Land | 5,200,000 | - | - |
| Buildings | 57,029,335 | 4,248,764 | 52,780,571 |
| Plant And Machinery | 116,834,000 | 48,486,110 | 68,347,890 |
| Furniture & Fittings | 2,009,500 | 691,450 | 1,318,050 |
| Computers and Related Equipment | 1,426,984 | 680,822 | 746,161 |
| Office Equipment | 939,910 | 188,707 | 751,202 |
| Work in progress | - | - | - |
| Total | 183,439,728 | 54,295,854 | 129,143,875 |

23.Intangible Assets

| Description | 2022-2023 | 2021-2022 |
|-------------------------------------|------------------|------------------|
| Cost | Kshs | Kshs |
| At the beginning of the year | 2,350,000 | 2,350,000 |
| Additions | - | - |
| At end of the year | 2,350,000 | 2,350,000 |
| Additions-internal development | - | - |
| At end of the year | 2,350,000 | 2,350,000 |
| Amortization and impairment | | |
| At the beginning of the year | 783,255 | - |
| Amortization at the rate of 33.33% | 783,255.00 | 783,255.00 |
| At the end of the year | 1,566,510 | 783,255 |
| Impairment loss | - | - |
| At the end of the year | 1,566,510 | 783,255 |
| NBV | 783,490 | 1,566,745 |

Notes to the Financial Statements (Continued)

24. Trade and Other Payables

| Description | 2022-2023 | | 2021-2022 | |
|---------------------------------------|---------------------|-----------------------|------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade payables | 1,543,314.00 | | 200,000 | |
| Salary deductions | 549,039.00 | | - | |
| Total Trade and Other Payables | 2,092,353.00 | | 200,000 | |
| | | | | |
| Ageing analysis: | 2022-2023 | % of the Total | 2021-2022 | % of the Total |
| Under one year | 2,092,353 | 100% | 200,000 | 100% |
| 1-2 years | - | % | - | - |
| 2-3 years | - | % | - | - |
| Over 3 years | - | % | - | - |
| Total | 2,092,353 | 100% | 200,000 | 100% |

25. Refundable Deposits from Customers/Students

| Description | 2022-2023 | | 2021-2022 | |
|--|------------------|-----------------------|------------------|-----------------------|
| | Kshs | | Kshs | |
| Prepaid Student fees | 1,622,236 | | 2,310,330 | |
| Caution money | 678,000 | | 707,000 | |
| Total Deposits | 2,300,236 | | 3,017,330 | |
| | | | | |
| Ageing analysis: | 2022-2023 | % of the Total | 2021-2022 | % of the Total |
| Under one year | 56,695 | 2% | 184,260 | 6% |
| 1-2 years | 1,216,310 | 53% | 1,370,761 | 45% |
| 2-3 years | 292,995 | 13% | 484,224 | 16% |
| Over 3 years | 734,236 | % | 978,085 | 32% |
| Total (to tie to totals deposits above) | 2,300,236 | % | 3,017,330 | 99.00% |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

26. Current Provisions

| Description | Leave provision | Bonus provision | Gratuity Provisions | Other provision | Total |
|---|-----------------|-----------------|---------------------|-----------------|-------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Balance at The Beginning of The Year | - | - | - | - | - |
| Additional Provisions | - | - | - | - | - |
| Provision Utilised | - | - | - | - | - |
| Change Due To Discount And Time Value For Money | - | - | - | - | - |
| Transfers From Non -Current Provisions | - | - | - | - | - |
| Total Provisions | - | - | - | - | - |

27. Payments received in advance.

| Description | 2022-2023 | | 2021-2022 | |
|--------------------------|------------------|-----------------------|------------------|-----------------------|
| | Kshs | | Kshs | |
| Fees received in advance | 1,622,236 | | 2,310,330 | |
| Total | 1,622,236 | | 2,310,330 | |
| Ageing analysis: | 2022-2023 | % of the Total | 2021-2022 | % of the Total |
| Under one year | 56,695 | 3% | 184,260 | 8% |
| 1-2 years | 1,216,310 | 75% | 1,370,61 | 59% |
| 2-3 years | 292,995 | 18% | 484,224 | 21% |
| Over 3 years | 56,236 | 3% | 271,085 | 12% |
| Total | 1,622,236 | 99.00% % | 941,000 | 100.00% |

