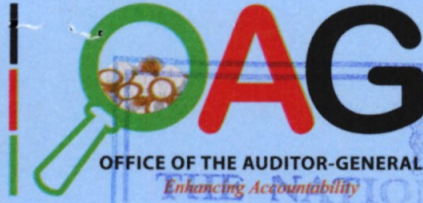


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 MAR 2026

DAY:
Tuesday

REPORT

TABLED
BY:

Hon. Naomi Wago
Deputy Majority Whip

CLERK-AT
THE-TABLE:

Mado Afado

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

BUTERE TECHNICAL AND VOCATIONAL
COLLEGE

FOR THE YEAR ENDED
30 JUNE, 2017



BUTERE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2017**

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Butere Technical and Vocational College is situated in Butere Sub-County near Kakamega County / Siaya County border. The College was established in 2015 by the Ministry of Education to provide Technical and Vocational Educational Training, (TVET) at Certificate and Diploma level. In addition, the College is mandated to conduct research.

TVET is broadly defined as “Education which is mainly to lead participants to acquire practical skills, know-how and understanding. Such practical skills or knowhow can be provided in a wide range of settings by multiple providers both in the public and private sector. The first batch of students were admitted to the college in January, 2017.

The College offers practical training skills to the youth through Certificate and Diploma level courses. It has also a platform for transformation of traditional practices into modern, efficient, market-oriented and profit-making enterprises in Kenya.

The overall focus of the College is to prepare TVET graduates effectively for wage and self-employment. In this regard, the College will contribute to reducing poverty by enabling more people to gain employment skills and generate income through jobs or self-employment. This addresses the needs of the underprivileged (children, women, disabled people and those in rural localities) and help to overcome the barriers of inclusion.

(b) Principal Activities

Mission: To produce high-end TVET graduates that are capable of effective participating in national development through improvement and enhancement of productivity, value addition and evolving modern technologies.

Vision: To be a centre of excellence in TVET in Kenya and beyond.

CORE VALUES:

Professionalism

The College has a highly skilled technical resource base. These skills will be harnessed for effective service delivery. Performance management as a service delivery culture will be integrated in all aspects of the college operations.

Integrity/accountability

The College will endeavour to be accountable and transparent to its clients and uphold high integrity in the provision of its services.

Innovations

The College will encourage and support innovative and creative ideas in order to keep abreast with emerging scientific and technological developments in its environment and leadership

The *institution* was incorporated/ established under the TVET Act in 2016. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

(c) Key Management

Butere technical and vocational college day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Deputy principal
- Dean of students
- Head of finance
- Head of procurement
- Head of departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	-Benedict Masinde
2	Deputy principal	-Barrack Muharo
3	Dean of Students	-Charles Kakai
4	Head of Finance	-Simon Kavunga
5	Head of Procurement	-Coldilda Wakukha

(e) Fiduciary Oversight Arrangements

(i) Full Board of Governors Committee

The Board of Governors does oversight role through the use of Board committees in various areas.

(ii) Finance, Infrastructure and Resource Mobilization Committee

- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource

mobilization practices including recruitment, reward, retention, motivation and development of Butere Technical and Vocational College staff.

- Oversee the Institute's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the institution.
- Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the institution.
- Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of Butere Technical and Vocational College

(iii) Education, Research, Training and Human Resource Committee

- Review, evaluate, and recommend academic programs and curricula to ensure relevance, quality, and alignment with national education and training standards.
- Monitor the implementation of teaching, learning, and assessment policies and procedures.
- Ensure adherence to the requirements and standards of the Technical and Vocational Education and Training Authority (TVETA) and other regulatory bodies.
- Promote quality assurance mechanisms in all academic departments.

- Promote a culture of research, innovation, and knowledge creation among staff and students.
- Oversee formulation and implementation of institutional research and innovation policies.
- Identify and recommend research partnerships, collaborations, and funding opportunities.
- Support dissemination and application of research findings for institutional and community development.

