

REPUBLIC OF KENYA



# REPORT

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OF

## THE AUDITOR-GENERAL

ON

### BUTERE TECHNICAL AND VOCATIONAL COLLEGE

### FOR THE YEAR ENDED 30 JUNE, 2022

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WED
TABLED BY:	DEPUTY MAJORITY PARTY WHTP
CLERK-AT THE-TABLE:	OBIERO



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**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

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 effectively 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**

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

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 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Benedict Masinde
2	Deputy principal	Barrack Muharo
3	Registrar	Peter Francis Otieno
4	Dean of Students	Charles Kakai
5	Head of Finance	Simon Kavunga
6	Head of Procurement	Ephraim Amekhala

**(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](mailto:buteretti@gmail.com)

Website: [www.buteretti.ac.ke](http://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

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**THE BOARD OF GOVERNORS**

<b>1. GEORGE .S. WANGULU</b> <b>(Chairman BOG)</b>	<ul style="list-style-type: none"><li>-Date of Birth:1959</li><li>-H.N.D in Human Resource Management. Senior strategy and planning officer in Nzoia Sugar Company. Over 30 years experience in management</li><li>-A member of BOG Executive committee</li></ul>
<b>2. MOSES WABUKOYA</b> <b>( Member BOG)</b>	<ul style="list-style-type: none"><li>-Date of Birth:12<sup>th</sup> Dec 1979</li><li>-B.A in Business Administration</li><li>-Barclays Enterprise Banker. Over 10 years experience in banking.</li><li>-Executive Member of the BOG</li></ul>
<b>3. PATROPA KIPTOO</b> <b>(Member, BOG)</b>	<ul style="list-style-type: none"><li>-Date of Birth:1<sup>ST</sup> Feb 1989</li><li>-B.A Business Management, MSC Corporate Finance and CPAK.</li><li>-over 5 years working experience with USAID</li><li>-A member of the executive BOG</li></ul>
<b>4. MARY MWIKALI</b> <b>( Member BOG)</b>	<ul style="list-style-type: none"><li>-Date of Birth 27<sup>th</sup> Feb 1987</li><li>-Diploma in food production and processing</li><li>-Experience of over 5 years in catering</li></ul>

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

	-A member of the executive BOG
<b>5. STELLA CHEPKURUI</b> <b>(Member , BOG)</b>	-Date of birth: 1 <sup>ST</sup> Jan1967 - MSC Hospitality Industry Entrepreneur -Member of BOG
<b>6. MILKA SAKWA</b> <b>(Member , BOG)</b>	-Date of Birth 1989 -Bachelor in Information Technology -Working in Dairy Industry -Member of BOG
<b>7.KENNETH MUDULIA</b> <b>(Member, BOG)</b>	-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
<b>BENEDICT MASINDE</b> <b>( Principal, Secretary BOG)</b>	-Date of Birth 1960 -Principal Butere TVC From July 2016 -Bachelor of Education in G & C -Over 28 years of experience in Technical Training

<b>9. JOSEPH SUNGUTI</b> <b>(A member, BOG)</b>	<ul style="list-style-type: none"><li>-Born in 1963</li><li>-He is the TVET regional Director ,Kakamega</li><li>-Masters in Education</li><li>-Experience of over 10years in TVET</li><li>-Executive Member of BOG</li></ul>
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**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**MANAGEMENT TEAM**

BENEDICT MASINDE	-The Principal -Bachelor of Education
BARRACK MUHARO	-Deputy Principal -Masters in Education
PETER FRANCIS OTIENO	-Registrar -Masters in Education
SIMON S KAVUNGA	-Finance officer -CPAK, ICPAK member -BCOM, Finance option
CHARLES KAKAI	-Dean of students -Bachelor of Education
EPHRAIM AMEKHALA	-Head of procurement. -Bachelor of purchasing and supplies management

**II. CHAIRMAN'S STATEMENT**

Butere Technical And Vocational College has continued to discharge its mandate by working closely with the National Government through The State Department of Vocational Training under the Ministry of Education in the implementation of its mandate which is quality training.

The institution mainly produces middle level human resources that are well equipped with technical and business skills required in industry, informal sector and service sectors. Our graduates include technicians and technologists who are expected to play a major role towards the attainment of the Kenya's Vision 2030.