26(b) Non-Current Provisions

| Description | Long service leave | Bonus Provision | Gratuity | Other Provisions | Total |
|---|--------------------|-----------------|----------|------------------|-------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Balance at the beginning of the year | - | - | - | - | - |
| Additional Provisions | - | - | - | - | - |
| Provision utilised | - | - | - | - | - |
| Change due to discount and time value for money | - | - | - | - | - |
| Less: Current portion | - | - | - | - | - |
| Total deferred income | - | - | - | - | - |

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 26b)

Notes to the Financial Statements (Continued)

28. Cash generated from operations.

| | 2022-2023 | Insert 2021-2022 |
|--|--------------------|---------------------|
| | Kshs | Kshs |
| Deficit for the year | 4,141,758 | |
| Adjusted for: | | |
| Depreciation | 12,750,500 | 2,661,308 |
| Non-Cash grants received | - | - |
| Contributed assets | - | - |
| Impairment | 783,255 | 783,255 |
| Gains and Losses on Disposal of Assets | - | - |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Finance Income | - | - |
| Finance Cost | 22,095 | 31,491 |
| Working Capital Adjustments | | |
| Increase in Inventory | 1,099,825 | - |
| Increase in Receivables | (20,268,277) | (5,029,595) |
| Increase in Deferred Income | - | - |
| Increase in Payables | 1,892,353 | 200,000 |
| Increase in Payments received in advance | 688,094 | 3,017,330 |
| Net Cash Flow from Operating Activities | (7,173,913) | 1,463,789 |

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

29. Financial Risk Management

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

(i) Credit risk

The College 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 the 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 College's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|-------------------|-----------------------|---------------|---------------|
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | 2,409,783 | 2,409,783 | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 9,247,883 | 9,247,883 | - | - |
| Total | 11,657,666 | 11,657,666 | - | - |
| At 30 June 2023 | | | | |
| Receivables from exchange transactions | 17,927,993 | 17,927,993 | - | - |
| Receivables from non-exchange transactions | 4,750,067 | 4,750,067 | - | - |
| Bank balances | 1,261,362 | 1,261,362 | - | - |
| Total | 23,939,422 | 23,939,422 | - | - |

Bunyala Technical and Vocational College
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(NB: The totals column should tie to the individual elements of credit risk disclosed in the College's statement of financial position)

Notes to the Financial Statements (Continued)
Financial risk management (continued)

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 College has significant concentration of credit risk .

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2022 | | | | |
| Trade Payables | - | - | 200,000 | 200,000 |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred Income | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | 200,000 | 200,000 |
| At 30 June 2023 | | | | |
| Trade Payables | - | 417,896.80 | 1,125,417.20 | 1,543,314 |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred Income | - | - | - | - |
| Employee Benefit Obligation | - | 549,039 | - | 549,039 |
| Total | - | 966,935.80 | 1,125,417.20 | 2,092,353 |

Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

The College has put in place an internal audit function to assist it in assessing the risk faced by the College 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 College'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 College'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 College's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The College 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 College's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| Description | In Kshs | Other currencies | Total |
|---|--------------------|------------------|--------------------|
| | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | |
| Financial Assets (Investments, Cash, Debtors) | 154,165,082 | - | 154,165,082 |
| Liabilities | | | |
| Trade and Other Payables | 4,392,589 | - | 4,392,589 |
| Borrowings | - | - | - |
| | | | |
| Net Foreign Currency Asset/(Liability) | 149,772,492 | - | 149,772,492 |

The College 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.

Notes to the Financial Statements (Continued)

Financial risk management (continued)

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.

| | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-------------|----------------------------|--------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| 20xx | | | |
| Euro | 10% | - | - |
| Usd | 10% | - | - |
| 20xx | | | |
| Euro | 10% | - | - |
| Usd | 10% | - | - |

b) Interest rate risk

Interest rate risk is the risk that the College'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 College 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

Notes to the Financial Statements (Continued)
Financial risk management (continued)

iv) Capital Risk Management

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

| Description | 2022-2023 | 2021-2022 |
|---|--------------------|-------------------|
| | Kshs | Kshs |
| Revaluation Reserve | 116,834,000 | - |
| Retained Earnings | (30,005,341) | 12,925,304 |
| Capital Reserve | 62,943,833 | 59,970,211 |
| Total Funds | 149,772,492 | 72,895,515 |
| Total Borrowings | - | - |
| Less: Cash and Bank Balances | (1,261,362) | (9,403,157) |
| Net Debt/(Excess Cash and Cash Equivalents) | 148,511,130 | 63,492,358 |
| Gearing | 99% | 87% |

30.Related Party Balances

Nature of related party relationships

Entities and other parties related to the College 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.

