

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY BARRACK ROAD	
REPORT	
DATE: 21 FEB 2023	DAY: TUESDAY
TABLED BY:	THE LEADER OF THE MAJORITY PARTY
OF	
CHECKED BY:	11202 MWALE

THE AUDITOR-GENERAL

ON

BUMBE TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2021**



BUMBE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE, 2021**

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

Table of Contents

<u>KEY ENTITY INFORMATION AND MANAGEMENT</u>	iii
<u>THE BOARD OF GOVERNORS</u>	v
<u>MANAGEMENT TEAM</u>	viii
<u>CHAIRMAN'S STATEMENT</u>	x
<u>REPORT OF THE PRINCIPAL</u>	xii
<u>CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY</u>	xiv
<u>STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES</u>	xvi
<u>MANAGEMENT DISCUSSION AND ANALYSIS</u>	xvi
<u>REPORT OF THE BOARD OF GOVERNORS</u>	xxi
<u>STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES</u>	xxii
<u>REPORT OF THE INDEPENDENT AUDITOR ON THE BUMBE TTI</u>	xxiii
<u>IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021</u>	1
<u>V. STATEMENT OF FINANCIAL POSITION AS AT 30-06-2021</u>	2
<u>VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021</u>	3
<u>VII. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2021</u>	4
<u>VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2021</u>	5
<u>IX. NOTES TO THE FINANCIAL STATEMENTS</u>	6
<u>APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS</u>	19
<u>APPENDIX II: PROJECTS IMPLEMENTED BY BUMBE TTI</u>	24
<u>APPENDIX III: INTER-ENTITY TRANSFERS</u>	25

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

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

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

(b) Principal Activities

The mandate of Bumbe T.T.I encompasses the following:

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

Quality policy statement

Bumbe TTI is committed to be a centre of excellence in research, innovation & technical training by providing research driven technical & entrepreneurial training for self-reliance in a competitive market and national production system.

In pursuit of this commitment, the institute shall comply with all applicable requirements and continually improve its effectiveness by implementing a quality management system based on ISO 9001:2015.

(c) Key Management

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

- Board of Governors
- Principal
- Deputy Principal Administration
- Deputy Principal Academics
- Dean of Students
- Registrar

(d) Fiduciary Management

The management personnel who held key management position. during the financial year ended 30th June 2021 were:

No.	Designation	Name
1.	Mr.CalestusWanjalaOmilo	Principal
2.	Ms.. Celestine Mudiwo	Deputy Principal Administration
3.	Mr. JumaWasilwa	Deputy Principal Academics
4.	Mr.Shaban M. Namatsi	Registrar
5.	Mr. Kevin Isaac Khasenye	Dean Of Students

(e) BUMBE TECHNICAL TRAINING INSTITUTE HEADQUARTERS

P.O. Box 440-50406
 Funyula KENYA
 Bumala – Sio Port – Port Victoria Road

(f) BUMBE TECHNICAL TRAINING INSTITUTE CONTACTS

Telephone: 254736391750
 E-mail: bumbetec@yahoo.com
 Website: www.bumbetti.ac.ke

(g) BUMBE TECHNICAL TRAINING INSTITUTE BANKERS

1. National bank of Kenya
 Busia branch
 P.O. Box 264 - 50400
 Busia, Kenya
2. Kenya Commercial Bank
 Port Victoria branch
 P.O. Box 271 - 50401
 Port Victoria

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

THE BOARD OF GOVERNORS



Prof. Fredrick O. Wanyama
P. O. Box 333 - 40105, Maseno, KENYA.
Tel:+254-057-351551(Office).Cell: +254-0722-
233479 or +254-0733718108.
Fax:+254-057-351221
E-mail:fwanyama@hotmail.com or
fwanyama@maseno.ac.ke

Ph.D. in Political Science, Maseno University, Kenya.
Thesis title: Local Organizations for Sustainable Development:
The Political Environment of Community – Based Organizations in Western Kenya.
1994: **M.A in Government**, University of Nairobi, Kenya.
Thesis title: Politics of Rural Development: The Performance of Cotton Co-operatives in Busia District, Kenya.
1990: **B.A (Hon.) in Government**, University of Nairobi, Kenya.

Chairman Board Of Governors



Ms. Agatha NeemaOduori

Date of birth; 27th April, 1988
Bachelor of commerce (finance Option)
The catholic university of eastern Africa
(second class upper)

Certified public accountant (CPA finalist)

Chairperson in finance and development committee



Ms. Dophine Taaka Barasa




Date of Birth. 1978

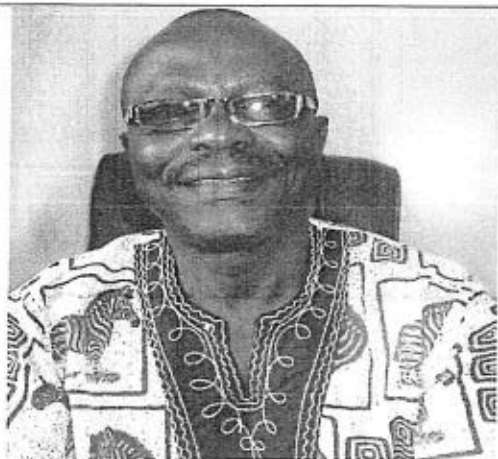

B.sc. Science
(Tourism)- Moi University

Branch manager Auto Xpress Limited, Kakamega



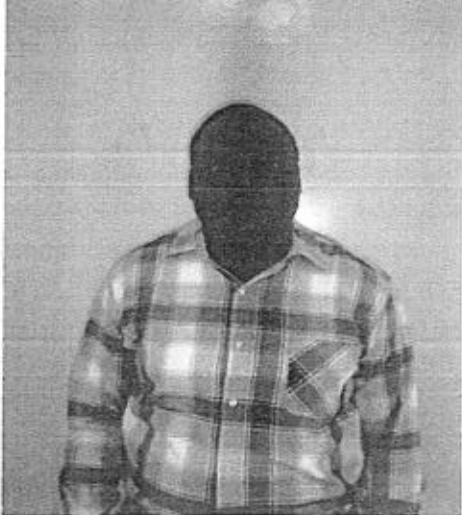
Member of Academic, Human Resource Welfare committee





Member of the Board

 <p>Mr. Calestus Wanjala Omilo</p>	<p>Date of birth. 1971</p> <p>Secretary to the Board of Governors</p> <p>M. Phc – Human Resource Development</p> <ul style="list-style-type: none"> - Bachelor of Education (Science) second class honours - Diploma in Sciences & Technical Education - Diploma in Management <p>Secretary to the Board</p>
 <p>Kenneth Godfrey Sirima P. O. Box 63 – 50404 Bumala Cell: 0722-337132 kgsirima@yahoo.com</p>	<p>University of Nairobi Bachelor of Science – Mathematics / Computer Science</p> <p>AREAS OF COMPETENCE</p> <ul style="list-style-type: none"> • Project management, development and capacity building for support of financial management systems. • Systems selection, implementation and support of systems. • Systems design and development of financial management systems. • Knowledge of ICT technologies - Windows, Dos, Unix, programming - Basic, Pascal, Cobol, MSOffice and numerous windows based utilities and software. • Planning and organization in the reengineering of business Processes. <p>Member of the Board</p>
 <p>Dr. Celine Awino Email: cawino@mmust.ac.ke or awinocelline26@gmail.com or omondicelline77@gmail.com</p>	<p>Technical university of Berlin (Germany) Doctor of natural science in renewable energy July 2009- July 2011 University of Pune (India) Master of Science in Physics (First class with distinction) Aug 1998- Nov 2003 Moi University (Kenya) Bachelor of education science (Physics and Mathematics) First class honors</p> <p>Member of the Board</p>

 <p>En.. Peter OdhiamboKochola</p>	<p>Date of Birth. 1954</p> <p>B.sc. Electrical Engineering (University of Nairobi)</p> <p>Registered Electrical Engineer, lecturer KIHBT Nairobi</p> <p>Chairman Academic, Human Resource Welfare committee</p> <p>Member Audit Committee</p>
 <p>Ms.Maureen Jalang'o P.O Box 3, 50404 Bumala-Kenya, Tel: +254725863526</p>	<p>Date of birth; 5th August 1986</p> <p>Bachelor of laws (LLB)</p> <p>Kampala international University</p> <p>Diploma in law</p> <p>Kenya school of professional studies</p>

MANAGEMENT TEAM

 <p>Mr. Calestus Wanjala Omilo</p>	<p>Date of birth. 1971</p> <p>Secretary to the Board of Governors</p> <p>M. Phc – Human Resource Development</p> <ul style="list-style-type: none"> - Bachelor of Education (Science) second class honours - Diploma in Sciences & Technical Education - Diploma in Management
 <p>Mrs. Celestine Mudiwo</p>	<p>Date of birth. 1970</p> <ul style="list-style-type: none"> - Diploma in Technical Education (Fashion Design & Garment Making) <p>Deputy Principal Administration</p>
 <p>Mr. Juma Wasilwa</p>	<p>Date of birth. 1968</p> <ul style="list-style-type: none"> - Bachelor of Business Management (Second Class honours - Diploma in Technical Education (Business Studies - Diploma in Business Administration <p>Deputy Principal Academics</p>

 <p>Mr. Kevin Khasenye Wakhasenye</p>	<p>Date of birth. 1978</p> <p>- Bachelor of Education Arts (English & Literature)</p> <p>Dean Of Students</p>
 <p>Mr. Shaban Mohammed Namatsi</p>	<p>Date of Birth; 1981 Bachelor of Science (Computer Science)</p> <p>Registrar</p>
 <p>Eugene Ekameta Wobenjo</p>	<p>Date of Birth; 1981 CPA – ICPAK no. 25609 Accountant</p>
 <p>Emma Nyagweth</p>	<p>Date of Birth; 1988 Bachelor of commerce (Purchase and Supply) Procurement officer</p>

CHAIRMAN'S STATEMENT

INTRODUCTION

On behalf of the Board of Governor, I am delighted to be part of Bumbe Technical Training Institute and to give the following report on the activities undertaken by the Institute during the Financial Year 2020/2021. This report highlights the activities, challenges and the future prospects of the institution. We appreciate the government support and funding that has enabled the Institute to carry out its functions and remain relevant in technical and vocational education and training (TVET) in the country. It is our prayer that the government will continue to avail more resources to the Institute so that we can continue to contribute to the production of a workforce with relevant skills to handle the 21ST Century challenges experienced both nationally and globally.