On corporate governance, we are fully compliant with the Mwongozo code of governance. But in addition to this, the board and its Committees oversaw and provided significant input into a number of important developments during the year relating to infrastructure and policies. These initiatives have been implemented to ensure that we continue to focus on the issues that will shape the future of the institution.

As a board, we are aware of the recent focus on corporate governance in the area around stakeholder engagement and the appropriate representation of stakeholder views in the Boardroom. As a learning institution, our main product is the curriculum that we deliver, this makes us naturally very sensitive to the views and interests of our stakeholders.

Among our major achievements are:

- Evaluation of training programs making them market driven courses.
- Purchase of a few workshops equipment.
- Established more local and linkages.
- Enhanced service delivery to our stakeholders.


We have experienced several challenges which include:

- Non receipt of GoK development funds which affected our plans to have increased infrastrucure.
- Huge fee arears expected from students.

**Future Outlook**

As an institution we still have a lot to accomplish, and our dream is to be an international recognised centre of excellence.

Pro. Robert Otuya

**BOG Chairman**   
**Sign**.....**Date** 4/11/25.....

## **BUTERE TECHNICAL AND VOCATIONAL COLLEGE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

### **III.REPORT OF THE PRINCIPAL**

It's my pleasure to present the Annual Report and Accounts of Butere Technical and Vocational College which uses Government's fiscal year as its financial year. The period under review is from 1<sup>st</sup> July, 2021 to 30<sup>th</sup> June, 2022. During the financial year 2021/2022, the principal who held office was Mr. Zedekiah Chanzu Lomolo

The institution continues to review its strategy as detailed in the Strategic Plan to better match service delivery to clientele. Butere Technical and Vocational College will work towards capturing growth opportunities in the market, despite the current global economic depression.

#### **Operational Results**

Butere Technical and Vocational College lacks adequate lecture halls, laboratories, workshops, computers and other equipment for teaching and learning purposes to accommodate the increasing student population.

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.

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

Our efforts to build this institution have received enormous goodwill and support from various quarters. I would like to take this opportunity to thank the government for its overall continued financial support, and our partners for assisting us in various activities.

Violet mwale

**Principal /Board secretary**

Thank you

Sign.....



.....Date

4/11/2022

BUTERE TECHNICAL TRAINING INSTITUTE  
P. O. BOX 90 - 50101,  
BUTERE.

#### **IV. CORPORATE GOVERNANCE STATEMENT**

##### **1. Audit and Risk Management committee**

###### **Membership:**

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

###### **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
4.	Mr. Benedict Masinde	Principal/Secretary BOG

**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:**

<b>NO.</b>	<b>NAME</b>	<b>TITLE</b>
1.	Mrs. Stella Chepkurui	Chairperson
2.	Ms. Mary Mwikali	Member
4.	Mr. Benedict Masinde	Principal/Secretary BOG

**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.

Below is the board attendance schedule.

<b>S/N</b>	<b>Date of meeting</b>	<b>Nature of Board meeting</b>	<b>Attendance</b>
1	15/10/2021	Full Board	6
2	23/02/2022	Full Board	7
3	26/5/2022	Executive	4
4	12/6/2022	Executive	5

**V.MANAGEMENT DISCUSSION AND ANALYSIS**

This discussion and analysis provide an overview of the financial position and results of activities of Butere Technical and Vocational College the year ended 30<sup>th</sup> June 2022 and the comparative information for the year ended 30<sup>th</sup> June 2021. This overview has been prepared by management and should be read in conjunction with the financial statements and the foot notes.

Butere Technical and Vocational College revenue has shown steady increase over the years. This has been attributed to a steady increase in student numbers and Government capitation. The enrolment has increased as a result of increased financing to TVET education, the government input has boosted the enrolment and as a consequence the revenue base.

***1.1. Revenue***

The institution recorded a total revenue of KES.45.1million for FY 2021/2022 up from KES.33.2million for FY 2020/2021.

***1.3. Expenses***

Total expenditure for the financial year 2021/2022 increased from 37.3M to 57.3M

***2.1 Financial Position***

Total assets of the institution reduced from 168.8 to 149.9 due to increase in accumulated depreciation of assets. During the year, we did not have additions in Assets.

