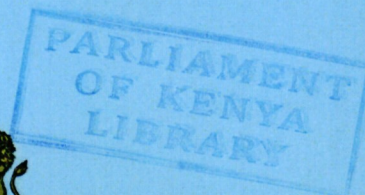


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY	
DATE: 02 MAR 2022	
WEDNESDAY	
MAJORITY WHIP	
HON. E. WANGWE	
CLERK-AT THE-TABLE:	SAMUEL KALAMA.

REPORT

OF

THE AUDITOR-GENERAL

ON

**OL' LESSOS TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

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

Table of Contents

KEY INSTITUTE INFORMATION AND MANAGEMENT	1
KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)	3
THE BOARD OF GOVERNORS	4
TOP MANAGEMENT TEAM.....	6
CHAIRMAN'S STATEMENT.....	7
REPORT OF THE PRINCIPAL.....	8
REVIEW OF OL'LESSOS TECHNICAL TRAINING INSTITUTE 'S PERFORMACE FOR FY 2019/2020.....	9
STRATEGIC PILLAR	10
Pillar 1: INFRASTRUCTURE	10
Pillar 2: TECHNOLOGY AND ICT INFRASTRUCTURE	10
Pillar 3: RESEARCH AND DEVELOPMENT (R&D)	10
Pillar 4: COLLABORATION AND LINKAGES	10
Pillar 5: COMPETITIVENESS	12
Pillar 6: INSTITUTIONAL GOVERNANCE	12
Pillar 7: HUMAN RESOURCE	12
Pillar 8: FINANCIAL RESOURCES	14
Pillar 9: COMMUNICATION AND PUBLIC RELATIONS (RECOGNITION)	14
Pillar 10: ACCESS AND EQUITY	14
CORPORATE GOVERNANCE STATEMENT.....	15
MANAGEMENT DISCUSSION AND ANALYSIS.....	16
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	18
REPORT OF THE BOARD OF GOVERNORS	21
STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES	22
IV. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2020.....	23
V. STATEMENT OF FINANCIAL POSITIONAS AT 30/06/2020.....	24
VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020	25
VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020	26
VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020	27

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS45

APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE.....46

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

The inception and growth of OTTI dates back to 1975 when the local community of Ol'lessos had a vision of having a Technical Secondary School. The community pooled together and raised funds by contributions from individual community members. However, the idea of a Technical Secondary School Changed to a Technical Institute through an Act of Parliament. This was realized in 1982 when the Institute admitted its first students. The Institute is registered as a public institution under the Ministry of Education: State Department of Vocational and Technical Training. The Institute is located in good serene learning environment suitable for offering skills and competencies, just along Kapsabet – Nabkoi Road in Nandi County and 1 km from Lessos market.

Ol'lessos Technical Training Institute is an ISO 2009:2015 certified institution that offers various accredited programmes that are market driven. It is strategically located along Kapsabet – Nabkoi – Nakuru highway hence accessible at all times and from all directions. Its steady growth both in student enrolments and infrastructural facilities is a manifestation that the management is committed in ensuring the institute plays a vital role in the realization of the vision 2030, sustainable development goals (SDG) and in the achievement of the Big four agenda items. The institute has focused its attention in the development of ultra-modern infrastructure and relevant training facilities in the seven departments; the latest being medical laboratory, Electrical and Electronics workshop and the hospitality centre which has state of the art equipment geared towards meeting training standards as demanded by market needs. The management has also planned to continuously supplement government support in equipping workshops and laboratories.

The institute which now has over 4,500 students studying at various levels (Artisan, Craft and Diplomas, Capacity building and other flexible blended courses) has become increasingly the centre of attraction to a large number of KCSE graduates seeking for necessary skills required in the job market. The impact of the institute has been felt within Nandi County and all over the country and the last two years the institute has witnessed tremendous growth which has had a positive socio-economic impact to the surrounding community. It also intends to rollout CBET programmes in all the seven academic departments in accordance with the strength of each department.

Its participation in public exhibitions and research, linkages with other institutions and outreach programmes has ensured its position in technological advancement and innovation. All the departments have also undertaken ICT integrations in training programmes to take advantage of ICT and adopt modern approaches to successful curriculum implementation.

Being an ISO 9001:2015, Ol'lessos Technical Training Institute intends to be a World class training facility. The future expectations of the community and other strategic stakeholders of TVET are to see the institute become a National polytechnic.

(b) Principal Activities

The principal activity/mission/ mandate of the Ol'lessos Technical Training Institute is a centre of excellence for technical and vocational Education and training and research that promotes creativity, innovation and incubation to meet local and global dynamic socio-economic and environmental challenges.

The Ol'lessos Technical Training Institute has its mandate from the TVET Act 2013 as follows:

- To implement and promote TVET policy.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

- To collect manage and account for funds obtained from trainee's ministry donors and development partners
- To recruit Remunerate, Discipline, Motivate and retain qualified teaching and non-teaching staff
- To implement the curriculum and supervise examinations on behalf approved examination bodies
- Embrace gender balance and equity in staff recruitment, promotion and student enrolment.
- Expand ICT facilities to enhance our technological capacity to remain relevant.
- Expand academic opportunities for qualified Kenyans to access TVET programs.
- To facilitate trainee's retention and completion of programmes through HELB Loans and Bursaries.
- To promote innovations, research and income generating projects.
- To develop and improve infrastructural facilities and programs
- To spearhead relevant exposure and linkages to both trainees and staff.
- To promote corporate social responsibility. (Under this section you may also include the Institute's vision, mission and core objectives)

(c) Key Management

The Ol'lessos Technical Training Institute day-to-day management is under the following key organs:

- Board of Governors;
- Accounting officer/ Principal
- Top Management team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	JOSPHAT KIPKEMBOI
2.	Head of Finance	VIOLAH CHELIMO
3.	Head of Procurement	NAOMI TARUS
4	Deputy Administration	PATRICIA TARUS
5	Deputy Academics	PATRICK K. TOROREI
6	Registrar	HELLEN CHEPKWONY
7	Dean Of Students	BEN YEGO

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(e) Institute Headquarters

P.O. Box 210
LESSOS
30-302
Kapsabet-Nabkoi Road

(f) Institute Contacts

Telephone: (254) 020-2395160
E-mail: ollessostechanical@gmail.com
Website: www.go.ke

(g) Institute Bankers

1. National Bank of Kenya
Kapsabet
P.O. Box 34
30301
Nandi-Hills, Kenya
2. Kenya Commercial Bank
Nandi-Hills branch
P.O. Box 184
30301
Nandi-Hills, Kenya
3. Transnational Bank
Nandi-Hills branch
P.O. Box 384
30301
Nandi-Hills, Kenya