- Oversee implementation of industrial attachments, internships, and competency-based training programs.
- Recommend staff development and training initiatives to enhance professional competence.
- Facilitate linkages and collaborations with industries and other training institutions.
- Monitor and evaluate the effectiveness of training programs for both staff and students.

- Advise the Board on recruitment, appointment, promotion, and deployment of staff in accordance with government and institutional policies.
- Oversee implementation of performance management systems and staff appraisal processes.
- Review and recommend staff development, motivation, and welfare programs.
- Address staff disciplinary issues in line with established procedures and regulations.
- Participate in the formulation, review, and implementation of human resource policies and succession planning strategies.

(i) Audit and Risk Management committee

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.

- Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the institution;
- Provide an independent review of the institutions's reporting functions to ensure the integrity of the financial reports.
- Ensure the institution effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
- Provide strong and effective oversight of the institute's internal audit function.
- Report to the Board regularly regarding matters considered in each of the committee's meetings.
- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the institute's staff.
- Oversee the Institute's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the institute.
- Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the Institute
- Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of Butere Technical and Vocational College

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(a) Entity Headquarters

BUTERE TECHNICAL AND VOCATIONAL COLLEGE

Along Mumias Bunyala Road

(b) Entity Contacts

Telephone 0735079708

P.O BOX 90-50101,BUTERE

E-mail: buteretti@gmail.com

Website: www.buteretti.ac.ke

(c) Entity Banker

KCB BANK KENYA LIMITED

MUMIAS BRANCH

PO BOX 193-50102

MUMIAS

(d) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

Nairobi, Kenya

(e) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112-00200

City Square

Nairobi, Kenya

THE COUNCIL/BOARD OF GOVERNORS

<p>1.GEORGE.S. WANGULU (Chairman BOG)</p>	<p>-Date of Birth:1959 -H.N.D in Human Resource Management. Senior strategy and planning officer in Nzoia Sugar Company. Over 30 years experience in management -A member of BOG Executive committee</p>
<p>2.MOSES WABUKOYA (Member BOG)</p>	<p>-Date of Birth:12th Dec 1979 -B.A in Business Administration -Barclays Enterprise Banker. Over 10 years experience in banking. -Executive Member of the BOG</p>
<p>3.PATROPA KIPTOO (Member, BOG)</p>	<p>-Date of Birth:1ST Feb 1989 -B.A Business Management, MSC Corporate Finance and CPAK. -over 5 years working experience with USAID -A member of the executive BOG</p>

4. MARY MWIKALI (Member BOG)	<ul style="list-style-type: none">-Date of Birth 27th Feb 1987-Diploma in food production and processing-Experience of over 5 years in catering-A member of the executive BOG
5. STELLA CHEPKURUI (Member, BOG)	<ul style="list-style-type: none">-Date of birth: 1ST Jan1967- MSC Hospitality Industry Entrepreneur-Member of BOG
6. MILKA SAKWA (Member, BOG)	<ul style="list-style-type: none">-Date of Birth 1989-Bachelor in Information Technology-Working in Dairy Industry-Member of BOG
7.KENNETH MUDULIA (Member, BOG)	<ul style="list-style-type: none">-Date of Birth 1963-Bachelor of Science Civil Engineering-Civil Engineering and Building Construction Contractor-Over 10 years working experience in Civil Engineering-Member of BOG

<p>8. BENEDICT MASINDE (Principal, Secretary BOG)</p>	<ul style="list-style-type: none">-Date of Birth 1960-Principal Butere TVC From July 2016-Bachelor of Education in G & C-Over 28 years of experience in Technical Training
<p>9. JOSEPH SUNGUTI (A member, BOG)</p>	<ul style="list-style-type: none">-Born in 1963-He is the TVET regional Director, Kakamega-Master's in Education-Experience of over 10years in TVET-Executive Member of BOG

MANAGEMENT TEAM

BENEDICT MASINDE	-The principal -Bachelor of Education
BARRACK MUHARO	-Deputy Principal -Masters of Education
SIMON S KAVUNGA	-Finance officer -CPAK, ICPAK member -BCOM, Finance option
CHARLES KAKAI	-Dean of students -Bachelor of Education
COLDILDA WAKUKHA	-Head of procurement. -Bachelor of purchasing and supplies management