**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.

Furthermore, we have engaged the community in tree planting exercise which is part of environmental conservations in the college. Within the compound, we have planted trees as part of the government agenda

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 allowed the locals to graze in the fields and 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, corperatios and unity

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**

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**VII.REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show Butere Technical and Vocational College state of affairs.

**Principal activities**

The principal activities of the entity are ;

- provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education
- contribute to industrial and technological development of Kenya in collaboration with industry and other organisations through transfer of technology
- participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development.
- foster the general welfare of all staff and students.

**BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page vi-viii

**Auditors**

The Auditor General is responsible for the statutory audit of Butere Technical And Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of Butere technical and vocational college for the year ended June 30, 2022

By Order of the Board      Violet Mwale

.....

**Principal/Board Secretary**

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

  
PRINCIPAL  
BUTERE TECHNICAL TRAINING INSTITUTE  
P. O. BOX 90 - 50101,  
BUTERE.

### **VIII.STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013*) require the board members to prepare financial statements in respect of Butere Technical And Vocational College , which give a true and fair view of the state of affairs of Butere Technical And Vocational College at the end of the financial 2021/2022 and the operating results of Butere Technical And Vocational College for the year 2021/2022. The board members are also required to ensure that Butere Technical And Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of Butere Technical And Vocational College. The board members are also responsible for safeguarding the assets of Butere Technical And Vocational College.

The board members are responsible for the preparation and presentation of Butere Technical And Vocational College financial statements, which give a true and fair view of the state of affairs of Butere Technical and Vocational College for and as at the end of the financial year ended on June 30, 2022. 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 Butere Technical And Vocational 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 Butere Technical and Vocational College 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. The board members are of the opinion that the Butere Technical and Vocational College financial statements give a true and fair view of the state of Butere Technical and Vocational College transactions during the financial year ended June 30, 2022 and of the Butere Technical and Vocational College financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Butere Technical and Vocational College, which have been relied upon in the preparation of the Butere Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**  
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Nothing has come to the attention of the board members to indicate that the 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**

The Butere Technical and Vocational College financial statements were approved by the Board on 26<sup>th</sup> September, 2022 and signed on its behalf by:

Prof. Robert Otuya

Violet Mwale

.....

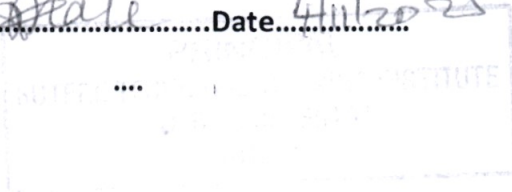
.....

**Chairperson of the Board**

**Principal/Board Secretary**

Sign.....*Robert Otuya*.....Date.....*26/9/22*.....

Sign.....*Violet Mwale*.....Date.....*4/11/22*.....



# 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, 2022**

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### **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 29, which comprise of the statement of financial position as

at 30 June, 2022, 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, 2022, 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.149,932,298 as disclosed in Note 18 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.149,932,298 which includes land cost balance of Kshs.14,000,000 as disclosed in Note 18 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 had been made by Management since it was acquired.

##### **1.2 Non-Disclosure of Depreciation Policy and Rates**

Note 18 to the financial statements reflects depreciation charge for the year of Kshs.4,161,220. 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.149,932,298 could not be confirmed.

## **2. Unsupported Trade Debtors and Student Debtors**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.3,674,423 relating to student debtors. However, the student debtor's ledgers and ageing analysis were not provided for review. Further, Management did not have a debt management policy detailing debt recovery measures.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.3,674,423 could not be confirmed.

## **3. Intangible Asset Expensed**

The statement of financial performance reflects use of goods and services amount of Kshs.39,645,928 as disclosed in Note 9 to the financial statements. However, included in the use of goods and services amount is capital expenditure related to acquisition of Management Information System of Kshs.2,100,000 categorized under use of goods and services instead of intangible assets.

In the circumstances, the accuracy and completeness of the use of goods amount of Kshs.39,645,928 could not be confirmed.