MAJOR ACTIVITIES DURING THE FINANCIAL YEAR:

Strategic Plan:

The Institute's strategic plan for the period 2015 – 2020 ended during the financial year and we are in the final stages of developing a new plan that will guide the institute in carrying out its functions and activities for the period 2021 - 2025.

Linkages and Collaboration:-

The Institute established a number of linkages and collaborations with partners to enable it carry out its mission. Key among these was the Memorandum of Agreement with the Chamber of Commerce, Busia chapter to support it in identifying appropriate industries to partner with for training and industrial attachment for our students. The Institute, in collaboration with National Government Constituency Development Fund - Funyula Constituency, also entered into a Memorandum of Understanding with the Nangina Family Helper Project to revive and mount courses at the Nangina Family Helper Project Youth Polytechnic. This polytechnic was initially managed by the late Catholic missionary, Sister Mariana Hulshof but it is currently dormant. It is also worth noting that the National Government Affirmative Action Fund-NGAAF (Office of the Women representative) County Government of Busia, contracted the Institute to fabricate Kiosks to be distributed to trading centers within the County.

Improvement on Institutional Capacity

In order to continue improving on its performance, the institution constructed a modern gate and renovated some boarding facilities to comply with the COVID 19 containment protocols. Due to logistical challenges that were partly caused by the outbreak of the pandemic, the institution did not start the first phase of the science laboratory block as was planned. The project is, however, scheduled for next financial year 2021-2022. To beef up on its human resource, the institution received some 10 trainers posted by the Public Service Commission and the Board hired a number of staff both teaching and non-teaching in critical areas of training and other TVET operations. Various Capacity building activities for staff were conducted during the year, whereby a number of trainers and top Management underwent the Kenya school of Government -Senior Management Course among others. In addition, the Institute conducted successful trainings on COVID 19 protocols for staff and students as well as Disability mainstreaming for all Heads of Department.

Quality Management:-

The institution conducted an external audit on the quality of its management system by the Kenya Bureau of Standards, which enabled the institute to transit from ISO 9001: 2008 to ISO 9001:2015 Certification. This was a significant achievement for the Institute.

CHALLENGES

COVID 19 Pandemic

Like elsewhere in Kenya and beyond, the Institute was adversely affected by the COVID 19 pandemic. There is need therefore to put strategies in place to make the institution move forward and attain a bright future. Some of the major challenges that the institute faced due to the pandemic include but not limited to, inadequate classrooms, laboratories and workshops for training, limited space for trainee's accommodation, inadequate clean water supply and storage facilities, kitchen hygiene, sanitary facilities and security issues. The institution had to revise its budget upwards in the process of preparing for reopening by addressing some of the issues listed above.

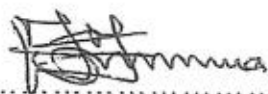
Financial constraints;

There are a number of training tools, equipment and infrastructure facilities that require improvement in order to meet the demand of the highly increasing student population. However due to the financial constraints as a result low enrolment, poor fee payment and undisbursed capitation from the Ministry of education, a number of scheduled activities and various challenges mentioned above were not fully addressed.

FUTURE PROSPECTS

The institute plans to;

- Solicit funds to acquire more land from the community for expansion and infrastructure development,
- Expand training programs by mounting more CBET and Technology oriented courses as well as introduction of flexible and blended learning through online training,
- Strengthen training departments by acquiring more tools and equipment, increase capacity through training of more staff in technical areas,
- Increase means of transport for staff and students through purchase of a bigger Institute Bus and a pick up,
- Enhance security - By completing the construction of the modern gate and perimeter wall fence, installation of biometric identification systems and CCTV cameras at the critical areas,
- Solicit support from investors and well wishers to put up hostels and staff houses in collaboration with the local community,
- Enroll more students by carrying out extensive marketing as well as reduce trainee dropout rate by enhancing student support mechanisms,
- Improve information Communication by increasing the capacity of the bandwidth as supported by Mast at the institute, This will enhance the growth of the institute to the desired levels of a national Polytechnic as well as ensure delivery of quality services within its mandate.



.....
Chairperson of the Board

REPORT FROM THE PRINCIPAL

During the Financial Year 2020/2021, the institution put in place a number of measures to enable it attain its mandate. This report gives an overview of the achievements made during the Financial Year 2020/2021, as well as the challenges experienced

1. Enrolment

During the FY2020/2021 our enrolment was 1605 students, far much below our target of 1800 students. This was due to untimely closure of institution following the outbreak of COVID 19 Pandemic. We were expecting to enroll over six hundred new students who had applied for July and September 2020 intake.

2. Staff establishment

The Institution has 49 trainers employed by the Public Service Commission and 39 employed by the Board of Governors. During the same year one trainer was transferred to another station as a deputy Principal..

There were 46 non-teaching staff and the board advertised to fill the position of an accountant, technician Building and Civil Engineering, Maintenance officer.

The institution supported a number of staff for capacity building in various short courses and seminars, the top management and some other Heads of Departments undertook the senior management course at the Kenya School of Government –Baringo campus

3. Curriculum

We implemented all our training programmes in the six departments and some CBET courses approved by the TVET Authority were rolled out. The institution rolled out Open and Distant Education and learning (ODEL) in all departments during the year.

A number of co-curricular activities were not carried out due to Covid 19 Pandemic.

4. Infrastructure development, Renovation and Facelift.

During the Financial year 2020-2021, the institution adjusted its budget in order to improve on water points, kitchen, toilets, painting and furniture, to meet the COVID 19 protocols in preparation for face to face learning as directed by the ministry. This interfered with a number of development activities which could not be fully executed. The construction of modern gate was started and it will be complete in the coming financial year. The Institution is mentoring Khwisero T.V.C. in Kakamega county which has delayed in completion due to late funding.

5. Training for Production

In order to fulfill its mandate of training for production, the institution has reached out to the community for partnership in income generating activities. During the financial year, the office the Women representative, county government of Busia (NGAAF) contracted the institution for the fabrication of 14 Kiosks. We have started making gabbros and building blocks for our own use and selling to the community.

6. Challenges

1. Low enrollment.

The institution experienced low enrolment occasioned by delay in the new intakes as a result of Covid 19 Pandemic.

The institution experienced low enrolment occasioned by delay in the new intakes as a result of Covid 19 Pandemic.

Bumbe technical training institute is in the category of colleges expected to have over 5000 students, however the current enrolment stands at 1605 students. There is also a drop out of few students due to lack of fees, upkeep and other personal issues like pregnancies and job seeking. Poor perception and attitude from the local community leading to poor enrolment and support of the training activities in financial constraints.

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

2 Delay in government capitation and payment of fees for NYS students.

The institute suffered a financial crisis as the government delayed in disbursement of capitation to students enrolled by KUCCPS, on the other hand the national youth service sponsored students who forms 20% of the students population were not paid for fee during the whole financial year, this led to us borrowing funds from the development account and bank overdraft to cushion us.

There has been delay in releasing funds for projects planned for by the ministry and hence leading to delay in starting the project. A number of the development project as indicated in the Performance Contract and Budget estimates for the financial year 2020-2021 were not executed due to delay in financial disbursements. The revenue collection went down as there was low fee collection as a result of the COVID 19 pandemic and part of government capitation for the third and the whole fourth quarter was not remitted to the institution account.

3. Constrained facilities

Due to Covid 19 Protocols the infrastructure facilities are constrained and many require renovations. The rapid increase in students population raised pressure on the availability of classroom, workshops and hostels and sanitary facilities. There is limited land for expansion. Bumbe technical training institute wish to get support to construct more facilities.

4. Staff Movement

During the year the institute experienced a huge staff movement where one trainers was deployed to positions of responsibility as Deputy principal and two transferred to other institutions. Further three other staff were granted study leave.

5. Means of transport

The institute has one 52 seater bus, double cabin pick up. With the growing population these are inadequate.

6. Security.

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

7. Accessibility of the institute

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

8. Narrow Curriculum base

The institute is yet to amount courses relevant to the cultural and economic activities of local community especially in the field of blue economy (fresh water marine studies) due to lack of relevant infrastructure.

Calestus W. Omilo



PRINCIPAL AND SECRETARY BOARD OF GOVERNOR

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REVIEW OF BUMBE TTI'S PERFORMANCE FOR FY 2020/2021

1. Sustainability strategy and profile -

Bumbe technical Training Institute is one of the Government Tertiary Colleges in Kenya. It stands on a 10-acre plot and is located along the shores of Lake Victoria between Sio-port and Port Victoria. The institute overlooks the boundary of Kenya and Uganda in the lake. The institute has a total enrolment of 1605 trainees distributed in various courses and it has an establishment of 88 trainers and 46 non-teaching staff. The community around the institute practice fishing as their main source of income.

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

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

2. Environmental performance

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

- The environment department has an elaborate plan on cleaning, planting of trees and general maintenance of the compound.
- The main challenge faced is that this region sometimes experiences dry spells devoid of rainfall hence trees dry up whenever it is too dry. Landscaping is yet to be done thus working with ground maintenance machines is a challenge as it breaks them down more.