(h) Independent Auditors

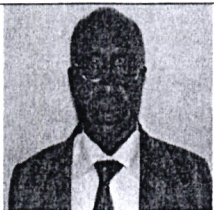
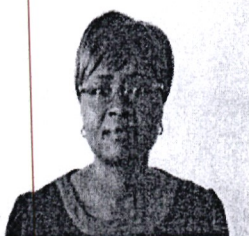
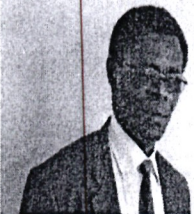
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

THE BOARD OF GOVERNORS

 I. ABSALOM KOSGEI DATE OF BIRTH: 15/08/1952 Chairman	B.Sc. (Eng'g); P, G.Dip (Env. Eng'g); MIEK; MCIBSE; C.Eng; D.Eng.
 2. LOICE LELEI	DATE OF BIRTH: 11/03/1970 BBAM; CREDIT MANAGER & MICROFINANCE; BANKING & FINANCE
 3. JOHN NJENGA KARANJA	DATE OF BIRTH : 18/02/1971 Dip ed. Mngt Prim teaching certificate
 4. JAMES MAINA	TEA STATE MANAGER DATE OF BIRTH: 12/12/1958 TEA PLANTER & BLACK TEA PRODUCTION MANAGER WORKED WITH EASTERN PRODUCE FOR TWENTY YEARS CURRENTLY IN MANAGEMENT POSITION.
 5. JOSPHAT K. KIPKEMBOI- CHIEF PRINCIPAL	B. ED (Business Economics), M.Phil Agricultural Economics
 6. PETER WEKESA	DATE OF BIRTH : 19/12/1958 Directorate of religious education Master of Christian counselling-Landmark Baptist Theological seminary Texas Bachelor in Biblical studies-Nabuta califonia Dip clinical medicine & surgery

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

 7. MICHEAL RUGUT-COUNTY DIRECTOR	COUNTY DIRECTOR FOR TVET
 8. FLORENCE AKUMU	FLORENCE AKUMU DATE OF BIRTH:04/12/1985 Public health officer NGO MEDICINES BRONGIERS
 9. REV. Dr. Paul Korir Member DoB: 20 th March, 1967	Master of Arts (MATS) in ASBURY theological seminary USA, Bachelor of Divinity BD Degree-Limuru Campus, Dip.in Theology ST. Paul School of Divinity Kapsabet.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

TOP MANAGEMENT TEAM

 1. JOSPHAT K. KIPKEMBOI-CHIEF PRINCIPAL	Doctor of philosophy in Disaster Management and Humanitarian Assistance from Masinde Muliro University of Science and Technology MBA Degree from European Business School Cambridge-England. Bachelor of Arts (BA) from Panjab University Chandigarh India.
 2 .Patricia Tarus Deputy Principal Administration and Finance DoB: 20/08/1976	Master of Science (Animal Ecology) B.Ed. (Science)
 3. Tororei Kipkemboi Patrick Deputy Principal Academics DOB: 22/07/1978	Master of Education (Technology Ed) B.Ed. (Technology Education)
 4. Hellen Chepkwony Registrar DoB:	MSc (Kisii University), Bed.(Moi University),
 5. Ben K. Yego Dean of Students DoB:12 th December 1972	BED. Arts Moi University
 6. Violah Chelimo Finance Officer DoB: 1 st May, 1981	Higher National Diploma in Human Resource Management BCom (Banking and Finance) CPA(K); ICPAK No.22812

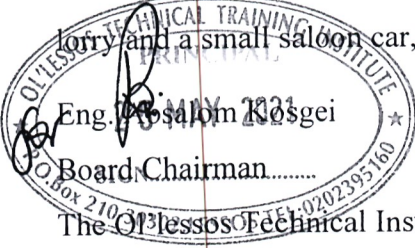
OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

CHAIRMAN'S STATEMENT

The Board Governors of Ol'lessos Technical Institute during the FY2018/2019 aligned the strategic plan 2019 - 2023 to the Big **FOUR** agenda so as to enable the Institute to contribute towards the attainment of our country's **vision 2030**. In order to give guidance/leadership to the institution, the Board undertook training on **Mwongozo code of governance for State Corporation** and Induction program for all Board members in the Institute. The team has developed policies that guide the operations of the institute.

As the Board Governors we were able to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the institute nevertheless continues to discharge its mandate.

Indeed, the Board Governors of Ol'lessos Technical Institute committed to improving infrastructure for effective learning and teaching. To meet the demand of the growing enrolment, the Board embarked on various projects i.e. purchase of 62-seater bus, Construction of temporary classrooms, Perimeter wall with the public works developing the bills of quantities, set up a Driving School- funds set aside to purchase lorry and a small saloon car, Drilling of the borehole, CBET Programme in the institute.

Eng.  Rosalyn Kosgei

Board Chairman.....

The Ol'lessos Technical Institute

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

REPORT OF THE PRINCIPAL

The institution is well placed to providing adequate and relevant knowledge to its graduates that will enable them to contribute towards the attainment of our country's **vision 2030** and the Big **FOUR** agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently review, improve and consolidate our academic programmes in several ways that will ensure their competitiveness in terms of quality and relevance.

We were able to attain ISO 9001:2015 Certificate during the year. As, in line with our Vision 2030, our trainees participated in developing innovations which were recognised nationally i.e. making food spices out of indigenous trees, Electric power control system for PWDs, and Solar Driven home lighting, Modern table, improved jikos among others.

The main source of funding to the institute during this period under review was the Exchequer capitation for recurrent expenditure purposes. Internally generated revenue from fees.

The institute closed the year with a surplus. The surplus was attributed to the delay in NYS student fees while fees charged was subsidised with Government Capitation.

The Institute desires to enhance its visibility, performance and competitiveness in the Tertiary Education Sector in the face of stiff competition. To do so however, the Institute requires a lot of support from the Government and stake holders. We shall continue to appeal for such support for several years to come.