## **4. Accuracy, Presentation and Disclosure of the Annual Report and Financial Statements**

Review of the financial statements revealed the following cases of noncompliance with the revised Public Sector Accounting Standards Board (PSASB) financial reporting template as follows;

- i. The Management discussion and analysis on page xv indicated the Institution's assets decreased from 168.8 to 149.9. However, Management did not elaborate on the base measure used to arrive at the change and whether the change was informed of amounts (Kenya shillings) or percentage.
- ii. The statement of financial performance shows comparative depreciation and amortization expense of Kshs.4,439,934 which differs from the previous year balance of Kshs.4,444,073 resulting to unreconciled variance of Kshs.4,139 which also affected total expenses.
- iii. The statements of changes in net assets excluded comparative balances analysis of reserves for the year ended 30 June 2022 contrary to PSASB reporting template.
- iv. The statement of cash flows was prepared using hybrid of direct and indirect method. The presentation format was not done in accordance with the prescribed Public Sector Accounting Standards Board template.

- v. Disclosure Note for net cash flow from operating activities in the statement of cash flows has not been made in the financial statements as required by the Public Sector Accounting Standards Board reporting template.

In the circumstances, the presentation and disclosure of the annual report and financial statements 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 totalling to Kshs.122,482,000 and Kshs.45,165,946 respectively, resulting to under-funding of Kshs.77,316,054 or 63% of the budget. Similarly, the College incurred actual expenditure of Kshs.53,219,623 against actual revenue of Kshs.45,165,946 resulting to an over-expenditure of Kshs.8,053,677 or 17% of the actual revenue.

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

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 xix 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 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 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 28 September, 2025 long after statutory timeline for submission on 30 September, 2022. 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 (3) 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. Failure to Maintain Assets Register**

The statement of financial position reflects property, plant and equipment balance of Kshs.149,932,298 as disclosed in Note18 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.

### **3. Procurement Irregularities in Cleaning Services**

#### **3.1 Irregular Award of Contract Without Bid Amounts or Tender Price**

Management awarded a local firm a cleaning services contract dated 16 August, 2021 to carry out cleaning services at the College at a contract sum of Kshs.300,000 per month translating to Kshs.3,600,000 per year for one (1) year contract period.

Review of the submitted tender documents revealed that the bidder in its tender documents did not indicate the bid price or tender price or provide price schedule in the tender document submitted for the cleaning services that were to be rendered. This was contrary to Paragraph 2.10 of the tender documents and Section 68(2)(d)(ii), Section 68(1) and Section 82 of the Public Procurement and Asset Disposal Act, 2015.

It was not clear how the firm was able to go through the evaluation steps up to award and how tender price awarded was arrived at by the Evaluation Committee in recommending the award of the firm a contract sum of Kshs.3,600,000.

#### **3.2 Tender Evaluation Irregularities**

Management awarded a local firm a cleaning services contract dated 16 August, 2021 to carry out cleaning services at Butere College at a contract sum of Kshs.300,000 per month translating to Kshs.3,600,000 per year for one-year contract period.

Audit review of Paragraph D, mandatory requirements of the tender document issued to various bidders showed that every bidder who submitted a bid was required to submit valid tax compliance certificates and copies of certified audited accounts for the last two (2) years amongst other requirements. However, review of the tender documents submitted and the Evaluation Committee individual scores award showed that all evaluators in their evaluation indicated the bidder did not submit valid tax compliance certificate, copies of certified audited accounts for the last two (2) years and disclosure of directors/partners/sole proprietor as mandatory requirements.

No explanation was provided on how the unresponsive bidder progressed through the evaluation stages to award without elimination at preliminary stage upon being found unresponsive contrary to Section 79(1), Section 80(1) of the Public Procurement and Asset Disposal Act, 2015, and Paragraph 5.3 evaluation criteria of the tender documents.

Further, review of the online Kenya Revenue Authority PIN checker showed that the firm registered its PIN on 22 April, 2022 way after contract award and may have not remitted taxes for the period not registered.

#### **3.3 Procurement of Services at Inflated Price**

Management awarded a local firm cleaning services contract dated 16 August, 2021 to carry out cleaning services at Butere College at a contract sum of Kshs.300,000 per month translating to Kshs.3,600,000 per year for one (1) year contract period.

Review of the contract agreement for previous cleaning service provider contract for the period between 1 March, 2019 to 30 June, 2021 showed that similar services were rendered at a cost of Kshs.150,000 per month translating to Kshs.1,800,000 annually for a period of two (2) years up to 30 June, 2021 and had requested contract extension at same contract price for a further one year, which was not granted under unclear circumstances.