3. Market place practices-

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

The user departments come up with procurement requisitions that go through multi-stage approvals before resources are availed for the program or project implementation to kick

off. Similarly, in accordance with the public procurement and asset disposal regulations all relevant rules are followed right from the invitation for tender bids until award of the tenders. All this is done in cognizance of the fact that affirmative action requirements safeguarding the marginalized groups such as the youth, women and PWDs are given an equal opportunity to access supply of equipment and services hence no discrimination based on any of the listed groups.

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

Consumer rights are safeguarded through effective and efficient service delivery that is time bound. There are customer service charters that outline which, how and when the service shall be offered satisfactorily. Likewise, our production unit like the Cabro-making machine produces a competitively good quality product hence our area of excellence in the neighbourhood.

4. Community Engagements-

In the wake of Covid-19 pandemic the institute undertook training to the neighbouring landlords and ladies on how to mitigate against the corona virus at their homes and rental premises.

The institute also provides treated water to the local community who draw pumped and treated water from the institute.

Both the teaching and support staff are regularly trained in a number of areas as per their specializations.

The sports department has organized for friendly matches with the neighbouring schools, colleges and even at community level which has helped to attract some of the players to join training at Bumbe TTI.

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FY 2020/2021

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

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

The BOG of Bumbe TTI signed a Performance Contract with the Government of Kenya during the financial year 2020/2021 in line with its Strategic Objectives. The purpose of this Performance Contract is to establish the basis for ensuring that efficient and effective services are delivered to all Kenyans in line with the Provisions of the Constitution and by requiring Bumbe Technical Training Institute to adopt systems that enable innovations and adoptability of Public Services to the needs of the users.

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

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

- Pillar 1. To increase access to quality and relevant Education and Training opportunities.
- Pillar 2. To Institutionalize Innovation, applied Research and Development.
- Pillar 3. To integrate ICT in training and Delivery
- Pillar 4. To strengthen Institute Capacity and Competitiveness.
- Pillar 5. To enhance sound Governance and Management
- Pillar 6. To establish Linkages and Collaborations

Bumbe Technical Training Institute develops its annual work plans based on the above six pillars. Assessments of the Board's performance against its annual work plan is done on quarterly basis. Bumbe Technical Training Institute achieved its performance targets for the FY 2020/2021 period for its strategic pillars as indicated in the table below: -

S/No	Objective	Performance Indicator	activities	Achievement status as at 30th June 2021
1.	To increase access to quality and relevant education and training opportunities	<ul style="list-style-type: none"> • Number of trainees enrolled in SET • Number of CBET programmes mounted • Number of trainees enrolled 	<ul style="list-style-type: none"> • Increased trainee enrolment in SET • CBET curriculum implemented • Trainee enrolment 	<p>200</p> <p>12</p> <p>1800</p>

		<ul style="list-style-type: none"> • Project completion Rate • Pass Rate • Constructed modern gate, well lit compound 	<ul style="list-style-type: none"> increased • Number of completed projects • Increased external exams pass rate • Improve infrastructure 	<p>0</p> <p>70.20%</p> <p>90%</p>
2.	To institutionalize Innovation, applied Research and Development	<ul style="list-style-type: none"> • Research papers presented 	<ul style="list-style-type: none"> • Science technology and innovation mainstreaming 	1
3.	To integrate ICT in training and service delivery	<ul style="list-style-type: none"> • Online programmes started 	<ul style="list-style-type: none"> • Integrating ICT in learning 	All courses
4.	To strengthen Institute capacity and competitiveness	<ul style="list-style-type: none"> • Analysed data, • Number of staff trained • Number of youth on internship/industrial attachment/Apprenticeship 	Competence Development	<p>60%</p> <p>10</p> <p>14</p>
5.	To enhance sound governance and Management	<ul style="list-style-type: none"> • Number of trainings on leadership and management conducted 	<ul style="list-style-type: none"> • Training of HODS on corruption prevention and Disability mainstreaming 	2
6.	To establish Linkages and Collaborations	<ul style="list-style-type: none"> • Number of organizations partnered with. 	<ul style="list-style-type: none"> • Creating partnerships with various organizations and industries • Developing MOUs with partnered industries/organizations 	3

MANAGEMENT ANALYSIS AND DISCUSSION AND

- The institute has gone through challenges in carrying out its normal operation due to outbreak of covid-19 pandemic which resulted to the closure of the institution as there was low revenue collection and less disbursement of capitation by the Government from July to June 2021.
- The total outstanding bill ksh. **8,040,056** for period ending 30th June, 2021.

The institute recorded an decrease of 8% in revenue collection as per the figure 1, However, the expenditure increased by 2% from 18% last financial year 2019-2020 to 20% this financial year 2020-2021