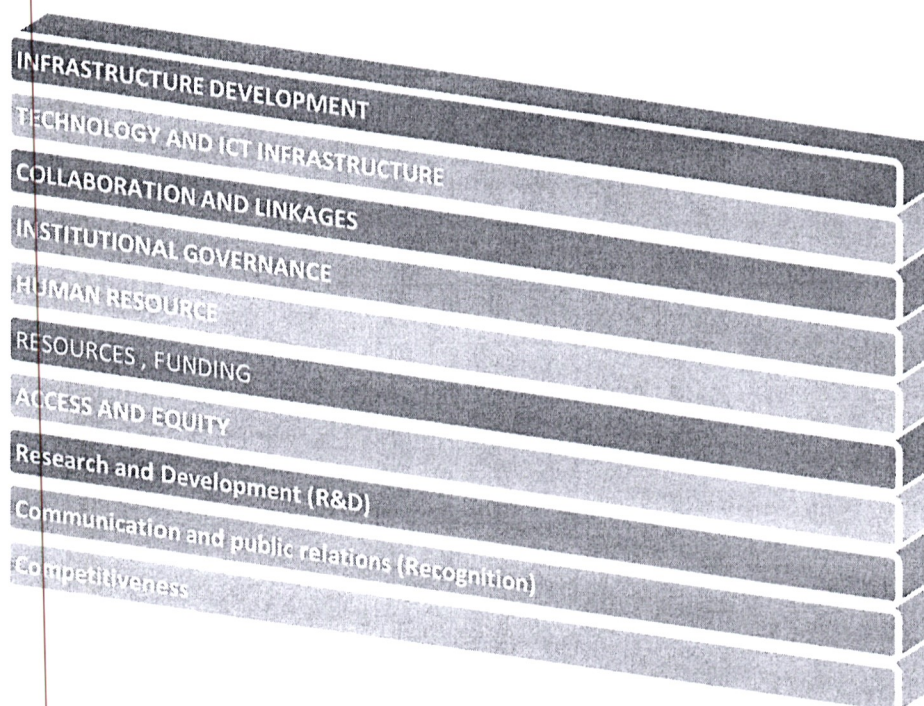
JOSEPHAT K. KIPKEMBOI
SIGN.....
Chief Principal
OL'LESSOS TEL: 0202 2160

OL'LESSOS TECHNICAL INSTITUTE

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

**REVIEW OF OL'LESSOS TECHNICAL TRAINING INSTITUTE 'S PERFORMANCE
FOR FY 2019/2020**

Ol'lessos Technical Training Institute has 9 strategic pillars and objectives within its Strategic Plan for the FY 2016/2017- 2020/2021. These strategic pillars are as follows:



Ol'lessos Technical Training Institute develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Institute* achieved its performance targets set for the FY 2019/2020 period for its 9 strategic pillars, as indicated in the diagram below:

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

STRATEGIC PILLAR	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: INFRASTRUCTURE	Improving and increasing physical facilities	❖ Completion of buildings under construction, ❖ Successfully complete the projects for institutions being mentored	❖ Develop a framework for improving and increasing physical facilities ❖ Improve TVET equipment, information and communication systems	Various blocks have been constructed including classrooms and hospitality.
Pillar 2: TECHNOLOGY AND ICT INFRASTRUCTURE	Promote effective application of ICT	❖ Complete ICT infrastructures, ❖ Installation of Management Information System ❖ ICT courses	❖ Develop adequate ICT capacity and infrastructure ❖ Institutionalized Management Information System (MIS) ❖ Promote the use of ICT in Curriculum delivery and management systems	ICT courses are being offered in the institution MIS is in the process of being installed
	Enhance Equipment and Technology	❖ Institution incubator and use of modern equipment and Technology	❖ Develop institution incubator ❖ Promote use of modern equipment and Technology	To be implemented
Pillar 3: RESEARCH AND DEVELOPMENT (R&D)	Institutionalize effective research and development	❖ Research and development infrastructure	❖ Develop mechanisms for R&D collaboration among TVET institutions. ❖ Promote the use of research results in technology development and transfer ❖ Develop R&D infrastructure.	To be implemented as per colleges and institutes Canad
Pillar 4: COLLABORATION AND LINKAGES	Enhance collaboration and linkages	❖ Development partners on board ❖ Mentorship	❖ Establish collaborations and linkages ❖ Strengthen existing collaboration and linkages ❖ Establish benchmarks and joint cooperation	To be implemented as Per colleges and institutes Canad

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

				networks international institutions	with TVET	
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OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Pillar 5: COMPETITIVENESS	Enhance competitiveness	❖ Increased students' numbers	❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks	❖ Student numbers have continued increase
Pillar 6: INSTITUTIONAL GOVERNANCE	❖ Improve institutional corporate governance ❖ Develop and Implement M&E Systems	❖ Constant review of courses offered ❖ Improved result based management in the training system ❖ Improved budget accuracy level	❖ Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS, Alcohol and drug abuse and health and safety, and environment) ❖ Embrace results based management in the training system ❖ Develop and implement M&E systems ❖ Fast track institutional expenditure review	❖ New courses being offered ❖ Improved budget accuracy
Pillar 7: HUMAN RESOURCE	❖ Harness Human resource	❖ Increased number of staff to match the increasing number of students	❖ Increase staff at PSC and BoG levels ❖ Develop competencies in staff	❖ New BoG staff have been employed
	❖ Improve and sustain relevance of skills		❖ Ensure quality assurance standards ❖ Promote innovativeness in ST&I ❖ Establish the Center of excellence	

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

				❖ Improve the quality of work culture Strategy ❖ Encourage investment in the development and commercialization of TVET products and services including ICT	
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OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

<u>Pillar 8: FINANCIAL RESOURCES</u>	❖ Diversify sources and increase funding	❖ New development partners ❖ Enhanced existing partners' relationship ❖ Increase in government development funds	❖ Increase GoK funding ❖ Exploit external possibilities through developed criteria ❖ Expand income at institutional level	❖ There are development partners funding development projects. ❖ The institute continues to receive development funds from the government.
<u>Pillar 9: COMMUNICATION AND PUBLIC RELATIONS (RECOGNITION)</u>	❖ To develop an effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of Ol'lessos TTI.	❖ Improved institution	❖ Improve the image of TVET	❖ Objective achieved
<u>Pillar 10: ACCESS AND EQUITY</u>	Enhance Access and equity	❖ Improved training programmes in MSE sector. ❖ Expansion of facilities	❖ Expand facilities based on government priorities ❖ Support TVET trainees ❖ Promote affirmative action for TVET trainees ❖ Reform and enhance education, training, and guidance services. ❖ Improve training programmes in MSE sector. ❖ Offer higher level programmes ❖	❖ Expansion facilities achieved

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

CORPORATE GOVERNANCE STATEMENT

Ol'lessos Technical Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board of Governors and management accountability and helps build public trust in the Institute.

The Board of Governors is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, Science and Technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board of Governors serves as the ultimate decision-making body of the institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged with The Board of Governors in conducting the business of the Institute in line with **the Technical, Vocational, Education & Training Act of 2013** and the constitution of the Republic of Kenya.

The Board of Governors has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as The Board of Governors' Vision and mission, overall strategy, members' responsibilities, The Board of Governors committee structure, recommendation of the Chief Principal, Over-sighting the performance and evaluation of management. The Board of Governors regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The Institute corporate governance materials, including the Corporate Governance Guidelines, the Institute legal order, the terms of reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the institute and the institute's public policy engagement and technological contributions policy.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Currently the institute's strategic objectives are in line with the Government Big **FOUR** Agenda. I.e. support value addition through innovation and research. The institute embraced research and innovation in the financial year 2019/20 and this led to students' participation in innovation activities at both regional and national levels up to international collaborations with Canadian college.