II. CHAIRMAN'S STATEMENT

The financial year ended 30th June, 2017 has been a base year for the college. This is the financial year where we had first enrolment of 44 students in the college. The college was being mentored by Bushiangala Technical Training Institute there after there was need for the college to be independent. This was the financial year the board of management of Butere Technical and Vocational college was established under the chairmanship of Mr. George Wangulu. Its initial bank branch was Kenya Commercial bank Kakamega branch. Later the branch was changed from KCB Kakamega branch to KCB Mumias branch due to travelling inconveniencies

Challenges faced by the institution were;

- Mobilization of students to enrol.
- Fees payment of the enrolled students.
- Lack of enough trainers
- Lack of enough infrastructure.


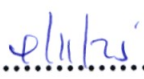
However various tools were used to sensitize students for them to enrol in the institution.

Among tools used was marketing through local leaders. Office of the area chief and sub-chief played a vital role in making sure that local students are well informed. During the year, the institution received scholarship from Kenya Commercial bank 2jijiri programme where 6 students were beneficiaries. This increased revenue base of the college. Career guidance and proper communication with the stakeholders on what the parents /guardians/ sponsors were to pay and what the government was paying in form of capitation was fully understood with all the parties involved.

We are planning to increase the infrastructure through stakeholder engagement to accommodate future enrolment. The board is focused on effective oversight as well provide the policy direction through preparation of various institutional policies and support necessary to ensure that challenges being faced by the management are being addressed.

Pro. Robert Otuya

Chairman, Board of Governors

Sign..........Date..........

III. REPORT OF THE PRINCIPAL

During the period, Mr Mainde Benedict who was the principal reported to the college in the year 2016 and the college was under the management of Bushiangala Technical Training Institute since Butere TVC was still under mentorship. During the financial year, our first batch of students were 44 who majored in Agri-business, Electrical, civil engineering and mechanical. During the year, we used marketing strategies to attract trainees who had finished their 0 level programme to join the college and it really worked.

I am pleased to present to you our Annual Report and Financial Statements for the fiscal year 2016/2017. This report reflects our commitment to transparency, accountability, and the principles of good corporate governance even as we remain true to our mission to opening doors to great careers.

The year under review was marked by both challenges and opportunities. We have experienced low student enrolment being our first year in operation. Low trainee numbers mean lower government capitation and fee collection. In addition, there was slow disbursement of funds from the national government compounded by low capacity by the parents/guardians to pay fees. We are glad to report that, through prudent management of funds, we have been able to pull through. We must tighten our belts and making sure that all the opportunities bear fruit.

Our commitment to financial discipline and efficiency allowed us to manage costs effectively.

I would like to express my deepest gratitude to our staff and all stakeholders for their unwavering support and trust in our organization. Our accomplishments would not have been possible without your dedication and partnership.

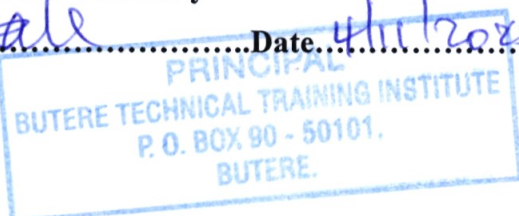
As we move forward, we are committed to creating value and upholding the highest standards of corporate governance.

Thank you

VIOLET MWALE

Principal /BOG Secretary

Sign.  Date. 4/11/2017



IV. CORPORATE GOVERNANCE STATEMENT

1. Audit and Risk Management committee

Membership:

NO.	NAME	TITLE
1	MOSES WABUKOYA	Member
2	PATROPA KIPTOO	Member
3	MARY MWIKALI	Member
4	BENEDICT MASINDE	Principal/BOG Secretary

Mandate

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the institution;
- Provide an independent review of the institution's reporting functions to ensure the integrity of the financial reports.