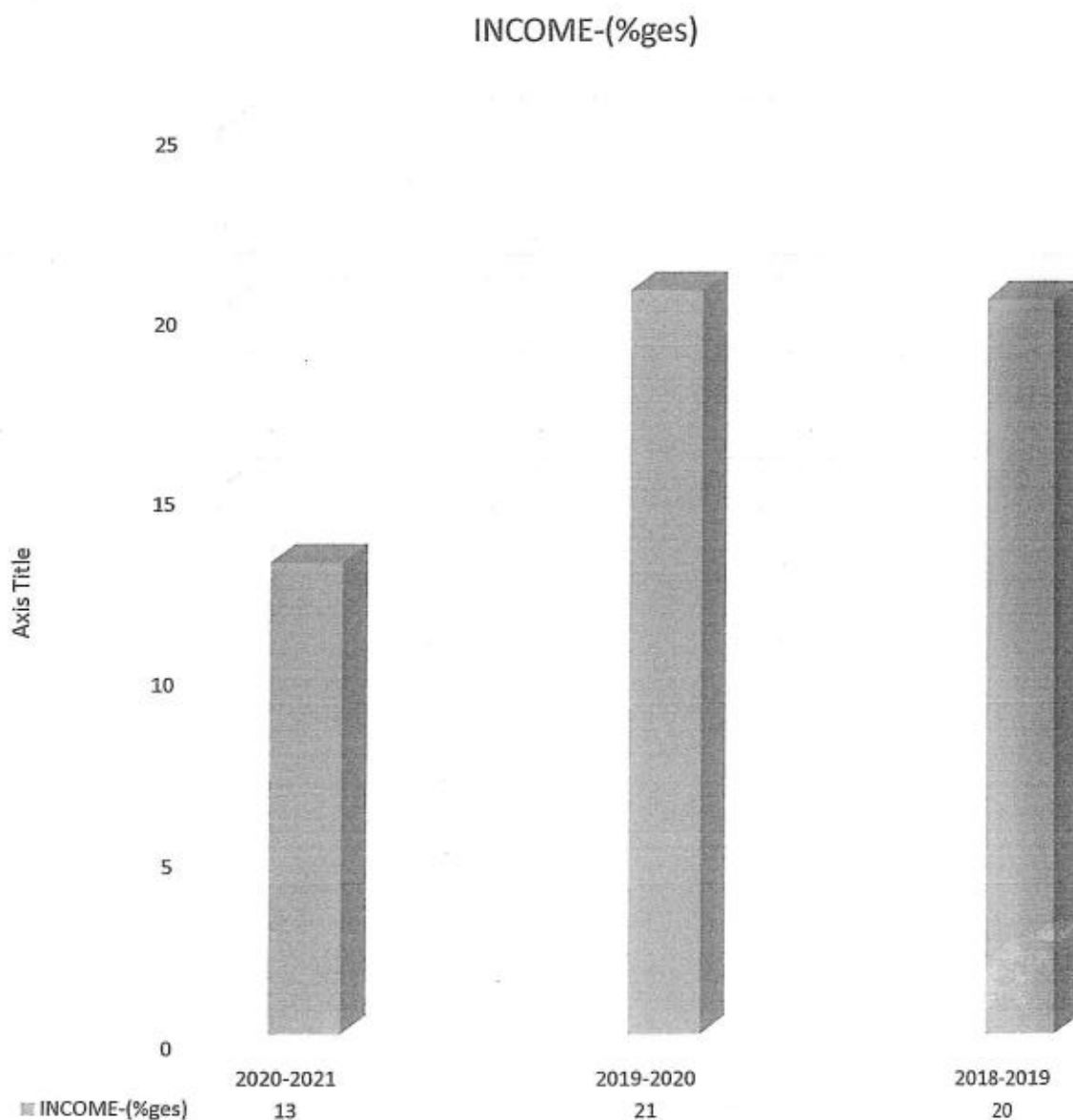


Figure1: INCOME

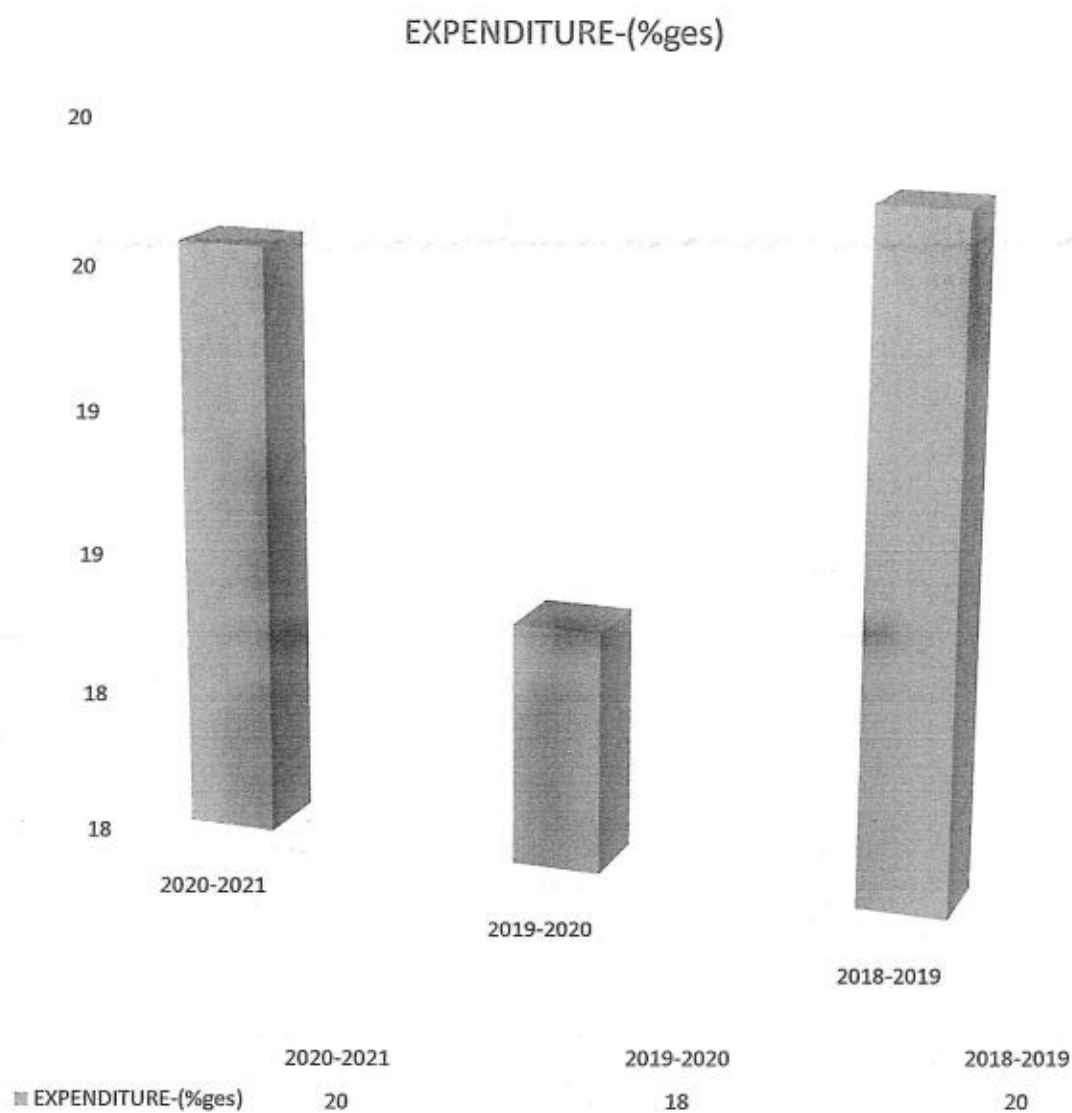


Figure2: EXPENDITURE

Table 1: Students' enrolment for the period ending 30th June, 2021

Department	FY 2020-2021			FY2019-2020		
	Male	Female	Total	Male	Female	Total
Automotive Engineering	195	17	212	158	13	171
Building and Civil Engineering	358	85	443	375	89	464
Business & Liberal studies	65	122	187	80	160	240
Electrical Engineering	201	37	238	185	32	217
Institutional management	45	425	470	36	271	307
Information communication technology	33	22	55	35	24	59
TOTAL	897	708	1605	869	589	1458

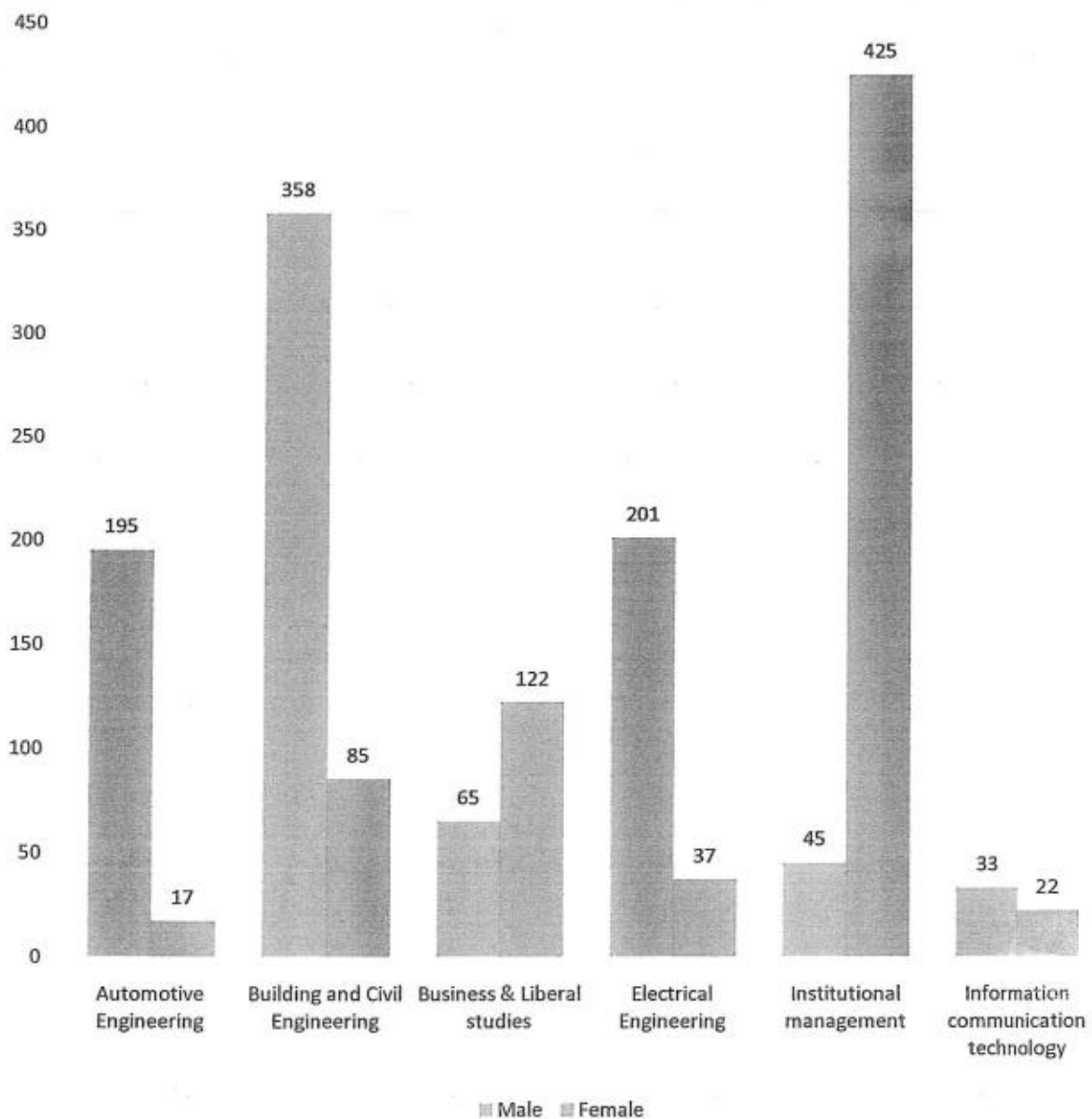


Figure3: Student's Enrolmen

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the unaudited financial statements for the year ended June 30, 2021 which show the state of the Bumbe TTI's affairs.

Principal activities

The mandate of Bumbe T.T.I encompasses the following:

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

Quality policy statement

Bumbe TTI is committed to be a centre of excellence in research, innovation & technical training by providing research driven technical & entrepreneurial training for self-reliance in a competitive market and national production system.

In pursuit of this commitment, the institute shall comply with all applicable requirements and continually improve its effectiveness by implementing a quality management system based on ISO 9001:2015.

Results

The results of the institute for the year ended 30th June, 2021 are set out on pages **1 to 5**

BOARD OF GOVERNORS

During the year 2020-2021 there was no governor who retired or resigned, the earlier Board served up to end of November 2020 and the current board was appointed in February 2021 and inaugurated on 6th April 2021. The profiles of the members of the Board who served during the year w.e.f 6th April 2021 are shown on pages Vto VII.

Auditors

The office of the Auditor General is responsible for the statutory audit of the Bumbe TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Bumbe TTI for the year/ ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board
Bumbe Technical Training Institute
Principal/Secretary Board of Governors
P.o Box 440-50406
Funyula

Date:

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 Bumbe Technical Training Institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year and the operating results of the institute for that year. The board members are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board members are also responsible for safeguarding the assets of the institute.

The Board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year ending on June 30, 2021. 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 institution; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and TVET Act 2013. The Board members are of the opinion that the financial statements give a true and fair view of the state of the institute's transactions during the financial year ended June 30, 2021, and of the institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Bumbe TTI's financial statements were approved by the Board on 01/10/ 2021 and signed on its behalf by:

Name Prof. Fredrick Wanyama

Signature [Signature]

Chairperson of the Board

Name CALESTUS W. OMUTO

Signature [Signature]

Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON BUMBE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bumbé Technical Training Institute set out on pages 1 to 19, which comprise of the statement of financial position

as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bumbe Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Variances between Financial Statements and Supporting Schedules

The statement of financial performance and statement of financial position reflect two (2) items that are at variance with the supporting schedules. The financial statements reflect an amount of Kshs.41,440,566 for general expenses against an amount of Kshs.42,073,156 in the supporting schedules resulting to an unreconciled variance of Kshs.632,590. Similarly, the trade payables are reflected as Kshs.6,725,503 in the financial statements against an amount of Kshs.7,358,092 in the supporting schedules resulting to an unreconciled variance of Kshs. 632,589.

In the circumstances, the accuracy of the two account balances could not be confirmed.

1.2 Inaccuracies in the Statement of Comparison Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total income, budget deficit and under absorption amounts of Kshs.53,113,459, Kshs.16,216,629 and Kshs.338,543,152 respectively. However, the recalculated amounts are Kshs.52,823,269, Kshs.16,506,819 and Kshs.339,795,245 resulting in unexplained variances of Kshs.290,190, Kshs.290,190 and Kshs.1,252,093 respectively.