Related Parties

The institute is mainly funded by the MOE, HELB, NYS, CDF and others and therefore have great influence in making financial and operating decision.

The table below shows related parties

	Name of The Parties	Types of transaction that have occurred	Expected Amount	Amount paid Kshs	Balance Ksh
1	Higher Education Loan Boards	Loan to our student	60,678,900	60,678,900	0
2	National Youth Service	College fee sponsorship	184,288,120.00	130,417,720.00	53,870,400.00
3	Ministry of Education State Department VTT	Capitation from the ministry	27,000,000	95,265,000.00	68,265,000
5	Constituency Development Fund	College fee sponsorship	9,847,542.00	9,847,542.00	0

Institute's compliance with statutory requirements

Currently the INSTITUTE fully complies with the statutory requirements i.e. NSSF, NHIF, tax compliance, **PFM Act 2012**

SECTION C

2019/2020 Key Achievements

1. ISO 9001:2015 Certification
2. Procurement process for the purchase of 62-seater bus
3. Construction of chain-link fence
4. Purchase of institute van
5. Drilling of a bore hall
6. Implementation of CBET Programme in the institute
7. Construction of carpark.

SECTION D

Major risks facing the Institute

The following are the major risks

1. Negative media coverage
2. Encroachment of the institute land approximately 40 acres.
3. None committal for the Government to remit capitation funds.
4. NYS Delays in payment
5. Limited resources due to High student enrolment.
6. COVID-19 Pandemic and other disease pandemics.

SECTION E

Material arrears in statutory/financial obligations

Currently the Institute does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit.

SECTION F

The Institute's financial probity and serious governance issues

There is no conflict of interest amongst the management and Board of Governors.

The Institute is currently audited by Kenya National Audits Office (KENAO).

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

Ol'lessos Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded its capacity for internally generated income like production of sanitizers and hand wash soap.

Social: the institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment: The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

2. Employee welfare

At Ol'lessos Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Supported Staff	promoting initiatives that support staff and their families, beyond the provision of employment.
	promoting initiatives that recognize the contribution of the students to the community.

a) Policies guiding hiring process

The following are the Ol'lessosi Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Ol'lessos TTI observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

3. Market place practices-

Responsible Supply Chain and Supplier relations

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Ol'lessos Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

- iii) When doing procurement planning the institute has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

4. Community Engagements-

During the year under review, the institute carried out various CSR activities to impact the society such as tree planting, helping the less fortunate in our community.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *Ol'lessos TTI's* affairs.

Principal activities

The principal activities of the Institute continue to be centre of excellence in providing Technical, Vocational Education and Training and research to meet socio economic and global challenges.

Results

The results of the Institute for the year ended June 30 are set out on page 1-20

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 4 to 5.

Auditors

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

By Order of the Board

.....
Corporate Secretary
Nairobi
Date.....

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 that *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*.

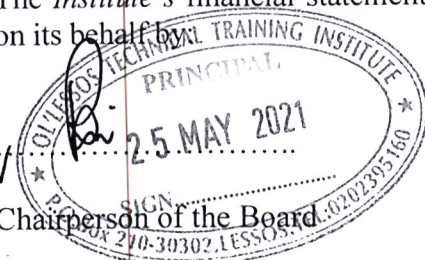
The Board members are responsible for the preparation and presentation of the *Institute's* financial statements, which give a true and fair view of the state of affairs of the *Institute* for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining 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 *Institute*; (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 (*the State Corporations Act, and the TVET Act*). The board members are of the opinion that the *Institute's* financial statements give a true and fair view of the state of *Institute's* transactions during the financial year ended June 30, 2020, 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 *Institute's* financial statements were approved by the Board on 2020 and signed on its behalf by



Chairperson of the Board

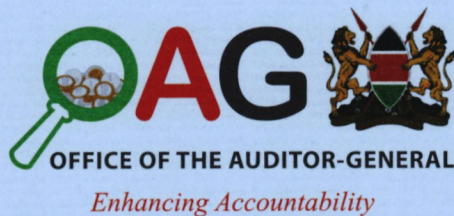


accounting officer/Principal

REPORT OF THE INDEPENDENT AUDITORS ON THE *INSTITUTE* (*specify Institute name*)

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OL' LESSOS TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Ol' Lessos Technical Training Institute set out on pages 23 to 44, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Ol' Lessos Technical Training Institute as at 30 June, 2020, 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 do not comply with the Technical Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. In- Accuracies of the Financial Statements

Audit of the financial statements presented for audit for the year ended 30 June, 2020 revealed the following errors:

- i. The statement of financial performance reflects sale of goods amount of Kshs.3,543,060 which differ with the amount of Kshs.261,500 reflected in Note 8 to the financial statements resulting to a variance of Kshs.3,281,560 which was not explained or reconciled.

- ii. Statement of financial position reflects refundable deposits from customers amounting to Kshs.2,559,424 which is not reflected in Note 21 to the financial statement as referenced.
- iii. The capital and reserves amount of Kshs.769,273,376 reflected in the statement of financial position is presented in the recommended format.
- iv. The accumulated surplus amount of Kshs.759,619,619 reflected in the statement of financial position varies with the recomputed surplus amounting to Kshs.737,209,299 resulting in a variance of Kshs.22,410,320 which has not been explained or reconciled.
- v. Statement of changes in net assets and the statement of cash flows for the year under review are not presented in the recommended format.
- vi. Statement of changes in net asset for the year ended 30 June, 2020 reflects adjustment of Kshs.22,410,320 in respect of prior year assets which has not been supported or explained.
- vii. The statement of cash flows for the year reflects net cash flows from operating activities amounting to Kshs.160,133,768. However, the referenced Note 22 to the financial statements is in respect of events after the reporting period and not does not relate to the item.
- viii. The statement of cash flows for the year reflects Kshs.238,784,465 in respect of cash and cash equivalents as at 30 June, 2019. However, the referenced explanatory Note 168 to the financial statements for the amount is not in the financial statement.
- ix. Note 11 to the financial statements reflect paid payables from prior year amounting to Kshs.1,410,934 whose basis for expensing under use of goods and services was not supported or explained.
- x. Note 12 to the financial statements reflect travel, motor car, accommodation, subsistence, and other allowances amounting to Kshs.666,391 which was not supported.

Note 16 to the financial statements reflects cash and cash equivalents amounting to Kshs.238,784,466. However, the supporting Note 16 to the financial statements does not disclose the respective bank accounts and the makeup of the amount.