2. Finance, Infrastructure and Resource Mobilization Committee

Membership:

NO.	NAME	TITLE
1.	Ms. Patropa J. Kiptoo	Chairperson
2.	Mr. Moses Wabukoya	Member
3.	Mr. Benedict Masinde	Principal/Secretary

Mandate

- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the Butere Technical and Vocation College staff.

- Oversee the Institute’s compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the institution.

3. Education, Research, Training and Human Resource Committee

Membership:

NO.	NAME	TITLE
1.	Mrs. Stella Chepkurui	Chairperson
2.	Ms. Mary Mwikali	Member
3.	Mr. Benedict Masinde	Principal/Secretary

Mandate

- Review, evaluate, and recommend academic programs and curricula to ensure relevance, quality, and alignment with national education and training standards.
- Monitor the implementation of teaching, learning, and assessment policies and procedures.
- Ensure adherence to the requirements and standards of the Technical and Vocational Education and Training Authority (TVETA) and other regulatory bodies.
- Promote quality assurance mechanisms in all academic departments.
- During the year under review, there was no conflict of interest for all the Board Members.
- The Board is remunerated within the law as per Salaries and Remuneration guidelines which is done through Head of Public Service.
- The Board is appointed by the Cabinet Secretary of Education and its composition is as per the TVET Act 2013 and Mwongozo.
- During the period under review, the institution did not have most of the requirements, Board requirements (Board Charter, member performance and trainings) were not carried out.

4. Board meetings, Attendance

S/N	Date of meeting	Nature of Board meeting	Attendance
1	1/12/2016	Full Board	7
2	23/12/2016	Full Board	7
3	21/2/2017	Executive	5
4	29/3/2017	Executive	5
5	2/6/2017	Executive	5
6	28/6/2017	Full Board	6

V.MANAGEMENT DISCUSSION AND ANALYSIS

1. Statement of Comprehensive Income

This section provides an overview of the financial position of Butere Technical Vocational College for the year ended 30th June 2017

1.1. Revenue

The institution recorded a total revenue of KES.13,681,935 for FY 2016/2017 of which KES 12,825,908 was from Non exchange transactions KES 856,027 from Appropriation in Aid and KES.43,000 from other Income.

1.3. Expenses

Total expenditure was KES 16,246,784 in 2016/2017. Major expenditure areas include use of goods, employee costs, repairs and maintenance and general expense.

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Butere technical and vocational college is majored in training by producing high skilled labourers whom at the end of the training sessions can be attractive to the market.

Apart from producing highly skilled labourers, the college has collaborated with the community by giving out free water for their own consumption since the borehole at hand its cubic per metre is sustainable.

Again, due to enough space and text books, we have allowed the community to make use of our library for free for increasing partnership with the community

During the period under review the institution hired the

locals to do both manual semi-skilled jobs that was available within the institution.

During the period, we engaged boda boda by giving them free reflector jackets for their safety as well as marketing the college

Butere technical and vocational college has a vast field which we have allowed locals to make use of it by organizing their own tournaments in the same field. This has reduced vices from youth which arises due to idle mind.

In future we pray that the same spirit to sail as we support each other for the well-being of the college and its environment as we head to the new financial year. This can only be sustained through collaborations, cooperation and unity.

VII.REPORT OF THE BOARD OF GOVERNORS

The Board of Governors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of Butere Technical and Vocational College affairs.

Principal activities

The principal activities of the entity is training

Results

The results of the entity for the year ended June 30, 2017 are set out

Directors

The members of the Board of Directors who served during the year are shown on page v-vii In accordance with Regulation.

Auditors

The Auditor General is responsible for the statutory audit of Butere Technical and Vocational College in accordance with the with Article 229 of the Public Finance Management (PFM) Act, 2013, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Violet Mwale

.....
Principal/Board Secretary

Sign.....*Mwale*.....Date.....*4/11/2017*.....