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;
- v) National Youth Service
- vi) KCBF
- vii) NG-CDF Budalangi Constituency

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Notes to the Financial Statements (Continued)

The transactions and balances with related parties during the year are as

| Description | 2022-2023 | 2021-2022 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Transactions with Related Parties | | |
| B) Purchases from related parties | | |
| Purchases of electricity from kplc | 747,950 | 1,028,522 |
| Training and conference fees paid to govt. agencies | 403,250 | 307,500 |
| Total | 1,151,200 | 1,336,022 |
| a) Grants /Transfers from the Government | | |
| Grants from National Govt | 12,807,067 | 16,401,400 |
| Grants from County Government | 219,500 | 417,500 |
| Total | 13,026,567 | 16,818,900 |
| b) Key Management Compensation | | |
| Directors' emoluments | 719,430 | 2,191,700 |
| Compensation to Key Management | - | - |
| Total | 719,430 | 2,191,700 |

31.Capital Commitments

| Capital Commitments | 2022-2023 | 2021-2022 |
|-------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Authorised for | 55,500,000 | 41,65,000 |
| Authorised and Contracted for | - | 15,631,515 |
| Total | 55,500,000 | 57,288,515 |

Notes to the Financial Statements (Continued)

32.Events After The Reporting Period

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

33.Ultimate And Holding College

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

34.Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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20. 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. Property, Plant and Equipment | The statement of financial position reflects a balance of Kshs. 61,490,305 in respect of property, plant and equipment which as disclosed under Note 22(a) to the financial statements include an amount of Kshs. 2,973,622 representing additions during the year. Further, the amount of Kshs. 2,973,622 includes Kshs. 2,433,039 relating to construction of tractor shade and pit latrine. However, the Bills of Quantity, Completion and handing over certificates were not provided for audit review. In the circumstances, the accuracy and completeness of the balance of Kshs 61,490,305 could not be confirmed. | The management provided the schedule of additional evidence including the certificate of completion from the County Works officer, Busia County. | | 31/12/2023 |
| 2. Budgetary | The statement of comparison of budget and actual amounts reflects total actual | The management appreciates the observation and has in subsequent budgets adjusted the annual budget to address | | 31/12/2024 |

Bunyala Technical and Vocational College
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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) |
|--|--|--|-----------------------------------|--|
| Control and Performance | <p>revenue on comparable basis of Kshs. 37,212,188 and total revenue budget of Kshs. 47,552,081 resulting to under funding of Kshs. 9,639,893 or 20% of the budget. Similarly, the actual expenditure was Kshs. 35,266,458 against final budget of Kshs. 49,236,881 resulting to under-expenditure of Kshs. 12,292,606 or 24% of the budget.</p> <p>The shortfall in revenue and under-expenditure constrained execution of planned activities and affected delivery of services to the public</p> | <p>the issue of underfunding, As for under expenditure is as a result of funds being received at the last date of a financial year.</p> | | |
| 3. Unresolved Prior Year Matters | <p>In the audit report of the previous year several issues were raised under the report on financial Statements, Report on lawfulness and Effectiveness in use of public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public sector Accounting Standards Board</p> | <p>The management appreciates the observation and all issues raised in the prior years were addressed by revised financial statements and copies shared to the OAG Offices, Kakamega</p> | | 31/12/2024 |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| 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) |
|---|--|---|-----------------------------------|--|
| | <p>templates. In the circumstance, the Management was in breach of the law</p> | | | |
| <p>1.Failure to follow public procurement and Disposal Act,2015</p> | <p>The statement of financial position reflects a balance of Kshs.23,872,687 in respect of use of goods and services which, as disclosed under Note 11 to the financial statements .Included is an amount of Kshs.6,245,294,Kshs. 2,505,260 and Kshs 950,850 relating to examination expenses, Boarding expenses and stationery respectively. The respective amounts include Kshs. 1,776,537, Kshs.861,543 and Kshs. 837,420 that were not in the annual procurement plan and which were procured through direct procurement. This was contrary to section 91(1) and (2) of the public procurement and Assets Disposal Act,2015 which states that open tendering shall be the preferred procurement method for procurement of goods ,works and services and the procuring College may use an alternative procurement procedure only if that procedure is</p> | <p>The management appreciates the issues noted on the particular transactions. Current processes have ensured only items in the procurement plan and annual budget are procured and alternative open tendering methods are used rather than direct method. The management provided documentation to show that efforts were put in place to comply with the law.</p> | | <p>3112/2024</p> |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| 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) | | | | | | | | | | | | | | | | | | |
|--|--|---|------------------------------------|--|-------------|---|-------|----|---|-----|---|---|-------|---|---|----------|---|--|-------|----|--|------------|
| | allowed and satisfies the conditions under the Act In the circumstances, the Management was in breach of the law. | | | | | | | | | | | | | | | | | | | | | |
| 2. Staff Ethnic Diversity | Review of human resource records revealed that during the year under review, the College had a total 63 employees. However, 50 employees or 79% of the total employees were from the same ethnic community. This is contrary to section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community. In the circumstance, management was in breach of the law. | <p>The management is currently reviewing staff biodata, pay and pay grades. The aim is to come up with competitive remuneration and fitting job descriptions to attract staff from all over the country and to ensure that the host community does not provide 100% the non teaching staff. We have provided a list of all the staff in the College and currently the composition is as follows:</p> <table border="1"> <thead> <tr> <th>S/NO</th> <th>TRIBE</th> <th>NO.OF STAFF</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Luhya</td> <td>50</td> </tr> <tr> <td>2</td> <td>Luo</td> <td>8</td> </tr> <tr> <td>3</td> <td>Kisii</td> <td>4</td> </tr> <tr> <td>4</td> <td>Kalenjin</td> <td>1</td> </tr> <tr> <td></td> <td>TOTAL</td> <td>63</td> </tr> </tbody> </table> <p>The management commits to comply with the National Cohesion and Integration Act No. 12 of 2008 Section 7(1) and (2). As the College continues with its recruitment and growth, we will endeavour through merit to ensure that no ethnic community represents more than one third of the staff establishment.</p> | S/NO | TRIBE | NO.OF STAFF | 1 | Luhya | 50 | 2 | Luo | 8 | 3 | Kisii | 4 | 4 | Kalenjin | 1 | | TOTAL | 63 | | 31/12/2024 |
| S/NO | TRIBE | NO.OF STAFF | | | | | | | | | | | | | | | | | | | | |
| 1 | Luhya | 50 | | | | | | | | | | | | | | | | | | | | |
| 2 | Luo | 8 | | | | | | | | | | | | | | | | | | | | |
| 3 | Kisii | 4 | | | | | | | | | | | | | | | | | | | | |
| 4 | Kalenjin | 1 | | | | | | | | | | | | | | | | | | | | |
| | TOTAL | 63 | | | | | | | | | | | | | | | | | | | | |