2. Variances between the Statement of Financial Performance and Statement of Comparison of Budget and Actual Amounts

A comparison of the statement of financial performance and the statement of comparison of budget and actual amounts revealed variances between the two statements as shown below:

Item	Statement of Financial Performance (Kshs.)	Statement of Comparison of Budget and Actual Amounts (Kshs.)	Variance (Kshs.)
Rendering of Service Fees from Students	194,910,557	278,642,474	(83,731,917)
Sale of Goods	3,543,060	92,630	3,450,430
Other Income	1,338,146	0	1,338,146
Compensation of Employees	25,003,333	24,563,792	439,541
Use of Goods and Services	206,527,368	4,390,826	202,136,542
Finance Costs		33,660	(33,660)
Depreciation and Amortization	12,207,666	0	12,207,666
Repairs and Maintenance	3,101,124	3,016,830	84,294
General Expenses	0	201,215,784	(201,215,784)

The variances between the two statements were not explained or reconciled.

3. Difference between the Statement of Financial Performance and Supporting Schedules

Review of supporting schedules provided in support of financial statements amounts revealed difference between amounts in the schedules and those reflected in the financial statements as shown below:

Item	Note	Financial Statements Figures (Kshs.)	Supporting Schedule Figures (Kshs.)	Variance (Kshs.)
Transfers from National Government Ministries	6	96,265,000	158,190,000	(61,925,000)
Student Debtors	17	285,723,229	182,150,740	103,572,489
Skills Development Levies and Training Materials	11	71,412,883	72,530,533	(1,117,650)
Other	11	84,752,057	84,523,963	228,094
Salaries and Wages	12	2 4,336,942	24,465,567	(128,625)
Travel, Motor Car, Accommodation, Subsistence, and Other Allowances	12	666,391	-	666,391
Cash and Cash Equivalents	16	238,784,446	244,597,554	(5,813,108)

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

4. Rendering of Services - Fees from Students

The statement financial performance for the year ended 30 June, 2020 reflects rendering services - fees from students amounting to Kshs.194,910,557 in respect of student fees. However, computation of amounts reflected in Note 7 to the financial statements supporting the fees amounts gives a total amount of Kshs.95,021,101 for items making up the reported amount, resulting in unexplained and unreconciled variance of Kshs.99,889,456.

In addition, the financial statement amount varies with supporting documents total of Kshs.173,811,226 resulting, in unexplained and unreconciled variance of Kshs.21,099,331. Further, analysis of students records and supporting schedules revealed 452 students who had not been invoiced.

In the circumstances, the accuracy, validity, and completeness of Kshs.194,910,557 in respect of rendering services - fees from students for the year ended 30 June, 2020 could not be confirmed.

5. Use of Goods and Services

5.1 Unsupported Expenditure on Skills Development Levies and Training Materials

The statement of financial performance reflects expenditure amounting to Kshs.206,527,368 on the use of goods and services. The amount includes skills development levies and training materials expenditure amounting to Kshs.71,412,883 as disclosed under Note 11 to the financial statements, out of which, Kshs.7,483,028 was incurred towards travelling and accommodation by officers attending various activities during the year. However, the expenditure was not supported with air tickets, motor vehicle work tickets, bus tickets, invitation letters, event programs and timetables, passports, boarding passes, and attendance registers.

Further, Kshs.71,412,883 expenditure on skills development levies and training materials includes salaries and wages expenditure amounting to Kshs.12,064,758 which was incorrectly charged to the item.

Consequently, the accuracy of expenditure on skills development levies and training materials amounting to Kshs.71,412,883 could not be confirmed.

5.2 Expenditure Wrongly Charged to Training Expenses

The statement of financial performance for the year ended 30 June, 2020 reflects use of goods and services expenditure amounting to Kshs.206,527,368 which includes training expenses amounting to Kshs.23,794,430. Review of training expenditure revealed an amount of Kshs.23,794,430 which was incurred in respect of safari imprests but was directly expensed.

Further, available information indicate that the institute has no training committee, and no assessment was done during the year to identify the training needs. Further, the training

expenses amounting to Kshs.23,794,430 included boarding expenses amounting to Kshs.4,588,305, graduation expenses amount of Kshs.1,866,340, ICT expenses totaling Kshs.910,720 and research expenses amounting to Kshs.3,509,032 all totaling to Kshs.10,874,397 which are not training in nature.

Consequently, the accuracy and completeness of training expenses amounting to Kshs.23,794,430 could not be confirmed.

5.3 Other Expenses

Included in the use of goods and services amount of Kshs.206,527,368 reflected in the statement of financial performance are other expenses amounting to Kshs.84,752,057 which have been disclosed separately in the notes to financial statements. Review of documents provided for on other expenses revealed the following anomalies:

5.3.1 Unsupported Activity and Sports, and Catering Expenses

Payment vouchers for activity and sports expenses amounting to Kshs.2,146,355 were not provided for audit review. Further, the supporting schedule did not reflect the names of the payees.

Similarly, payment vouchers in respect of Kshs.5,677,930 incurred on catering expenses were also not provided for audit review, and the supporting schedule did not reflect the names of the payees.

5.3.2 Unrelated Expenditure on Operational Grants

The other expenses amounting to Kshs.84,752,057 includes Kshs.4,201,401 incurred on the construction of two storey twin workshop classrooms and offices at Kiptaragon Technical Training Institute in Kuresoi South, Nakuru County, an Institute being mentored by Ol'Lessos Technical Training Institute. However, the expenditure was capital in nature and was not related to the Institute and is not properly charged.

5.3.3 Purchase of Motor Vehicles

The other expenses includes Kshs.16,510,000 incurred on the purchase of two motor vehicles. However, the expenditure was capital in nature and therefore, not properly charged to other expenses. Further, procurement records such as tender advertisement, tender evaluation, award tender acceptance and inspection and acceptance reports were not provided for audit review.

5.3.4 Unaccounted for Performance Contract Expenses

The other expenses amount includes performance contract expenses amounting to Kshs.1,528,104. However, payment vouchers relating to performance contract expenses were not provided for audit review.

Further, the amount includes performance contract expenses amounting to Kshs.1,392,153.40 in respect of salaries to non-teaching staff for the month of May, 2020 paid on 28 May, 2020, which was incorrectly charged to performance contract account.

Under the circumstances, the accuracy and completeness other expenses of Kshs.84,752,057 could not be confirmed.

6. Cash and Cash Equivalents

The statement of financial position as at 30 June, 2020 reflects Cash and Cash equivalent amounting to Kshs.238,784,466. However, review of the records including cash books, bank statements, and certificates of bank balances revealed the following anomalies:

6.1 Undisclosed Bank Accounts

The statement of financial position reflects Cash and Cash equivalent balance of Kshs.238,784,466. However the corresponding Note 16 to the financial statements did not provide the breakdown of the cash and cash equivalents balance.