VIII.STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Butere Technical and Vocational Board is responsible for overseeing the effective management and control of the Institution. Transparency and Disclosure is a key focus area of the council as demonstrated in our Financial Statements for the year under review. (As per Mwongozo January 2015 and TVET Act 2013).

The Board members are responsible for the preparation and presentation of the Butere Technical Vocational college financial statements, which give a true and fair view of the state of affairs of the Butere Technical Vocational College for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members embraces and recognizes the benefits of diversity in skills and experience in its compositions and the effective discharge of the Boards' strategic oversight function.(TVET Act 2013)
Being the first year of audit the Board has taken keen interest in over seeing the proper structures are in place for proper record keeping and as per the laid down processes.

Composition of the baord

The Board members comprise of Chairman, The principal Secretary Treasury, the Principal Secretary State department of Vocational and Technical Training, The Principal as the secretary to the Board and members from various areas of specialization appointed by the cabinet secretary. (As per Mwongozo 2015 and TVET Act 2013) .The year under review all board members are new members.

All Board members are subject to reappointment in accordance with the TVET Act 2013 and the Ministry of Education guidelines.

The Board has two board standing Committees and one executive board committee with specific terms of reference to exercise delegated responsibilities.

Board Meetings

The Board meetings are held in accordance with the annual workplan, and guidelines from the legal notice 113 of 2014 for the respective Committees and the full board meetings, in exceptions where special meetings are held as per TVET act 2013, when critical business matters arise

Nothing has come to the attention of the council members to indicate that Butere Technical and Vocational 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

Butere Technical and Vocational College financial statements were approved by the Board on behalf by:

Violet Mwale

Prof. Robert Otuya

Principal /BOG secretary

Board Chairman

Sign.....*Mwale*.....Date.....*4/11/2017* Sign.....*Robert*.....Date.....*4/11/2017*.....



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON BUTERE TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2017

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; and,
- 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 Butere Technical and Vocational College set out on pages 1 to 30, which comprise of the statement of financial position as

at 30 June, 2017 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Butere Technical and Vocational College as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.162,130,954 as disclosed in Note 16 to the financial statements. However, the following anomalies and inconsistencies were noted;

1.1. Unconfirmed Land Ownership and Acreage

The statement of financial position reflects property, plant and equipment balance of Kshs.162,130,954 which includes land cost balance of Kshs.14,000,000 as disclosed in Note 16 to the financial statements relating two (2) parcels of leasehold land measuring 1.42 HA and freehold measuring 15.3 acres respectively both registered in favour of Butere Technical and Vocational College. However, approximately six (6) acres of the freehold land is occupied by the seller's relatives who claim the land belongs to them and had been sold without their knowledge back in 2011. In addition, the land remains open without a fence and identifiable beacons or boundary marks.

Further, it was not possible to conduct physical verification of the leasehold land of unknown value, approximately 1.42 HA leased for a period of ninety-nine (99) years with effect from 26 October, 2011. Management indicated that they did not have knowledge of the land's location, status, usage, size and no visit has been made by Management since it was acquired.

1.2. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.162,130,954 which includes buildings, furniture and fittings, generator and computers of net book value of Kshs.142,100,000, Kshs.1,107,203, Kshs.4,500,000 and Kshs.423,750 respectively as disclosed in Note 16 to the financial statements. However, completion certificates for buildings, invoices, inspection certificates, hand over certificates, ledgers and payment vouchers in relation to buildings, furniture and fittings,

generators and computers were not provided for review. Further, Note 16 to the financial statements reflects brought forward balance of Kshs.164,000,000 which was not supported by financial statements or reports.

1.3. Non-Disclosure of Depreciation Policy and Rates

Note 16 to the financial statements reflects depreciation charge for the year of Kshs.3,699,421. However, supporting asset management policy or finance policy defining the depreciation method and rates was not provided for review.

In the circumstances, the existence, accuracy and completeness of property, plant and equipment balance of Kshs.162,130,954 could not be confirmed.