However, with the award to the current service provider, costs escalated from Kshs.150,000 per month to Kshs.300,000 per month or 100% change within a period of two (2) months from the date of expiry of the previous contract on 30 June, 2021 and engagement of new service provider contract on 16 August, 2021 considering no changes were made on the scope of work from initial services rendered contrary Section 54 and Section 86(1) of the Public Procurement and Asset Disposal Act, 2015.

### **3.4 Evaluation of Tenders without Formal Appointment by Tender Evaluation Committee**

Management awarded local firm a cleaning services contract dated 16 August, 2021 to carry out cleaning services at the College at a contract sum of Kshs.300,000 per month translating to Kshs.3,600,000 per year for one-year contract period.

However, no evidence was provided for audit to show the head of procurement recommended for appointment to the Accounting Officer, two officers to the tender evaluation committee and subsequently issued with letters of appointment contrary to Section 46(1) of the Public Procurement and Assets Disposal Act, 2015.

### **3.5 Evaluation Committee's Failure to Issue Award Recommendation and Possible Conflict of Interest**

Management awarded a local contractor cleaning services contract dated 16 August, 2021 to carry out cleaning services at the College at a contract sum of Kshs.300,000 per month translating to Kshs.3,600,000 per year for one (1) year contract period.

However, review of the tender evaluation minutes dated 5 July, 2021 to 16 July, 2021 revealed that the Tender Evaluation Committee did not recommend for award to any bidder nor did it declare the bids non-responsive or give any form of recommendation to the Accounting Officer contrary to Section 85 of the Public Procurement and Asset Disposal Act, 2015.

Discussion with Evaluation Committee Members indicated that the Chair of the Evaluation Committee issued a verbal recommendation to the head of procurement to award for onward submission to the Accounting Officer for contract award casting doubt on whether the Evaluation Committee was impartial in tender evaluation process and possibility the Committee did not act collectively as required contrary to Sections 85 of the Public Procurement and Assets Disposal Act, 2015 and there was a possibility of conflict of interest by Senior Management.

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

#### **4 Irregular Procurement of Security Services**

Management awarded a local contractor a contract to provide security services at a contract sum of Kshs.1,440,000 per year for one-year contract period.

However, review of the tender documents and tender evaluation minutes revealed that Management awarded the highest evaluated bidder of Kshs.1,440,000 instead of the lowest evaluated bidder of Kshs.528,000 per annum occasioning a loss of public funds of Kshs.912,000.

In the circumstances, Management was in breach of the law

#### **5 Implementation of Intellimis Enterprise Resource Planning (ERP) System**

Management acquired an Enterprise Resource Planning (ERP) system from a local supplier at a total set-up cost of Kshs.6,438,000 on 14 September, 2021 in an effort to ensure full automation of its operations. However, three (3) modules - personnel, procurement and stores, hostel and accommodation management costing Kshs.1,798,000 were not fully utilized despite amount incurred in the setup cost. Further, it was observed that student and supplier invoice editing role was available to the System Administrator and Finance Officer instead of the Principal for effective control.

In the circumstances, value for money May not have been realized in the acquisition of ERP.

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 together with 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.

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 continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern 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**

**04 December, 2025**

**X.STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	21-22	20-21
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	22,012,500	21,495,000
		<b>22,012,500</b>	<b>21,495,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	22,511,564	11,558,467
Other income	8	641,882	204,600
<b>Revenue from exchange transactions</b>		<b>23,153,446</b>	<b>11,763,067</b>
<b>Total revenue</b>		<b>45,165,946</b>	<b>33,258,067</b>
<b>Expenses</b>			
Use of goods and services	9	39,645,928	16,454,690
Employee costs	10	12,642,130	5,501,178
Board Expenses	11	620,575	177,000
Depreciation and amortization expense	12	4,161,220	4,439,934
Repairs and maintenance	13	310,990	5,574,651
General expenses	14	0	5,206,449
<b>Total expenses</b>		<b>57,380,843</b>	<b>37,358,041</b>
<b>Net Surplus/Deficit for the year</b>		<b>(12,214,897)</b>	<b>(4,099,974)</b>

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Institute Board of Governors by:

Prof. Robert Otuya  
**Chairman of Board of Governors**

Sign: *Robert Otuya* Date: *4/11/22*

Simon Kavunga  
**Finance Officer**

ICPAK No *28667*  
 Sign: *Simon Kavunga* Date: *4/11/22*

Violet Mwale  
**Principal**

Sign: *Violet Mwale* Date: *4/11/22*



**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**XI.STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> June 2022**

	Notes	2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	1,632,944.7	5,850,544.7
Receivables from exchange transactions	16	3,674,423	3,704,418
Inventories	17	2,160,133.3	5,168,084.3
<b>Total current Assets</b>		<b>7,467,501</b>	<b>14,723,047</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	149,932,298	154,093,518
<b>Total assets</b>		<b>157,399,799</b>	<b>168,816,565</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	7,510,500	6,712,369
<b>Total Liabilities</b>			<b>6,712,369</b>
<b>Net Asset (Total Asset-Current Liabilities)</b>		<b>149,889,299</b>	<b>162,104,196</b>
Financed by:			
Retained earnings		(23,929,583)	(11,714,686)
Capital fund		173,818,882	173,818,882
<b>Total changes in Net Asset</b>		<b>149,889,299</b>	<b>162,104,196</b>

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Institute Council/ 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 2022**

	<b>Retained earnings</b>	<b>Capital/ Development Grants/Fund</b>	<b>Total</b>
<b>At July 1, 2021</b>	(11,714,686)	173,818,882	162,104,196
Total comprehensive income	(12,214,897)	0	(12,214,897)
Capital/Development grants received during the year	0.0	0.0	0.0
<b>At June 30, 2022</b>	<b>(23,929,583)</b>	<b>173,818,882</b>	<b>149,889,299</b>

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**XIII.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		21-22	20-21
	Note		
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from Government	6	22,012,500	21,495,000
Rendering of services- Fees from students	7	22,511,564	11,558,467
Other income	8	641,882	204,600
<b>Total Receipts</b>		<b>45,165,946</b>	<b>33,258,067</b>
<b>Payments</b>			
Use of goods and services	9	39,645,928	16,454,690
Employee costs	10	12,642,130	5,501,178
Remuneration of directors	11	620,575	177,000
Repairs and maintenance	13	310,990	5,574,651
General expenses	14	0	5,206,449
<b>Total payments</b>		<b>53,219,623</b>	<b>32,913,968</b>
<b>Cash flows from investing activities</b>			
Increase/decrease in assets		1,633,945.3	1,557,739.2
Increase/decrease in liabilities		2,202,131.7	0
Cash and cash equivalents at 1 <sup>st</sup> JULY 2021		5,850,544.7	3,948,706.5
Cash and cash equivalents at 30 JUNE 2022		<b>1,632,944.7</b>	<b>5,850,544.7</b>

Direct method has been used for cash flow statement

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**XIV.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual amount	Performance difference	% Change
	21-22	21-22	21-22	21-22	21-22	
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from other Govt entities Govt grants	63,000,000	-	63,000,000	22,012,500	40,987,500	35
Rendering of services- Fees from students and other income	59,482,000	-	59,482,000	23,153,446	36,328,554	38
<b>Total income</b>	<b>122,482,000</b>	<b>-</b>	<b>122,482,000</b>	<b>45,165,946</b>	<b>77,316,054</b>	
<b>Expenses</b>						
Use of goods and services	93,106,894	-	93,106,894	39,645,928	53,460,966	43
Employee costs	26,946,500	-	26,946,500	12,642,130	14,304,370	47
Repairs and maintenance	1,728,606	-	1,728,606	310,990	1,417,616	18
Board costs	700,000	-	700,000	620,575	79,425	87
<b>Total expenditure</b>	<b>122,482,000</b>	<b>-</b>	<b>122,482,000</b>	<b>53,219,623</b>	<b>69,262,377</b>	
<b>Surplus/deficit for the period</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>(8,053,677)</b>	<b>8,053,677</b>	

**Budget notes**

1. Anticipated enrolment was below the target of 2,100 students and it affected the total collection of revenue against expenses
2. Delayed in government funding has also impacted negatively in the total operational of the college
3. Differences in surplus and expenses between budget comparison and actuals statement of financial performance is due to non-cash item which is depreciation for the year amounting to ksh.4,161,220

**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 Butere Technical and Vocational College 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 as notes.