6.2 Board of Survey Report

Although the trial balance indicated a cash at hand balance of Kshs.312,459 as at 30 June, 2020 no document including the board of survey report and cashbook extract were provided to support the balance.

6.3 Undisclosed Outstanding Imprests

Records of imprests provided for audit review revealed that various officers had outstanding imprests totaling Kshs.883,515. However, the outstanding imprests were not disclosed in the financial statements. Further, all the imprests had exceeded the required timelines of 7 days without being surrendered. In addition, the Management did not maintain an imprest register for control and management of imprests.

No evidence was provided to indicate steps Management had taken or initiated to recover the long outstanding imprests.

6.4 Unreconciled Cash and Cash Equivalents

The statements of financial position reflect cash and cash equivalent amounting to Kshs.238,784,466. However, supporting schedules and records indicated an amount of Kshs.244,285,095 resulting in unexplained and unreconciled variance of Kshs.5,500,629.

Further, the Institute did not maintain a petty cashbook for control and management of the petty cash used in the day to day running of the office.

Under the circumstances, the accuracy and existence of the cash and cash equivalents amounting to Kshs.238,784,466 as at 30 June, 2020 could not be confirmed.

7. Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transaction balance of Kshs.285,653,229 which includes students' fees debtors amounting to Kshs.285,688,229 and other exchange debtors (staff advances) amounting to Kshs.35,000. However, there was no policy on provision for doubtful debts, and an ageing

analysis of the debtors was provided for audit review. However, available information indicated that some of the debts dates back in the year 2009. Further, the balance varies with the amount of Kshs.285,723,229 reflected in Note 17 to the financial statements resulting in a variance of Kshs.70,000 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.285,653,229 could not be confirmed.

8. Consumable Stores

Note 18 to the financial statements reflects inventories valued at Kshs.4,416,260 relating to consumable stores. However, stock records such store ledgers, bin cards, stock taking instructions, stock taking sheets and stock taking reports were not provided for audit review. Further, the inventories valuation policy is not been indicated under summary of significant accounting policies.

Consequently, the accuracy and completeness of inventories valued at Kshs.4,416,260 could not be confirmed.

9. Property, Plant and Equipment

9.1 Land and Buildings

Note 19 to the financial statements reflects land valued at Kshs.185,000,000. However, valuation report for the land and register of parcels of land owned by the Institute were not provided for audit review. Further, the note reflects nil value for buildings while the Institute owns several buildings, whose valuation details was not provided for audit review.

Consequently, the accuracy, completeness and existence of land and buildings valued at Kshs.185,000,000 could not be confirmed.

9.2 Motor Vehicles

Note 19 to the financial statement reflect motor vehicles cost value of Kshs.19,494,000 where additions during the year are indicated as Kshs.16,500,000. However, procurement records such as tender advertisement, tender evaluation minutes, tender award, tender acceptance, delivery notes, inspection and acceptance reports were not provided for audit review.

Further, 2 motor vehicles comprising a 33-seater Isuzu Bus, Isuzu Pick Up were jointly registered between the Institute and banking institutions, while a Focin motor cycle, a Ford Tractor and a Toyota Hiace van were registered in the names of individuals and a company.

In the circumstances, the accuracy and completeness of the motor vehicle balance of Kshs.19,494,000 could not be confirmed.

10. Trade and Other Payables from Exchange Transactions

The statement of financial position as at 30 June, 2020 reflects trade and other payables from exchange transactions amounting to Kshs.7,094,333 which include fees paid in advance of Kshs.983,882. However, a list of creditors and ledgers, and an ageing analysis in support of fees paid in advance were not provided for audit review.

Under the circumstances, the accuracy and completeness of fee paid in advance balance of Kshs.983,882 could not be confirmed.

11. Unsupported Remuneration of Directors

The statement of financial performance for the year ended 30 June, 2020 reflects remuneration of directors amounting to Kshs.3,297,650. However, invitation letters for meetings, attendance register, Board meeting minutes and schedule of board meetings were not provided for audit review. Further, appointment letters for four (4) Members of Board of Governors were not provided for audit review. Further, approved rates of board allowances and payment vouchers in support of Kshs.426,150 expenditure on remuneration of directors were not provided.

Under the circumstances, the accuracy of remuneration of Board expenditure Kshs.3,297,650 could not be confirmed.

12. Unaccounted for Management and Consultancy Fees

Note 19 to the financial statements reflects capital work in progress costing Kshs.29,350,010 as at 30 June, 2020 in respect of a proposed hospitality and management centre. Available information indicates that a contractor was engaged to construct the centre on 12 August, 2015 at a contract price of Kshs.29,350,010, which has since been fully paid.

Review of the contract revealed the contract period was for 48 weeks from contract date and a certificate of completion and handing over certificate were issued on 12 April, 2018 and 11 March, 2019 respectively. However, plumbing, and mechanical works of Kshs.1,500,000, electrical works of Kshs.2,000,000 and painting works of Kshs.1,847,500 included in the bills of quantities had not been completed.

The Institute has since taken over completion of the works under labour-based terms. However, no records of the works being completed were provided for audit review. Further, the additional work was not included in the capital work in progress balance as at 30 June, 2020.

Further, the contractor did not account for project management fees and contingencies amounts of Kshs.500,000 and Kshs.1,500,000 respectively included in the bills of quantities.

Under the circumstances, the accuracy and completeness of capital work in progress amounting to Kshs.29,350,010 could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Presentation of the Financial Statements

Review of the financial statements provided for audit review revealed that the report of the Board of Governors had not been signed by the Chairman and the Secretary to the Board and therefore, the financial statements were not approved by the Board of Governors. Some pages were also missing including pages 24, 25 and 27.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with section 194(1)(d) of the Public Finance Management Act, 2012.

Consequently, the annual report and the financial statements for the year ended 30 June 2019 as prepared and presented are not IPSAS compliant.

2. Lease of Hostels

Note 11 to the financial statements reflect training expenses amounting to Kshs.23,794,430, which include expenditure of Kshs.2,490,000 incurred on lease of hostels. However, procurement records such as tender advertisement, evaluation minutes, tender award, acceptance letter, and contracts or lease agreements were not provided for audit review.

Under the circumstances, the validity and legality of the lease of hostels expenditure amounting to Kshs.2,490,000 for the year ended 30 June, 2020 could not be confirmed.

3. Employment Costs

3.1 Irregular Engagement of Casuals Workers and Teaching Staff

During the year under review, the Institute engaged fifteen (15) casual employees in various departments and paid them wages amounting to Kshs.134,740 per month. However, the casual employees were engaged for a period exceeding three (3) months contrary to Section 37 and Section 35(1)(c) of the Employment Act, 2007. In addition, sixty-eight employees were employed on renewable contracts every term and were paid a total of Kshs.1,036,704. However, the contracts were not renewed as stipulated in the contracts.