2. Unsupported Capital/Development Grants

The statement of changes in net assets reflects capital/development grants amount of Kshs.165,830,375. However, the supporting documents including acknowledgement receipts for grants, summary schedule and bank statements were not provided for review.

In the circumstances, the accuracy and completeness of the capital/development grants amount of Kshs.165,830,375 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved revenue budget and actual on comparable basis of Kshs.19,199,000 and Kshs.13,681,935 respectively, resulting to an under-funding of Kshs.5,517,065 or 29% of the budget. Similarly, the College incurred actual expenditure of Kshs.12,547,363 against actual revenue of Kshs.13,681,935 resulting to an under-expenditure of Kshs.1,134,572 of the actual revenue.

The under-funding and under-expenditure affected planned activities and may have impacted negatively on service delivery to the Public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of 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 Information

Management is responsible for the Other Information set out on page i to xviii which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Report of the Chairperson, Report of the Principal, Statement of Corporate Governance, Management Discussion and Analysis, Statement of Corporate Social Responsibility/Sustainability Reporting, Report of the Board of Governors, 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 Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements for the year under review were submitted on 12 August, 2025 long after statutory timeline for submission on 30 September, 2017. This was contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which states that the

Accounting Officer of a National Government entity should prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit, and in the case of a National Government entity, forward a copy to The National Treasury.

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

2. Irregular Procurement of Use of Goods and Services

The statement of financial performance reflects use of goods and services, repairs and maintenance and general expenses of Kshs.1,793,292; Kshs.3,998,210 and Kshs.5,582,922 respectively all totaling Kshs.11,374,424. However, review of the supporting documents including payment vouchers and invoices provided during audit revealed that items costing Kshs.4,607,111 were procured through low value procurement method despite the items values exceeding low value procurement threshold. This was contrary to Section 107 of the Public Procurement and Asset Disposal Act, 2015 and the threshold matrix provided under the second schedule of the Public Procurement and Asset Disposal Regulations, 2020.

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

3. Failure to Maintain Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.162,130,954 as disclosed in Note16 to the financial statements. However, Management did not maintain an updated asset register during the year under review. This was contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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. Lack of Human Resource Plan and Established Human Resource Department

During the year under review, the College lacked a human resource plan and an approved scheme of service for employees. Further, review of the internal structure arrangement and staff establishment, revealed that the human resource department did not have technical staff to operationalize the department. No explanation was provided for failure to establish the human resource department.

In the circumstances, the effectiveness of the internal controls in management of human capital could not be confirmed.

2. Lack of Internal Audit Function

The College did not have in place an Internal Audit Function during the year under review. This was contrary to Section 73(1) of the Public Finance Management Act, 2012 which requires every public entity to have arrangements in place for internal audit function for the purpose of carrying out in depth reviews of Management operations and internal controls.

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

3. Lack of Risk Management Policy

Review of risk management and control measures revealed that Management did not have an approved risk management policy to guide its operations. This was contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015. As a result, it has not been possible to define the entity's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable risk exposures.

In the circumstances, the effectiveness of the College's internal controls and risk 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 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 control, risk management and overall 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 the applicable basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

27 November, 2025

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

X.STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2016-17 Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants	5	12,825,908
		12,825,908
Revenue from exchange transactions		
Rendering of services- Fees from students	6	813,027
Other income	7	43,000
Revenue from exchange transactions		856,027
Total revenue		13,681,935
Expenses		
Use of goods and services	8	1,793,292
Employee costs	9	1,080,080
Remuneration of directors	10	92,859
Depreciation and amortization expense	11	3,699,421
Repairs and maintenance	12	3,998,210
General expenses	13	5,582,922
Total expenses		16,246,784
Net Surplus/Deficit for the year		(2,564,849)

The Financial Statements set out on pages 1 to 32 were signed on behalf of the Institute Board of Governors by:

Prof. Robert Otuya
Chairman of Board of Governors

Sign.....Date.....