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>This will enhance our standard of reporting Butere Technical and Vocational college is in the process of adopting the standard.</i>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.                      IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>Butere Technical and Vocational college is in the process of adopting the standard which will aid in interpretation of financial statements and hedge management.</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes;</li> </ul> <p>and</p>

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Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>Butere Technical and Vocational college is in the process of adopting the standard which will aid in interpretation of financial statement in relation to social benefit.</i></p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021/2022.

**4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**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.

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**b) Budget information**

The original budget for FY 2021/2022 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

Butere Technical and Vocational college 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 under section VIII of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per Income Tax Act 2013 amendment of 2016.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**b) 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 a period of years.

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

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

**e) Property, plant and equipment**

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

## **NOTES TO THE FINANCIAL**

### **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) Impairment of financial assets**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**i) 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

**i) Inventories (Continued)**

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

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

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

**j) 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.

**k) 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.

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**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, 2022.

**5.SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

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**6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	21-22	20-21
<b>Unconditional grants</b>		
Operational grant	22,012,500	21,495,000
Other grants		
	<b>22,012,500</b>	<b>21,495,000</b>
<b>Total government grants and subsidies</b>	<b>22,012,500</b>	<b>21,495,000</b>

**7. RENDERING OF SERVICES**

Description	21-22	20-21
Tuition fees	721,737	871,368
Activity fees	2,025,304	809,100
Administration	216,102	48,202
LT&T	1,666,914	1,401,486
EW&C	1,749,891	1,398,414
Personal Emolument	6,625,625	3,263,425
Student Council	0	25,800
RMI	940,448	1,075,072
Medical	1,919,362	1,484,330
Exam	4,869,433	978,480
Kitchen	50,000	0
Catering	0	196,240
Agriculture	0	0
Imprest	34,000	0
Loss & damages	41,100	6,550
Production Unit	133,540	0
Advance	175,000	0
Registration	85,813	0
Arrears(Gvt fees charged per student)	1,257,295	0
<b>Total revenue from the rendering of services</b>	<b>22,511,564</b>	<b>11,558,467</b>

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**8.OTHER INCOME**

Description	21-22	20-21
Tender	0	30,000
Hostel fee	641,882	114,000
Imprest	0	60,000
P.U	0	600
<b>Total other income</b>	<b>641,882</b>	<b>204,600</b>

**9.USE OF GOODS AND SERVICES**

Description	21-22	20-21
Local Transport and Travel	3,571,211	0
Electricity, Water and Conservancy	53,100	0
Admin Costs	40,370	0
Tuition	22,789,949	12,177,651
Boarding	322,800	0
Activity	1,755,303	377,960
Kitchen	741,172	0
Students Welfare	0	29,200
Exam	3,561,160	3,704,571
Medical, Attachment	589,516	165,308
Sundry creditor	5,324,547	0
Farm	726,300	0
Imprest	0	0
Advance	148,000	0
Tender	22,500	0
<b>Total</b>	<b>39,645,928</b>	<b>16,454,690</b>

**10.EMPLOYEE COSTS**

	21-22	20-21
Salaries and wages	12,642,130	5,501,178
<b>Employee costs</b>	<b>12,642,130</b>	<b>5,501,178</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11.REMUNERATION OF DIRECTORS**

Description	21-22	20-21
Directors emoluments	620,575	177,000
<b>Total director emoluments</b>	<b>620,575</b>	<b>177,000</b>

**12.DEPRECIATION AND AMORTIZATION EXPENSE**

Description	21-22	20-21
Property, plant and equipment	4,161,220	4,444,073
<b>Total depreciation and amortization</b>	<b>4,161,220</b>	<b>4,444,073</b>

**13.REPAIRS AND MAINTENANCE**

Description	21-22	20-21
Property	310,990	5,574,651
<b>Total repairs and maintenance</b>	<b>310,990</b>	<b>5,574,651</b>

**14.GENERAL EXPENSES**

Description	21-22	20-21
Local Transport and Travel	0	1,329,950
Administrative Costs	0	256,858
Boarding	0	649,065
Catering services	0	573,670
Electricity, Water and Conservancy	0	89,450
Farm	0	2,298,956
Tender	0	8,500
<b>Total general expenses</b>	<b>0</b>	<b>5,206,449</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. CASH AND CASH EQUIVALENTS**