Consequently, the Management was in breach of the law.

3.2 Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees was ninety-two (92) out of which eighty-four (84) or 91% of the total number were members of the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community”.

3.3 Non-Compliance with the One Third of Basic Salary Rule

During the year ended 30 June, 2020, seventeen (17) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not given explanation for failure to comply with the policy.

In the circumstances, the County contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 as this may expose the staff to pecuniary embarrassment.

3.4 Payment of Salaries Below Minimum Wage

A review of the staff payroll revealed that seventeen (17) members of staff were paid salaries below the basic minimum monthly wages contrary to the provisions of first schedule of the Regulation of Wages (General) (Amendment) Order, 2018 which provide that the basic minimum monthly wages (exclusive of housing allowance) as Kshs.13,573

Consequently, the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy

During the year ended 30 June, 2020, the Management of Ol'lessos Technical Training Institute did not have in place a risk management policy, risk management strategies and a system of risk management to enable development appropriate risk strategies in order to improve on effective and efficient management of public resources.

2. IT Internal controls

Review of Information Technology (IT) in used at the Institute revealed that no IT strategic plan was in place which could provide guidance to IT related decision making processes, task prioritization and implementation using the plan as a framework. In addition, the management had no back-up data stored in an off-site location and therefore in case of any interruptions the Institute might not be able to seamlessly continue with operations. This may impact on business-continuity and information recovery.

3. Internal Audit Function

A review of internal audit function revealed that the Institute did not have an internal auditor in place during the year. Therefore, the responsibility for reviewing governance mechanisms of Institute, conducting risk - based, value for money and systems audits, verifying the existence of assets of the Institute and ensuring that there are proper safeguards for their protection, providing assurance that appropriate institutional policies and procedures and good business practices are followed by Institute and evaluating the adequacy and reliability of information available to management for making decisions with regard to the entity and its operations.

4. Audit Committee

During the year, the Institute did not have an audit committee which would be responsible for monitoring the Institute's governance process, accountability process and control systems of the entity and offer objective advice on issues concerning risk, control, regulatory requirement and governance.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 those Charged with Governance

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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern 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.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 control 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 control would not necessarily disclose all matters in the internal control 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 policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism 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 ability of the Institute 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

16 February, 2022

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	151,177,137	7,000,000
Total Revenue from non-exchange transactions		151,177,137	7,000,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	194,910,557	79,578,685
Sale of goods	8	3,543,060	3,121,187
Finance income - external investments	9	-	201,322
Other income	10	1,338,146	6,859,505
Revenue from exchange transactions		199,791,763	89,760,699
Total revenue		350,968,900	96,760,699
Expenses			
Use of goods and services	11	206,527,368	133,590,659
Employee costs	12	25,003,333	39,184,570
Remuneration of directors	13	3,297,650	-
Depreciation and amortization expense	14	12,207,666	727,000
Repairs and maintenance	15	3,101,124	-
Total expenses		250,137,141	173,502,229
Net Surplus/(deficit) for the year		100,831,759	- 76,741,531

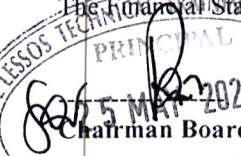
The notes set out on pages 1 to 22 form an integral part of the Annual Financial Statements.

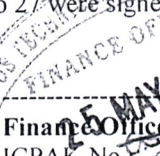
OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

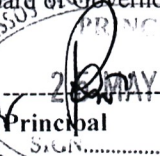
V. STATEMENT OF FINANCIAL POSITION AS AT 30/06/2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	238,784,466	98,408,397
Receivables from exchange transactions	17	285,653,229	310,201,929
Inventories	18	4,416,260	2,371,650
Total Current Assets		528,853,955	410,981,976
Non-current assets			
Property, plant and equipment	19	240,419,421	232,142,387
Total Non-current Assets		240,419,421	232,142,387
Total assets		769,273,376	643,124,363
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	7,094,333	5,683,399
Refundable deposits from customers	21	2,559,424	1,063,424
Total Current Liabilities		9,653,757	6,746,823
Total liabilities		9,653,757	6,746,823
Capital and Reserves			
Reserves			
Accumulated surplus		759,619,619	636,377,540
Total Capital and Reserves		759,619,619	636,377,540
Total Liabilities and Capital & Reserves		769,273,376	643,124,363

The financial statements set out on pages 23 to 27 were signed on behalf of the Institute Board of Governors by


Principal
Chairman Board of Governors
SIGN.....
Date.....
P.O. Box 210-30302, LESSOS TEL: 0202395160


Finance Officer
ICPAK No. 153
Date.....
P.O. Box 210-30302, LESSOS TEL: 0202395160


Principal
SIGN.....
Date.....
P.O. Box 210-30302, LESSOS TEL: 0202395160

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Retained earnings	Total
Balance b/f at July 1, 2018	713,119,071	713,119,071
Revaluation gain		-
Surplus for the year	- 76,741,531	76,741,531
Balance c/d as at June 30, 2019	636,377,540	636,377,540
Balance b/f as at July 1, 2019	636,377,540	636,377,540
Adjustments from prior years - Assets	22,410,320	22,410,320
Surplus for the year	100,831,759	100,831,759
Balance c/d as at June 30, 2020	759,619,619	759,619,619

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019/2020	2018/2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	22	160,133,768	- 76,014,531
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		- 19,757,700	-
Net cash flows used in investing activities		- 19,757,700	-
Net increase/(decrease) in cash and cash equivalents		140,376,068.34	- 76,014,530.56
Cash and cash equivalents at 1 July 2018		98,408,397.34	174,422,927.90
Cash and cash equivalents at 30 June 2019	168	238,784,465.68	98,408,397.34

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs
Revenue					
Transfers from other Govt entities Govt grants	27,000,000	0	27,000,000	95,265,000	68,265,000
Public contributions and donations	0	0	0	0	0
Rendering of services- Fees from students	366,810,818	0	366,810,818	278,642,474	68,949
Sale of goods	1,417,755	-	1,417,755	92,630	1,325,125
Finance Income	0	-	0	0	0
Other incomes	0	-	0	0	0
Gains on disposal ,rental income and agency fees	0	0	0	0	(0)
Total income	395,228,573	(0)	395,228,573	374,000,103.50	21,228,469.50
Expenses					
Compensation of employees	52,998,000	-	52,998,000	24,563,792.05	28,434,208
Use of Goods and services	5,000,000	0	5,000,000	4,390,826	609,174
Finance costs	200,000	0	200,000	33,660	166,340
Rent paid	0	0	0	0	0
Remuneration of director	3,647,800	0	3,647,800	3,297,650	350,150
General expenses	324,987,773	-	324,987,773	201,215,784.10	123,771,988.9
Repairs and Maintenance	8,395,000		8,395,000	3,016,830	0
Grants and subsidies paid	0	-	0	0	0
Total expenditure	395,228,573		395,228,573	236,518,542.15	
Surplus for the period					0

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

IX. NOTES TO THE FINANCIAL STATEMENTS

Ol'lessos Technical Institute is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Technical, Vocational, Education and Training.