Simon Kavunga
Finance Officer

ICPAK No 28667
 Sign.....Date.....4/4/25

Violet Mwale
Principal

Sign.....Date.....4/4/25

XI.STATEMENT OF FINANCIAL POSITION AS AT 30th June 2017

	Notes	2016-2017 Kshs
Assets		
Current assets		
Cash and cash equivalents	14	946,422
Receivables from exchange transactions	15	188,150
Inventories		0
Total current Assets		1,134,572
Non-current assets		
Property, plant and equipment	16	162,130,954
Total assets		163,265,526
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	17	0.0
Total Liabilities		0.0
Net Asset (Total Asset-Current Liabilities)		163,265,526
Financed by:		
Retained earnings		(2,564,849)
Capital fund		165,830,375
Total changes in Net Asset		163,265,531

The Financial Statements set out on pages 1 to 32 were signed on behalf of the Institute Board of Governors by:

Prof.Robert Otuya

Chairman of Board of Governors

Sign.....Date.....

Simon Kavunga

Finance Officer

ICPAK No 28667

Sign.....Date.....

Violet Mwale

Principal

Sign.....Date.....



XII.STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2017

	Retained earnings	Capital/ Development (Grants/Grant)	Total
At July 1, 2016	0	0	0
Total comprehensive income	(2,564,849)	0	(2,564,849)
Capital/Development grants received during the year	-	165,830,375	165,830,375
At June 30, 2017	(2,564,849)	165,830,375	163,265,526

XIII.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016-2017 Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants	5	12,825,908
Rendering of services- Fees from students	6	813,027
Other income, rentals and agency fees	7	43,000
Total Receipts		13,681,935
Payments		
Use of goods and services	8	1,793,292
Employee costs	9	1,080,080
Remuneration of Directors	10	92,859
Repairs and maintenance	12	3,998,210
General expenses	13	5,582,922
Total Payments		12,547,363
Cash flows from investing activities		
Increase in Receivables		(188,150)
Totals		(188,150)
Cash and cash equivalents at 1 JULY 2016		0
Cash and cash equivalents at 30 JUNE 2017		946,422

Direct method has been used for cash flow statement

BUTERE TECHNICAL AND VOCATIONAL COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**XIV.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2017**

	Original Budget	Approved Budget	Total Budget	Actual Performance	Variance	Change
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from other Govt entities Govt grants	13,000,000	-	13,000,000	12,825,908	174,092	99
Rendering of services- Fees from students	5,558,000	-	5,558,000	813,027	4,744,973	15
Other income	641,000	-	641,000	43,000	598,000	7
Total income	19,199,000	-	19,199,000	13,681,935	5,517,065	
Expenses						
Use of goods and services	2,100,000	-	2,100,000	1,793,292	306,708	85
Employee costs	4,232,880	-	4,232,880	1,080,080	3,152,800	26
Remuneration of directors	100,000	-	100,000	92,859	7,141	93
Repairs and maintenance	4,100,000	-	4,100,000	3,998,210	101,790	98
General expenses	8,666,120	-	8,666,120	5,582,922	3,083,198	64
Total expenditure	19,199,000	-	19,199,000	12,547,363	6,651,637	
Surplus/deficit for the period	0	-	0	1,134,572	(1,134,572)	

Budget notes provide explanatory information.

Note, delayed funding from the government and low turnout of students as expected affected revenue collection. On cash transaction has also contributed to variance in surplus between statement of performance and budget comparison statement amounting to ksh. 3,699,421

XV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Butere Technical Vocational college is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Training.

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 Butere Technical Vocational college accounting policies.

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

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

i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

a) Revenue recognition

Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2016/2017 was approved by the Board in accordance with specific approvals from the appropriate authorities.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per Act.

c) Taxes

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.

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..

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When

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

f) 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

g) Research and development costs

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

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

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

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

h) 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.

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

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

i) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

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

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

l) 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.

m) Comparative figures

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

n) 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, 2017.