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

1.3 Receivables from Non-exchange Transactions

The statement of financial position reflects a nil balance under receivables from non-exchange transactions while the statement of comparison of budget and actual amounts reflects actual receipts of Kshs. 16,537,500 under Government capitation.

In addition, the statement of financial position refers the nil balance on receivables from non-exchange transactions to Note 17 which is on finance costs.

In the circumstances, the accuracy of the receivables from non-exchange transactions - GOK capitation could not be confirmed.

2. Unsupported Expenditure

The statement of financial performance reflects a balance of Kshs.3,919,197 in respect of use of goods and services which, as disclosed in Note 10 to the financial statements, includes amounts of Kshs.489,684, Kshs.68,180 and Kshs.52,630 in respect of rent/hostel, book fund and tender respectively. However, the supporting documents such as ledgers and schedules were not provided for audit verification.

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

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.409,125,333 and a recalculated amount of Kshs.52,823,269 for actual on comparable basis resulting in under-funding of Kshs.356,300,064 or 87% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of Kshs. 409,125,333 and Kshs.69,330,088 resulting to under absorption of a recalculated amount of Kshs.339,795,245 or 83% of the budget. No explanation was provided for both the under-funding and under-absorption of funds.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised. The Management has not resolved the issues or provided reasons for the delay in resolving them. Further, the

unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board and The National Treasury Circular Ref: AG.4/16/2 Vol.3 (72) dated 30 June, 2021.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter discussed in the Basis for Conclusion of 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

Unbudgeted Expenditure

The statement of financial performance reflects a balance of Kshs.41,440,566 in respect of general expenses which, as disclosed at Note 16 to the financial statements, includes amounts of Kshs.3,760,580 in respect of Covid-19 response expenses. However, the expenditure was not included in the approved budget. This is contrary to the provisions of Section 43(b) of the Public Finance Management (National Government) Regulations, 2015, which states that an Accounting Officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the National Assembly.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 control, risk management and 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 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 control 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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019/2020
Income		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–capitation	5	16,537,500	16,717,500
Total Revenue from non-exchange transactions		16,537,500	16,717,500
Revenue from exchange transactions			
Rendering of services- Fees from students	6	28,356,748	51,420,678
Sale of goods	7	5,135,480	6,578,586
Rental revenue from facilities and equipment	8	2,189,901	4,488,385
Other income	9	603,640	44,000
Revenue from exchange transactions		36,285,769	62,531,649
Total revenue		52,823,269	79,249,149
Expenses			
Employee costs	11	19,149,861	17,237,306
Board allowances	12	1,246,170	1,825,000
Depreciation expense	13	10,101,628	10,687,796
Repairs and maintenance	14	3,322,406	977,012
Use of goods and services	10	3,919,197	3,007,372
General expenses	16	41,440,566	36,410,956
Finance costs	17	251,888	561,124
Total expenses		79,431,716	70,706,566
Net Surplus/Deficit for the year		<u>-26,608,447</u>	<u>8,542,583</u>

RECONCILIATION OF TOTAL RENDERING OF SERVICE - FEE FROM STUDENTS AMOUNTS

DETAIL	KSHS.
Balance in the schedule	28,646,938.00
Less; transfer of caution money to refundable deposit (Note 21)	(290,190.00)
Balance as per financial performance	28,356,748.00

RECONCILIATION OF TOTAL GENERAL EXPENDITURE AMOUNTS

DETAIL	KSHS.
Balance in the schedule	42,073,156.00
Less; Double entry in tuition and covid 19 expenses	(632,590.00)
Balance as per financial performance	41,440,566.00

The notes set out on pages 6 to 17 form an integral part of the Annual Financial Statements.

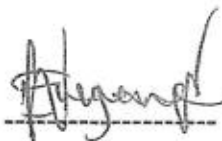
2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

	Notes	2020-2021	2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	20	20,710,912	32,272,750
Receivables from exchange transactions	17	32,635,687	23,159,420
Receivables from non-exchange transactions GOK capitation	17	0	5,572,500
Total Current Assets		53,346,599	61,004,670
Non-current assets			
Property, plant and equipment	21	211,146,362	216,704,000
Total Non-current Assets		211,146,362	216,704,000
Total assets		<u>264,492,961</u>	<u>277,708,670</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	6,725,503	6,656,461
Refund to Chamasiri TVC		0	2,176,200
Refundable deposit		12,591,278	-
Total Current Liabilities		19,316,781	8,832,661
Non-current liabilities			
Borrowings	23	1,314,553	2,949,925
Total Non-current liabilities		1,314,553	2,949,925
Total liabilities		20,631,334	11,782,586
Capital			
Accumulated surplus	Page 3	3,033,166	29,641,613
Capital	Page 3	240,828,461	236,284,471
Total Capital and Reserves		243,861,627	265,926,084
Total Liabilities and Capital & Reserves		<u>264,492,961</u>	<u>277,708,670</u>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:



Chairman Board of Governors



Finance Officer
ICPAK No 25609



Principal

Date... 23/9/2021

Date... 23/09/2021

Date... 23/9/2021

*Annual Report and Financial Statements
For the Year Ended 30th June 2021*

RECONCILIATION OF TOTAL TRADE AND OTHER PAYABLES AMOUNTS

DETAIL		KSHS.
Balance in the schedule		7,358,093.00
Less: Paid supplies (Sumo Computers)		(632,590.00)
Balance as per financial position		6,725,503.00

3. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained Surplus	Capital	Total
Balance b/f at July 1, 2017	0		12,970,509	251,058,852	264,129,361
Addition during the year	0	0	0	0	0
Prior year adjustment	0	0	0	0	0
Net Surplus for the year	0	0	6,418,742	0	6,418,742
Transfer of depreciation			0	-21,149,666	-21,149,666
Balance c/d as at June 30, 2018	0	0	19,389,251	229,909,186	249,298,437
Balance b/f as at July 1, 2018	0	0			
Revaluation gain	0	0	0	0	0
Prior year adjustment	0	0	0	0	0
Total comprehensive income	0	0	1,709,779	0	1,709,779
Transfer of depreciation to capital fund	0	0	0	0	0
Balance c/d as at June 30, 2019	0	0	21,099,030	229,909,186	251,008,216
Balance b/f as at July 1, 2019	0	0	21,099,030	229,909,186	251,008,216
Revaluation gain	0	0	0	0	0
Prior year adjustment	0	0	0	0	0
Total comprehensive income	0	0	8,542,583	0	8,542,583
Addition during the year	0	0	0	6,375,285	6,375,285
Balance c/d as at June 30, 2020	0	0	29,641,613	236,284,471	265,926,084
Balance b/f as at July 1, 2020	-	-	29,641,613	236,284,471	265,926,084
Total comprehensive income			-26,608,447	0	-26,608,447
Addition during the year			0	4,543,990	4,543,990
Balance c/d as at June 30, 2021	-	-	3,033,166	240,828,461	243,861,627

4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	0	2020-2021	2019/2020
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Government - capitation	5	16,537,500	16,717,500
Rendering of services- Fees from students	6	28,356,748	51,420,678
Sale of goods	7	5,135,480	6,578,586
Rental revenue from hostels & staff houses	8	2,189,901	4,488,385
Other in come - tender & salary advance	9	603,640	44,000
Total Receipts		52,823,269	79,249,149
Payments			
Compensation of employees	11	19,149,861	17,237,306
Finance cost	17	251,888	561,124
Board allowances	12	1,246,170	1,825,000
RMI	14	3,322,406	977,012
Use of goods and services	10	3,919,197	3007372
General expenses	16	41,440,566	36,410,956
Total Payments		69,330,088	60,018,770
Net cash flows from operating activities		-16,506,819	19,230,379
Cash flows from investing activities			
Decrease/Increase in current payable		10,484,120	-842,452
Decrease/Increase in current receivable		-3,903,767	7,877,458
Net cash flows used in investing activities		6,580,353	7,035,006
Cash flows from financing activities			
Repayment of borrowings		-1,635,372	-661,739
Net cash flows used in financing activities		-1,635,372	-661,739
Net increase/(decrease)in cash and cash equivalents		-11,561,838	25,603,646
Cash and cash equivalents as at 1 st July 2020		32,272,750	6,669,105
Cash and cash equivalents as at 30 June 2021		<u>20,710,912</u>	<u>32,272,750</u>

5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Variation
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Development grants	284,821,221.00	0	284,821,221	0	0%	284,821,221.00
Government capitation	51,000,000.00	0	51,000,000.00	16,537,500	32%	34,462,500
Rendering of services- Fees from students	40,295,000.00	0	40,295,000.00	28,356,748	70%	11,648,062
Sale of goods	13,385,000.00	0	13,385,000.00	5,135,480	38%	8,249,520
Other Income-	15,067,712.00	0	15,067,712.00	603,640	4%	14,464,072
Rental income	4,556,400.00	0	4,556,400.00	2,189,901	48%	2,366,499
Total income	409,125,333.00	0	409,125,333.00	53,113,459		356,011,874
Expenses						
Development grants	293,987,921.00	0	293,987,921.00	0	0%	293,987,921
Compensation of employees	20,998,905.00	0	20,998,905.00	19,149,861	91%	1,849,044
Finance cost	1,977,832.00	0	1,977,832.00	251,888	13%	1,725,944
Board Allowances	2,190,000.00	0	2,190,000.00	1,246,170	57%	943,830.00
General expenses	85,743,215.00	0	85,743,215.00	44,762,972	52%	40,980,243
Use of goods and services	4,227,460.00	0	4,227,460.00	3,919,197	93%	308,263.00
Total expenditure	409,125,333.00	0	409,125,333.00	69,330,088		338,543,152
Surplus for the period				-16,216,629		

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

DETAILS	KSHS.
Actual expenditure as per statement of Financial performance	41,440,566
Add: Repair and maintenance Note 14	3,322,406
Actual expenditure as per statement of comparison of budget and actual	44,762,972

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Bumbe Technical Training Institute is established by and derives its authority and accountability from TVET Act. The Bumbe TTI is wholly owned by the Government of Kenya and is domiciled in Kenya. The Bumbe Technical Training Institute's principal activity encompasses the following:

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

Quality policy statement

Bumbe TTI is committed to be a centre of excellence in research, innovation & technical training by providing research driven technical & entrepreneurial training for self-reliance in a competitive market and national production system.