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

2. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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: • 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. <i>(There is no impact of the standard to the entity)</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2022 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: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <i>(There is no impact of the standard to the entity)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: 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.

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Standard	Effective date and impact:
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Interest income

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

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information

The original budget for FY 2019/2020 was approved by the Board on **30/06/2020**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

a) Property, plant and equipment

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

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	12.5%
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that Asset are transferred to retained earnings in the statement of changes in equity.

b) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

c) Nature and purpose of reserves

a. Accumulated surpluses

This relates to surpluses brought forward and the one for the current year.

b. Capital reserves

This relates to fixed assets granted by the government or any other donor.

d) Changes in accounting policies and estimates

Ol'lessos TTI recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurate and fairly state the position and performance than the cash basis.

e) Employee benefits

Retirement benefit plans

The institution and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Related parties

Ol'lessos TTI 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 Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the ministry of education is also related party to the Ol'lessos TTI.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Comparative figures

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

i) Biological assets

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

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, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Ol'lessos TTI'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.

The board of Governance made only one significant judgement in preparing these financial statements.

Useful lives and residual values

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

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

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	1,000,000	7,000,000
Capitation Grants	95,265,000	-
	96,265,000	7,000,000

7 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	69732936	68,367,429
Activity fees	8,738,410	2,274,972
Library fees	2,551,510	446,480
Facilities and materials	12,872,225	8,273,642
Registration fees	1,126,020	216,162
Total Rendering of Services	194,910,557	79,578,685

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
Dairy farm	140660	383,515
Farm horticulture	120390	0
Poultry income	450	0
Total Sale of goods	261,500	383,515

9 FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	-	201,322
Total Finance Income	-	201,322

10 OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Income from sale of tender	33,000	66,000
Services concession income	80,546	6,793,505
Total other income	1,338,146	6,859,505

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity	4,390,826	4,136,635
Advertising	1,416,510	4,155,092
Insurance	541,204	729,447
Hire charges	20,000	-
Security costs	-	1,449,300
Skills development levies & Training materials	71,412,883	50,967,827
Examination and subscriptions	18,788,524	24,708,558
Telecommunication		
Training expenses	23,794,430	4,207,343
Other	84,752,057	43,236,457
Paid payables from prior year	1,410,934	-
Total good and services	206,527,368	133,590,659

12 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	24,336,942	39,184,570
Travel, motor car, accommodation, subsistence and other allowances	666,391	-
Total Employee costs	25,003,333	39,184,570

13 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Other allowances	3,297,650	-
Total director emoluments	3,297,650	-

14 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	12,207,666	727,000
Total depreciation and amortization	12,207,666	727,000

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Property, plant and equipment	12,207,666	727,000
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15 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	1,984,314	-
Equipment and machinery	170,950	-
Vehicles	945,860	-
Total Repairs and Maintenance	3,101,124	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	238,784,466	98,408,397
Total cash and cash equivalents	238,784,466	98,408,397

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	285,688,229	310,201,929
Other exchange debtors (staff advance)	35,000	-
Total current receivables	285,723,229	310,201,929

18 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	4,416,260	460,300
Maintenance stores	-	150,850
Health Unit stores	-	350,000
Electrical stores	-	630,200
Cleaning materials stores	-	140,250
Catering stores	-	640,050
Total Inventories	4,416,260	2,371,650

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT

	Land	Motor vehicles	Furniture and fittings	Computers	Buildings (Specify)	Other	Capital Work in progress
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	185,000,000	2,994,000	6,516,000	3,900,000		5,109,377	29,350,010
Additions		-		-			
Disposals							
Transfers/adjustments							
At 30th June 2019	185,000,000	2,994,000	6,516,000	3,900,000	-	5,109,377	29,350,010
Additions	-	16,500,000	701,990	786,000	-	1,769,710	
Disposals	-	-	-	-		-	
Transfer/adjustments	-	-	-	-		-	
At 30th June 2020	185,000,000	19,494,000	7,217,990	4,686,000	-	6,879,087	29,350,010
Depreciation		3,898,800	902,249	1,405,800	-	1,375,817	
At 30th June 2020	185,000,000	15,595,200	6,315,741	3,280,200	-	5,503,270	29,350,010
Net book values							
At 30th June 2020	185,000,000	15,595,200	6,315,741	3,280,200	-	5,503,270	29,350,010
At 30th June 2019	185,000,000	2,994,000	6,516,000	3,900,000	-	5,109,377	29,350,010

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	6,110,451	4,699,517
Fees paid in advance	983,882	983,882
Total trade and other payables	7,094,333	5,683,399

24 (a) Detailed analysis of the cash and cash equivalents

			Actual Audited
Financial institution	Account number	30 th JUNE 2020	Prior year
		Shs	Shs
a) Current account			
Kenya Commercial Bank	1114032425	5,283,428.45	
National Bank of Kenya-current a/c	01021055648800	193,001,619.76	
National Bank of Kenya-project a/c	0101056510300	7,852,184.20	
National Bank of Kenya-Savings a/c	01241055648800	1,343,028.11	
Transnational Bank Ltd	91075001	1,592,312.80	
Transnational Bank Ltd	91075002	0	
Transnational Bank Ltd	91075003	3,076,356.00	
Transnational Bank Ltd	91075004	24,139,891.20	
Kenya Commercial Bank-Town campus	1140235214	673,534.50	
Equity bank Ltd –elburgon Development project	0920265390871	7,322,740.20	
Sub- total	0	244,285,095.22	
b) On - call deposits			

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 RELATED PARTY BALANCES

Nature of related party relationships

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 EVENTS AFTER THE REPORTING PERIOD

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

23 ULTIMATE AND HOLDING INSTITUTE

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

24 Currency

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



OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

Director General/C.E.O/M-D (enter title of head of Institute)

Chairman of the Board

Date



OL'LESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE

Projects

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	KIPTARAGON DEVELOPMENT	51,837,890	51,837,891.05	100%	51,837,890	51,837,891.05	GOK
2	ELBURGON DEVELOPMENT	57,570,912.65	54,691,667.01	97%	57,570,912.65	54,691,667.01	GOK
3							

100

100

100

100