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

5 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2016-2017
	KShs
Unconditional grants	
Operational grant	12,825,908
Other grants	00
Total government grants and subsidies	12,825,908

6 RENDERING OF SERVICES

Description	2016-2017
	KShs
Tuition fees	320,227
Activity fees	37,400
Administration	25,200
LT&T	47,300
EW&C	32,300
Registration fees	9,000
Personal Emolument	82,000
ID	9,000
Student council	10,800
Boarding Fees	52,400
Attachment fee	14,000
PTA	113,025
Caution Money	17,675
RMI	28,700
Medical	14,000
Total revenue from the rendering of services	813,027

7 OTHER INCOME

Description	2016/2017
	KSh
Tender	43,000
Total other income	43,000

8 USE OF GOODS AND SERVICES

Description	2016/2017
	KSh
Electricity, Water and Conservancy	608,150
Learning Materials	713,237
Activity	64,610
ICT	63,495
Students welfare	343,800
Total good and services	1,793,292

9 EMPLOYEE COSTS

Description	2016/2017
	KSh
Salaries and wages	1,080,080
Employee costs	1,080,080

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 REMUNERATION OF DIRECTORS

Description	2016-2017
	RShs
Directors emoluments	92,859
Total director emoluments	92,859

11 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2016-2017
	RShs
Property, plant and equipment	3,699,421
Total depreciation and amortization	3,699,421

12 REPAIRS AND MAINTENANCE

Description	2016-2017
	RShs
Property	3,998,210
Total repairs and maintenance	3,998,210

13 GENERAL EXPENSES

Description	2016-2017
	RShs
Local Transport and Travel	843,221
Administrative Costs	4,610,320
Boarding	43,100
Catering costs	80,781
Tender	5,500
Total general expenses	5,582,922

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 CASH AND CASH EQUIVALENTS

Description	2017-2018
	KShs
Current account	941,202
Cash in hand	5,220
Total cash and cash equivalents	946,422

14 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2017-2018
		KShs
a) Current account		
Kenya Commercial bank	1200942043	941,202
Sub- total		941,202
b) Others(specify)		
cash in hand		5,220
Sub- total		5,220
Grand total		946,422

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2016-2017
	KShs
Current receivables	
Student debtors	188,150
Total current receivables	188,150

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture & fittings	Generator	Computers	Total
Cost at 1 July 2016 Bal b/d	14,000,000	145,000,000	0	5,000,000	0	164,000,000
Additions		0	1,265,375	0	565,000	1,830,375
Disposals		0	0	0	0	0
Transfers/adjustments		0	0	0	0	0
At 30 June 2017	14,000,000	145,000,000	1,265,375	5,000,000	565,000	165,830,375
Depreciation and impairment						
At 1 July 2016 Bal b/d	0	0	0	0	0	0
Depreciation	0	2,900,000	158,171	500,000	141,250	3,699,421
Impairment	0	0	0	0	0	0
At 30 June 2017	14,000,000	142,100,000	1,107,203	4,500,000	423,750	162,130,954
Depreciation rates used	0%	2%	12.5%	10%	25%	

Reducing balance as depreciation has been adopted

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2016-2017
	KShs
Trade payables	0.0
Total trade and other payables	0.0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by 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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Liquidity risk management

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (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.

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. EVENTS AFTER THE REPORTING PERIOD

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

25. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of education state department of technical and vocational training. Its ultimate parent is the Government of Kenya.

26. Currency

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Prof Robert Otuya
 Chairman of the Board

Sign..........Date..........

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Project description	Donor commitment	Separate donor reporting system instituted/ approved (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

During the financial year, the college dint have project

	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized					
	as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	22/10/2016	Recurrent	3,983,716	3,983,716	00	00	00	00	3,983,716
Ministry of Education	10/11/2016	Recurrent	2,828,350	2,828,350	00	00	00	00	2,828,350
Ministry of Education	16/03/2017	Recurrent	2,828,350	2,828,350	00	00	00	00	2,828,350
Ministry of Education	16/05/2017	Recurrent	3,185,492	3,185,492	00	00	00	00	3,185,492
Total			12,825,908	12,825,908	00	00	00	00	12,825,908