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023



Emmanuel Wamalwa
Principala/Secretary BoG
Date: 29th Sept. 2023

Appendix II- Inter-Entity Confirmation Letter



MINISTRY OF EDUCATION
State Department for Vocational & Technical Training
BUNYALA TECHNICAL AND VOCATIONAL COLLEGE

P.O BOX 104 – 50410. PORT VICTORIA. Cell Phone: +254758850414
Website: www.bunyalatvc.ac.ke, Email: bunyalatvc@gmail.com



[Bunyala TVC]

[P.O Box 104-50410. Port Victoria. Tel 0758850414: Email: info@bunyalatvc.ac.ke]

The *Ministry of Education* wishes to confirm the amounts disbursed to you as at 30th 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 [Insert name of beneficiary College] as at 30th June 20xx

| | Amounts Disbursed by [SC/SAGA/Fund] (Kshs) | Amount | Differences (Kshs) |
|--|--|--------|--------------------|
|--|--|--------|--------------------|

Bunyala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

| Refer ence Num ber | Date Disburs ed | as at 30th June 2023 | | | | Received by [Bunyala TVC (Kshs) as at 30 th June 2023 (E) | (F)=(D-E) |
|-----------------------------|-----------------------|--------------------------------|--------------------------------|------------------------------|--------------------------------|---|-----------|
| | | Recurrent (A) | Developme nt (B) | Inter- Ministerial (C) | Total (D)=(A +B+C) | | |
| 1 | 24/10/2 022 | 1,813,000. 00 | 777,000.00 | 0.00 | 2,590,0 00.00 | 2,590,000.00 | 0.00 |
| 2 | 26/01/2 023 | 1,988,000. 00 | 852,000.00 | | 2,840,0 00.00 | 2,840,000.00 | 0.00 |
| 3 | 29/06/2 023 | 1,988,000. 00 | 852,000.00 | | 2,840,0 00.00 | 2,840,000.00 | 0.00 |
| Total | | <u>5,789,000.</u> <u>00</u> | <u>2,481,000.</u> <u>00</u> | | <u>8,270,0</u> <u>00.00</u> | 8,270,000.00 | 0.00 |

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

Head of Accountants department of beneficiary College:

Name ...EMMANUEL WAMALWA..... Sign.....Date 29th September 2023...