In pursuit of this commitment, the institute shall comply with all applicable requirements and continually improve its effectiveness by implementing a quality management system based on ISO 9001:2008.

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. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Bumbe Technical Training Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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

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

ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>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"> (a) The nature of such social benefits provided by the Bumbe Technical Training Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Bumbe Technical Training Institute's financial performance, financial position and cash flows.
Other Improvements to IPSAS	<p>Applicable: 1st January 2013:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying</p>

Standard	Effective date and impact:
	financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

ii. Early adoption of standards

The Bumbe Technical Training Institute adopted new standards in financial year 2018-2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are 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 Bumbe Technical Training Institute 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 Bumbe Technical Training Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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.

b) Budget information

The original budget for FY 2020/2021 was approved by the Board on 30th January 2020

The Bumbe Technical Training Institute's budget is prepared on cash 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.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation. 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 Bumbe Technical Training Institute 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.

d) Research and development costs

The Bumbe Technical Training Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Bumbe Technical Training Institute 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.

e) Changes in accounting policies and estimates

The Bumbe Technical Training Institute recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Related parties

The Bumbe Technical Training Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Bumbe Technical Training Institute, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the principal and Head of Department.

g) Service concession arrangements

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

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, 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.

i) Comparative figures

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

j) 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, 2021.

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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 Bumbe Technical Training Institute
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

5 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Capitation grants	16,537,500	16,717,500
Total government grants and subsidies	16,537,500	16,717,500

5b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2018-2019
	KShs	KShs	KShs	KShs	KShs
Ministry of Education/State Department of TVET	16,537,500	0	0	16,537,500	16,717,500
Total	16,537,500	0	0	16,537,500	16,717,500

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

6 RENDERING OF SERVICES

Description	2020-2021	2019-2020
	Kshs	KShs
Tuition fees	6,386,213	17,555,125
Activity fees	1,748,482	1,729,089
Examination fees	4,799,987	8,363,577
Library fees	829,820	717,505
Insurance	854,867	834,720
Registration fees	954,440	569,140
Student ID	167,400	116,400
Electricity & Water	863,297	1,726,738
Local travelling	1,394,620	2,163,720
Personal Emolument	4,960,395	9,831,385
Computer training	0	773,924
Attachment	1,172,180	1,994,320
Student council	486,175	432,695
RMI	753,890	648,270
Fees balance paid	167,902	0
Development	1,659,980	2,545,250
Contingencies	591,560	508,910
Caution Money	0	200,130
Medical	563,040	481,780
Graduation	2,500	228,000
Total revenue from the rendering of services	28,356,748	51,420,678

7 SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
Catering services	3,964,640	6,364,116
Production unity	1,016,840	64,170
Town campus	16,000	33,350
Driving	138,000	116,950
Total revenue from the sale of goods	5,135,480	6,578,586

8 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Students Hostels	2,185,901	4,473,885
Staff Houses	4,000	14,500
Total Revenue from hostel	2,189,901	4,488,385

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

9 OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Income from sale of tender	43,000.00	44,000
Computer Training	530,640.00	0
Salary advance recovery	30,000.00	0
Total other income	603,640.00	44,000

10 USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	KShs	KShs
E W & C	1,768,703	1,232,592
Book Fund	68,180	70,570
Security	1,540,000	1,357,390
Rent/Hostel	489,684	262,000
Tender	52,630	84,820
TOTAL	3,919,197	3,007,372

11 Employee costs

	2020-2021	2019-2020
	KShs	KShs
PERSONAL EMOLUMENTS	16,777,330	11,463,367
ELIMU SACCO	0	3,265,527
National Social Security Fund	1,485,000	1,262,791
Income Tax - PAYE	174,231	637,821
National Hospital Insurance Fund	537,300	463,800
Salary advance	176,000	144,000
Employee costs	19,149,861	17,237,306

12 Board of governor's allowances

Description	2020-2021	2019-2020
	KShs	KShs
BOG allowances	1,246,170	1,825,000
Total BOG allowances	1,246,170	1,825,000

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

13 DEPRECIATION EXPENSE

Description		2020-2021	2019-2020
		KShs	KShs
Tools and equipment	15%	473,034	709,551
Motor vehicle	25%	987,500	987,500
Furniture & fittings	10%	241,324	241,324
Computers	33.30%	807,620	1,157,270
Buildings	2.50%	7,592,150	7,592,150
Total depreciation		10,101,628	10,687,796

14 REPAIRS AND MAINTENANCE

Description		2020-2021	2019-2020
		KShs	KShs
Building and civil engineering		0	180,000
Vehicles		49,900	149,880
General repairs		3,272,506	647,132
Total repairs and maintenance		3,322,406	977,012

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description		2020-2021	2019-2020
		KShs	KShs
Current receivables			
Balance B/D		28,731,920	36,609,378
Student fee balances as at June 2021		10,364,967	6,826,158
Less fees paid		-6,461,200	-20,276,116
Total		32,635,687	23,159,420
Capitation from GOK received on 12/07/2019		0	5,572,500
Total current receivables		32,635,687	28,731,920

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

16. GENERAL EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Advertising:	1,554,376	1,208,728
Administration costs:	7,145,190	4,230,200
Insurance:	579,987.00	332,500
Rent/hostel:	208,000	478,813
Tuition	4,900,716	7,959,577
LT & T	3,597,689	4,933,105
Production Unit	1,333,768	347,390
Exam fee	8,623,614	4,731,055
Activity fees	171,650	1,334,470
Internet connectivity	530,225	637,328
ISO	47,880	410,150
Attachment	530,187	394,701
Caution money	26,700	0
Students council	359,955	295,828
Research	85,300	1,113,000
Town campus expenses	296,300	179,400
Bank chargers	245,749	115,103
Driving lesson expenses	79,100	95,000
Helb refund	128,255	0
NSSF penalty	16,879	5,639
Income Tax penalty	292,228	49,532
Computer training expenses	551,260	148,500
Covid-19 response expenses	3,760,580	-
Catering Expenses	5,985,428	6,085,415
Graduation	0	863,220
Medical	295,350	375,302
Legal fee	94,200	87,000
Total Expenditure	41,440,566	36,410,956

17. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Interest on bank loan	251,888	561,124
Total finance costs	251,888	561,124

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

18. CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial bank	1157075576	309,627	18,507,809
National bank of Kenya	1021036500800	5,749,196	2,949,902
National bank of Kenya	1021038375900	12,013,301	8,133,669
Kenya Commercial bank	1206577150	2,494,024	2,648,988
Total		20,566,148	32,240,368
Cash in hand		144,764	32,382
Sub-total		144,764	32,382
Grand total		20,710,912	32,272,750

19. Property, Plant and Equipment

	Buildings	Work in progress Modern gate	Land	Furniture and fittings	Motor vehicles	Computers	Work in progress other TVC	Tools and Equipment	Total
Cost	Shs		Shs	Shs	Shs	Shs		Shs	Shs
At 1 July 2017	227,764,500	0	5,500,000	2,413,242	9,645,763	1,050,000		4,685,347	251,058,852
Accumulated depreciation	-7,592,150	0	-	-723,898	-9,645,763	-349,650		-2,838,205	-21,149,666
At 30th June 2018	220,172,350	0	5,500,000	1,689,344	0	700,350		1,847,142	229,909,186
Additions	0	0	0	0	0	0		0	0
At 1st July 2018	220,172,350	0	5,500,000	1,689,344	0	700,350		1,847,142	229,909,186
Additions:	-	0	-	-	-	-	0	-	0
At 30th June 2019	220,172,350	0	5,500,000	1,689,344	-	700,350		1,847,142	229,909,186
Depreciation	7,592,150	0	0	241,324	0	349,650		709,551	8,892,675
Net book value as at 1st July 2019	212,580,200	0	5,500,000	1,448,020	0	350,700	0	1,137,591	221,016,511
Additions	-	0	-	-	3,950,000	2,425,285		6,375,285	6,375,285
At 30th June 2020	212,580,200	0	5,500,000	1,448,020	3,950,000	2,775,985	0	1,137,591	227,391,796
Depreciation	7,592,150	0	0	241,324	987,500	1,157,270		709,551	10,687,796
Net book value as at 30 June 2020	204,988,050	0	5,500,000	1,206,696	2,962,500	1,618,715	0	428,040	216,704,000
Net book value as at 1st July 2021	204,988,050	0	5,500,000	1,206,696	2,962,500	1,618,715	0	428,040	216,704,000
Additions	-	4,498,995	-	-	-	-	-	44,995	4,543,990
Net book value as at 30th June 2021	204,988,050	4,498,995	5,500,000	1,206,696	2,962,500	1,618,715	-	473,035	221,247,990
Depreciation	7,592,150	0	0	241,324	987,500.00	807,620	0	473,034	10,101,628
Net book value as at 30th June 2021	197,395,900	4,498,995	5,500,000	965,372	1,975,000	811,095	-	1	211,146,362

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables for the year	5,033,174	6,656,460
Employee salaries	1,692,329	0
Chamasiri TVC	0	2,176,200
Total trade and other payables	6,725,503	8,832,660

21. REFUNDABLE DEPOSIT

Description	2020-2021	2019-2020
	KShs	KShs
Caution Money	290,190	0
Prepayment fee	12,301,088	0
Balance at end of the period	12,591,278	0

22. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the period- NBK & KCB	2,949,925	3,611,664
Repayments of domestics borrowings during the year	1,635,372	661,739
Balance at end of the period	1,314,553	2,949,925

(ii) RELATED PARTY

Nature of related party relationships

Bumbe TTI and other parties related to the Bumbe TTI 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 Bumbe TTI, holding 100% of the Bumbe TTI'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 Ministry of Education-State Department of TVET;
- iii) Students
- iv) Suppliers
- v) The community
- vi) Key management;
- vii) Board of Governors
- viii) Employees
- ix) Financial institutions-Banks

23. EVENTS AFTER THE REPORTING PERIOD

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

24. ULTIMATE AND HOLDING ENTITY

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

25. Currency

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

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame
--	-----------------------------------	---------------------	--	-----------------------------------	------------

1. Variances between financial statements and supporting schedules

The financial statement balances for the year ended 30th June, 2020 vary with supporting schedules which have not been reconciled as shown below:

Financial Statement Balance	Financial Statement Balance kshs	Ledger/Schedule Kshs.	Variance Kshs.
Rendering of services	51,420,678	56,429,970	(5,009,292)
Sale of Goods	6,578,586	3,686,064	2,892,522
Cash and cash equivalents	32,272,750	32,196,849	75,901
Property, plant and Equipment	216,704,001	216,756,245	(52,244)

Consequently, the accuracy of the figures in the financial statements could not be confirmed.