Description	21-22	20-21
Current account	1,626,886.7	5,832,302.7
Cash in hand	6,058	18,242
<b>Total cash and cash equivalents</b>	<b>1,632,944.7</b>	<b>5,850,544.7</b>

**15 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

Financial institution	Account number	21-22
<b>a) Current account</b>		
Kenya Commercial bank	1200942043	1,626,886.7
<b>Sub- total</b>		<b>1,626,886.7</b>
<b>b) Others(specify)</b>		
cash in hand		6,058
<b>Sub- total</b>		<b>6,058</b>
<b>Grand total</b>		<b>1,632,944.7</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	21-22	20-21
<b>Current receivables</b>		
Student debtors	3,674,423	3,704,418
<b>Total current receivables</b>	<b>3,674,423</b>	<b>3,704,418</b>

**16 (a) Ageing Analysis of Receivables from Exchange transactions**

Description	21-22		20-21	
	Kshs		Kshs	
Less than 1 year	3,138,014	85%	2,834,570	77%
Between 1- 2 years	536,409	15%	869,848	23%
Between 2-3 years	0		0.0	
Over 3 years	0		0.0	
<b>Total (a+b)</b>	<b>3,674,423</b>	<b>100%</b>	<b>3,704,418</b>	<b>100%</b>

**17. INVENTORY**

Description	21-22	20-21
STOCK	2,160,133.3	5,168,084.3
<b>Total</b>	<b>2,160,133.3</b>	<b>5,168,084.3</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings(2%)	Furniture & fittings(12.5%)	Equipments(12.5%)	Motor Bike(10%)	Generator10%	Computers(25%)	Total
Cost	Shs	Shs	Shs	Shs		Shs	Shs	Shs
At 1 July 2021 Bal b/d	14,000,000	148,068,714	3,521,043	1,997,810	99,900	5,000,000	1,131,415	173,818,882
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 June 2022	14,000,000	148,068,714	3,521,043	1,997,810	99,900	5,000,000	1,131,415	173,818,882
Depreciation and impairment								
At 1 July 2021 Bal b/d	0	14,561,374	1,444,171	358,476	9,990	2,500,000	851,353	19,725,364
Depreciation	0	2,961,374	440,130	249,726	9,990	500,000	0	4,161,220
Impairment	0	0	0	0	0	0	0	0
At 30 June 2022	0	17,522,748	1,884,301	608,202	19,980	3,000,000	851,353	23,886,584
Net book value june 2021	14,000,000	133,507,340	2,076,872	1,639,334	89,910	2,500,000	280,062	154,093,518
Net book value june 2022	14,000,000	130,545,966	1,636,742	1,389,608	79,920	2,000,000	280,062	149,932,298

For the financial year 2021/2022, computers could not be depreciated as it could have a negative balance at the end of 30<sup>th</sup> June 2022

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	21/22	20/21
Trade payables	7,510,500	6,712,369
<b>Total trade and other payables</b>	<b>7,510,500</b>	<b>6,712,369</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20. 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:

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21. 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)**

**22. 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)**

**23. 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24 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:

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25. 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;

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**26.EVENTS AFTER THE REPORTING PERIOD**

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

**27.ULTIMATE AND HOLDING ENTITY**

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

**28.Currency**

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

**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. in 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;

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 Ministry of education state department of TVET

Project title	Project Number	Donor	Project duration	Donor commitment	Separate annual reporting required by the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

**Status of Projects completion**

*During the financial year, there were no project in progress*

Project	Total incurred Cost	Total expenditure date	Completion % to date	Budget	Actual	Source of funds

**BUTERE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized
	as per the bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance
Ministry of Education	November 15 <sup>th</sup> 2021	Recurrent	7,417,500	Statement of Financial Performance
Ministry of Education	March 23 <sup>rd</sup> 2022	Recurrent	7,417,500	Statement of Financial Performance
Ministry of Education	June 27 <sup>th</sup> 2022	Recurrent	7,177,500	Statement of Financial Performance
<b>Total</b>			<b>22,012,500</b>	