Variances have since been reconciled

Attached is a copy of revised financial statement

1. RECONCILIATION OF TOTAL RENDERING OF SERVICE AMOUNTS

DETAIL	KSHS.
Balance in the schedule	56,429,970
Less: Fee arrears paid by NYS students	(5,009,292)
Balance as per financial performance	51,420,678

2. RECONCILIATION OF TOTAL SALE OF GOODS AMOUNTS

DETAIL	KSHS.
Balance in the schedule	3,686,064
Add: Catering income received from NYS students	2,892,522
Balance as per financial performance	6,578,586

3. RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS AMOUNTS

DETAIL	KSHS.
Balance in the schedule	32,196,849
Less: Arithmetic error	(75,901)
Balance as per statement of financial position	32,272,750

4. RECONCILIATION OF TOTAL PROPERTY, PLANT AND EQUIPMENT AMOUNTS

DETAIL	KSHS.
Balance in the schedule	216,756,245
Less: Depreciation adjustment	(52,244)
Balance as per statement of financial position	216,704,001

The breakdown of various elements has been provided as per

Finance officer

Not yet 31st December

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

rendering services	received fees from students amounting to Kshs. 51,420,678 and a summary of the same provided in Note 6 of the financial statements. However, the breakdown for various elements under Note 6 was not provided for the audit verification.	note 6, and financial statements updated	resolved awaiting Public accounts committee resolutions	2022
3. non-disclosure of cost of goods sold	Consequently, the accuracy of income from rendering of services could not be confirmed The statement of financial performance indicates that during the year under review, the Institute realised kshs. 6,578,586 only from sale of goods resulting into a reduction of Kshs 1,478,171 compared to kshs.8,056,757 realised in the financial year 2018/2019. The amount of sale of goods is realised from income generating activities carried out by the institute including catering services and welding services. However, management has not disclosed nor supported corresponding expenditure incurred to enable the Institute provide these services and generate the income.	The corresponding expenditure incurred by the institution on cost of goods sold has since disclosed and supported under note 16 on general expenses specific lines production unit(carpenry services and welding), drawing school expenses, catering expenses	Finance officer Not resolved awaiting Public accounts committee resolutions	31 st December 2022
4. Failure to maintain an updated asset register	In the circumstances, it is not possible to confirm whether the revenue is gross or net of expenditure. The statement of financial position reflects property, plant and equipment balance of kshs. 216,704,001 as at 30 th June 2020 as disclosed in Note 19 to the financial statements. However, a copy of the asset register generated from the system maintained by the Institute does not include full details of the assets including location/user, unique identification number and condition. Further, threes Institute vehicles, whose net book values are indicated as nil are still in use and have not been revalued. In addition, equipment donated to the Institute have not been given a proper description and their values reflected in the assets register.	The asset register maintain from system by institute did not include location, unique identification and condition of the assets however, the issue has been presented the responsible committee of board for budgetary consideration to facilitate asset identification, tagging and valuation of full depreciated vehicle and donated equipment.	Finance officer Not resolved awaiting Public accounts committee resolutions	31 st December 2022
5. Unsupported balance in the statement of changes in net assets	In the circumstances, it was not possible to confirm the existence, accuracy and valuation of the property, plant and equipment in the financial statements. The statement of changes in net assets reflects balances brought forward of retained surplus and capital development grants of Kshs. 21,099,030 and Kshs. 229,909,186 respectively which have not been supported. Further, Note 21 to the financial statements on borrowings reflects disclosure on grants and subsidies for Mungasi TVC, Dr Wako Murende TVC and Chamasiri TVC totalling kshs. 5,834,020. However, the balances were not included in the statement of changes in net assets. In addition, the statement reflects, capital additions	The financial statement have been updated with grants and subsidies for mentor institutions total to kshs. 5,834,020 note 21 The capital addition of kshs. 6,375,285 have been captured in note 19 on property plant and equipment of ksh, 3,950,000 for mentor vehicle s and ksh,2,775,985 for computers.	Finance officer Not resolved awaiting Public accounts committee resolutions	31 st December 2022

Bunbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

during the year of kshs.6,375,285 which have not been explained.

In the circumstance, the accuracy of the statement of changes in net assets could not be confirmed.

6. unexplained variance in total expenditure

The statement of comparison of budget and actual amounts for the year ended 30th June, 2020 reflects total expenditure for actual on comparable basis of Kshs 60,118,770. However, the statement of financial performance reflects total expenditure of kshs.70,706,566. The variance of kshs 10,587,796 has not been reconciled.

In the circumstance, the accuracy of the statement of financial performance and statement of comparison of budget and actual amounts could not be confirmed.

Variances of 10,587,796 is attributed to depreciation expense of 10,687,796 and arithmetic error of kshs. 100,000 in general expense in the statement comparison of budget and actual amount which has been corrected as per amended financial statement

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

DETAILS	KSHS.
Actual expenditure as per statement of comparison of budget and actual	60,118,770.00
Add: non cash expenditure-depreciation	10,687,796.00
Less: Arithmetic error in general expenses in statement of comparison of budget and actual	(100,000.00)
Actual expenditure as per statement of financial performance	70,706,566.00

Finance officer

Not yet 31st December 2022

Not yet 31st December 2022
awaiting Public accounts committee resolutions

7. budgetary control and performance

The statement of comparative budget and actual amounts reflects final revenue budget and actual on comparable basis of kshs.386,140,221 and 79,249,149 respectively resulting to an under-collection of Kshs. 306,891,072 or 79% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of kshs. 90,247,520 and kshs. 62,847,679 respectively resulting an under-expenditure of kshs. 298,814,542 or 83% of the budget.

Based on the approved estimates, under collection and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

The statement of financial position reflects trade and other payables balance of kshs. 6,656,460 as disclosed in Note 20 to the financial statements. However, a review of the balance revealed that they had outstanding for a long period of time, some dating to 2018/2019 and earlier years.

The decrease was due to the effect of the covid 19 pandemic which saw the suspension of learning hence no fee collection during the first and part of quarter three and quarter four of 2019/2020.

Finance officer

Not yet 31st December 2022

Not yet 31st December 2022
awaiting Public accounts committee resolutions

8. long outstanding trade and other payables balance

The institute has developed finance policy manual that will ensure suppliers are paid within sixty day of receipt of invoice.

Finance officer

Not yet 31st December 2022
awaiting Public accounts

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

9. Unsupported Comparative balance	<p>Further, the Institute has no documented policy on payables and no explanation was provided on how the Management intends to limit unfavourable increase in payables as the trend could discourage suppliers of goods and services to the institute, some of whom may resort to legal action.</p> <p>As previously reported, the financial statements for the year ended 30th June, 2019 reflect comparative balance for 2017/2018 financial year. However, being the first year of audit, documents to support the comparative balance reflected in the statement of financial position, statement of financial performance and statement of changes in net assets were not provided for the audit review.</p> <p>Consequently, the accuracy of opening balances for the year ended 30th June, 2019 could not be confirmed.</p>	Being the year of first audit the institute used to prepare trail balance and present to school audit for review	Finance officer	<p>Not yet resolved awaiting Public accounts committee resolutions</p> <p>31st December 2022</p>
10. Lack of signed agreement- Erection of mast by safaricom kenya LTD	<p>Consequently, the accuracy of opening balances for the year ended 30th June, 2019 could not be confirmed.</p> <p>Review of records maintained by the Institute revealed that safaricom Kenya Ltd proposed to erect a mast for internet connectivity at the Institute whose works commenced on 28th September, 2018 with the acknowledgement of the Institute Board of management. However, a contractual agreement was to be signed by the principal secretary to the national Treasury on behalf of the Institute but two and half years later there is no binding agreement despite the fact that the mast was commissioned and is operational.</p> <p>Further, the section and commissioning of the mast at the Institute comes with financial benefits since the service provider is obligated to pay fees for the use of the lessor's (Bumbe TTI) premises. However, no record were provided of the revenue earned by the Institute from the use of its premises.</p> <p>Consequently, in the absence of written agreement it was not possible to determine the extent to which Safaricom is indebted to the Institute.</p>	No revenue has been received by the institute because the contracted company (linksoft Integrated Services) informed that the contract document have not been released from the treasury to warrant payment by the safaricom. However, the institute was written letter to the ministry to request the signed agreement.	Finance officer	<p>Not yet resolved awaiting Public accounts committee resolutions</p> <p>31st December 2022</p>
11. Proposed Erection and Completion of twin workshop, classrooms and office block at kinwisero TVC	<p>Consequently, in the absence of written agreement it was not possible to determine the extent to which Safaricom is indebted to the Institute.</p> <p>The contract for proposed erection and completion of twin workshop, classrooms and office block at kinwisero TVC was awarded to a contractor. The project was handed over to the contractor on 14th June, 2019 for a duration of forty six (46) weeks and was expected to be completed on 4th March, 2020. However, the work had stalled and the contractor was not on site at time of audit inspection. Other works not completed includes plastering, mechanical works, electrical finishes and painting.</p>	The project has since been completed and principal has been posted into the institution however the institution is still waiting for the final disbursement of kshs.3,999,945 to enable the institution to pay the contractor the retention	Finance officer	<p>Not yet resolved awaiting Public accounts committee resolutions</p> <p>31st December 2022</p>

Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

Further, the contractor had been paid kshs. 28,571,403 out of works valued at kshs. 47,890,168 and the balance of kshs. 19,318,765 has remained unpaid as at 30th June, 2020. There was no evidence that inspection and acceptance committee was ever appointed and carried out inspection of the works carried out to ascertain the certificates issued and amounts paid for the project.

Consequently, the public may not have received value for the amount so far spent on the project which was supposed to be completed and put in use in March, 2020

Guidance Notes:

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

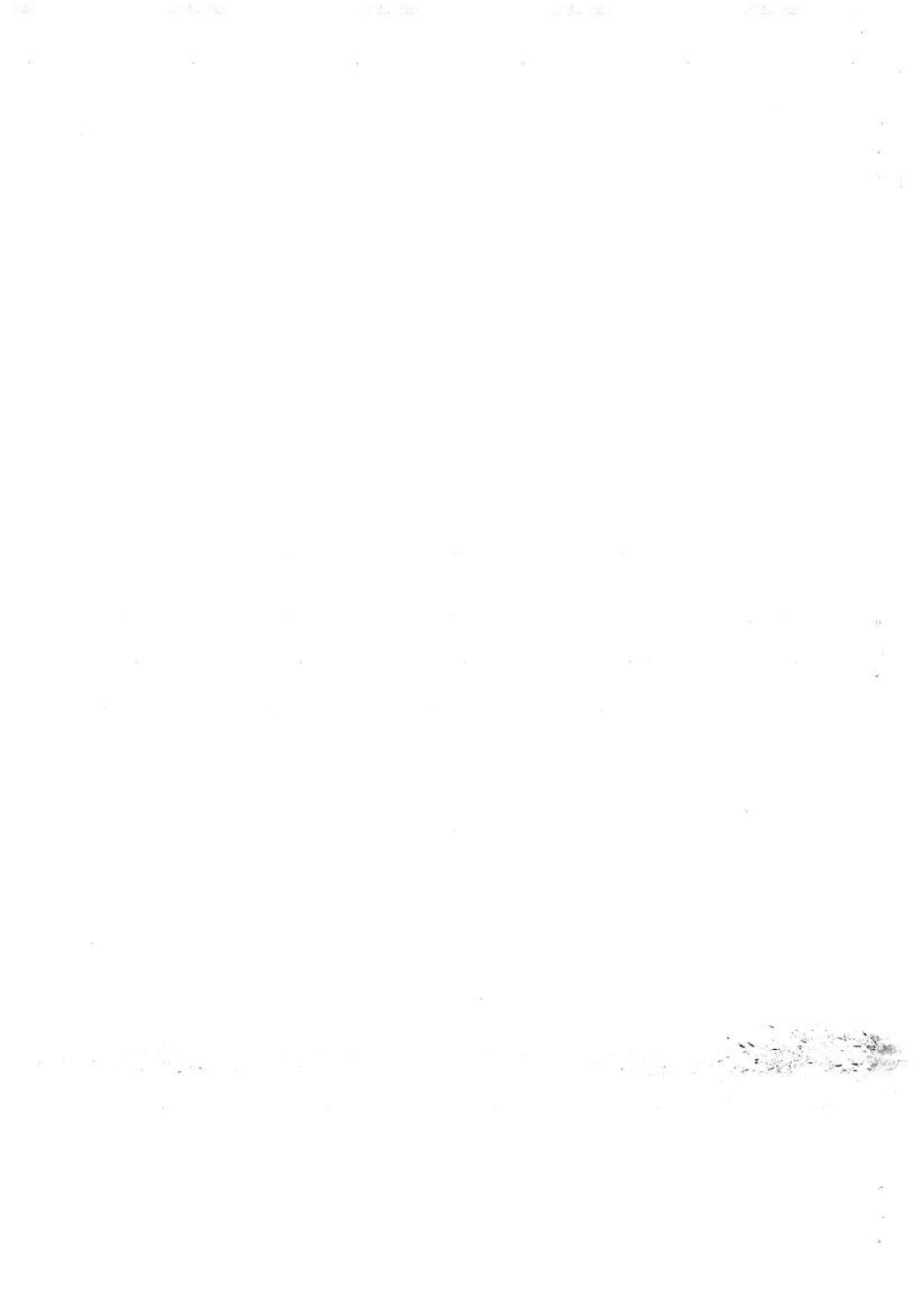
Principal

Secretary of the Board of Governors

Sign.....

Date.....

[Signature]
 BUMBE TECHNICAL TRAINING INSTITUTE
 P.O. BOX 1000
 FUNE, KENYA



APPENDIX III: INTER-ENTITY TRANSFERS

Bumbe Technical
Training Institute

Break down of Transfers from the State Department of TVET

FY 2020/2021

a. Capitation Grants

<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Financial Year 2019/2020</u>
19/11/2020	8,160,000	FY 2020/2021
23/02/2021	5,595,000	FY 2020/2021
30/03/2021	2,782,500	FY 2020/2021
Total	16,537,500	

The above amounts have been communicated to and reconciled with the parent Ministry

Principal
Bumbe Technical Training Institute

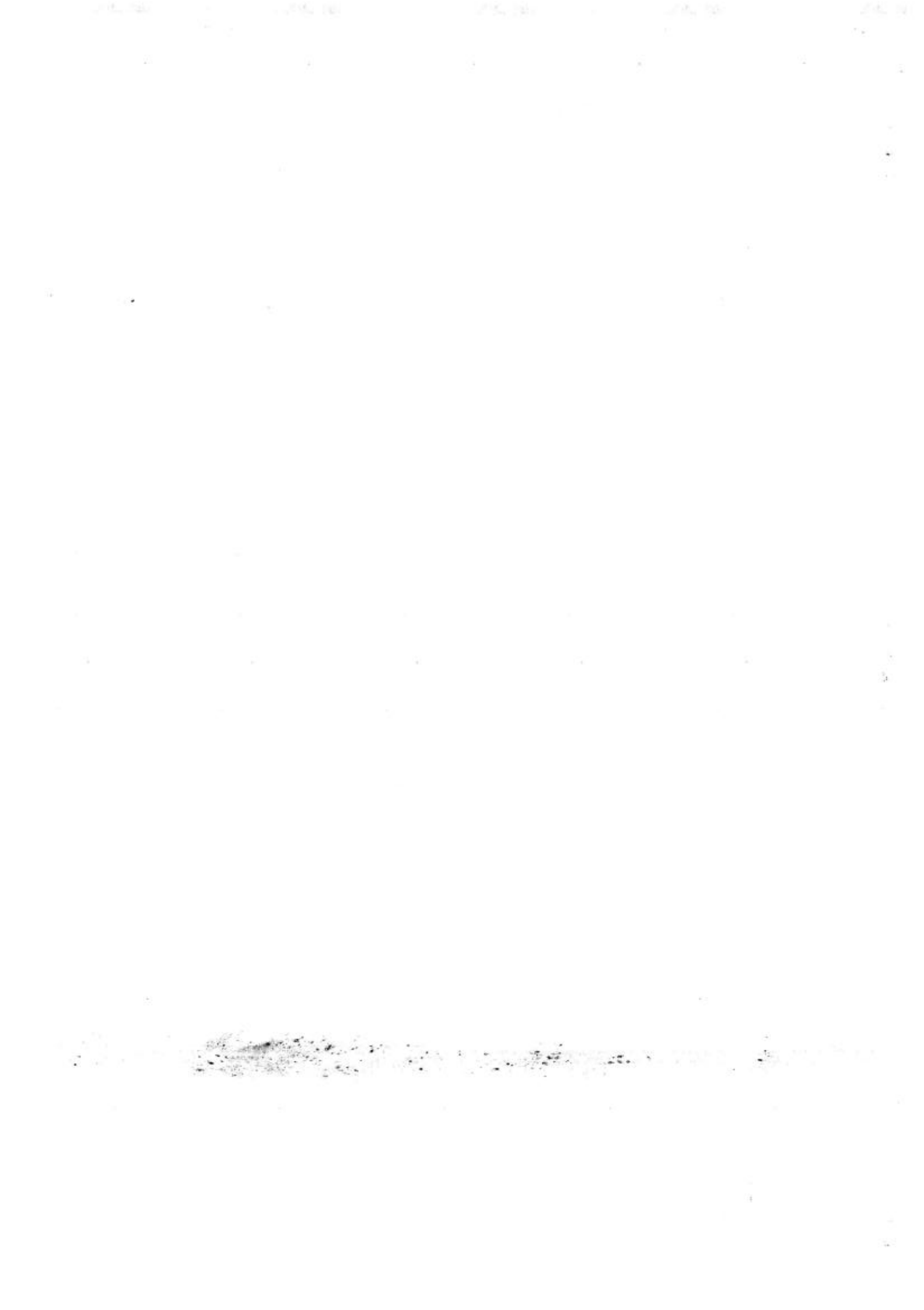
Head of Accounting Unit
Ministry of Education
State Department of TVET

Sign



Sign





Bumbe Technical Training Institute
Annual Report and Financial Statements
For the Year Ended 30th June 2021

