

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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Hon. Owen Bayo, MP
Deputy Majority Leader

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THE-TABLE:

Lemela

THE AUDITOR-GENERAL

ON

OL'LESSOS TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2024**



OL'LESSOS TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2024

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

O'lessos Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
OTTI	O'lessos Technical Training Institute

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The inception and growth of O'lessos Technical Training Institute (OTTI) dates back to 1975 when the members of local community pooled together and raised funds for the purpose of establishing Technical secondary school. However, the idea of a Technical Secondary School changed to a Technical Institute through an Act of Parliament and eventually, the Institute admitted its second lot of trainees in 1982.

The Institute is publicly registered under the Ministry of Education, State Department of Vocational and Technical Training and strategically located in a serene learning environment accessible at all times from all directions. It is located along Kapsabet – Lessos – Nabkoi – Nakuru Road in Nandi County, 27 Kilometres from Kapsabet Town and 1 km from Lessos market. It has a branch at Kapsabet Town.

The Institute is ISO 2009:2015 Certified and offers various accredited programmes that are market driven. Over time, it has experienced a steady growth both in trainee enrolments and infrastructural facilities, a manifestation of management commitment in ensuring that the Institute plays a vital role in the realization of the Kenya Vision 2030, Sustainable Development Goals (SDG) and in the achievement of the Big Four Agenda.

The Institute has focused its attention in the development of ultra-modern infrastructure and relevant training facilities in ten (10) departments the latest being Medical Laboratory, Electrical, Agriculture and Extension, Electronics Workshop, Secretarial and Liberal Studies and the

Hospitality Nutrition and Dietetics Centre which has state of the art equipment geared towards meeting training standards as demanded by market needs. It also intends to rollout Competency Based Education and Training (CBET) programmes in all the ten (10) academic departments accordingly. The management is also planning to continuously supplement government support through equipping workshops and laboratories.

The Institute currently has over 6,000 trainees enrolled in various programmes such as Diplomas, Artisan, Craft and other flexible blended courses. It has increasingly become the centre of attraction to a large number of KCSE graduates seeking skills required in the job market. The impact of the Institute has been felt within Nandi County and beyond. The gradual growth over the last two years, has led to a witnessed positive socio-economic impact to the surrounding community.

OTTI's participation in public exhibitions and research, linkages with other Institutions and outreach programmes have 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, the Institute intends to be a World class training facility. The future expectations of the Community and other strategic stakeholders of Technical and Vocational Education and Training (TVET) are to see the Institute Become a National polytechnic.

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(b) Principal Activities

The principal activity of the OTTI is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges

Vision

“To be a Centre of Excellence for Technical and Vocational Education and Training”.

Mission

To provide Technical and Vocational Education and Training and Research that promotes creativity, innovation and incubation to meet local, regional and global dynamic socio-economic and environmental challenges.

Core Values

- Integrity.
- Accountability
- Creativity and Innovation
- Customer Satisfaction
- Inclusivity
- Professionalism

Strategic Goals

- To Promote positive corporate image;
- To enhance capacity in TVET and Research;
- To Inculcate Entrepreneurial culture in trainees;
- To improve Institutional corporate governance;
- To promote strategic collaboration and linkages with Industry and other Institutions.

Quality Policy

O'lessos Technical Training Institute is committed to providing high quality Technical and Vocational Education and Training and Research that promote creativity and Innovation to meet global challenges. In pursuit of this commitment, the Institute shall comply with all applicable requirements and improve her effectiveness by implementing the Quality Management Systems based on ISO 9001:2015.

(c) Key Management

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

- Board of Governors
- Principal Accounting Officer
- The management team.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Senior Principal	Mr. Wesley K. Yegon
2.	Deputy Principal Administration	Mrs. Patricia Tarus
3	Deputy Principal Academics	Mr. Ben K. Yego
4	Ag. Registrar	Mr. Edwin Mutai
5	Ag. Dean of Trainees	Mrs. Rose Tenai
6	Finance Officer	CPA. Violah Chelimo
7	Procurement Officer	Mrs. Naomi Tarus

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance and Resource Mobilisation Committee Activities

The Committee shall exercise all the powers of BOG in financial matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG.

Terms of Reference: The role of the Committee shall be to monitor the financial status of the Institute on behalf of the BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall be to:

- (i) Monitor and facilitate the implementation of the Institute's strategy with regard to financial matters;
- (ii) Consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new projects;
- (iii) Determine the fees and charges made for the institute services and facilities;
- (iv) Supervise the financial administration of the Institute and make recommendations to BOG where appropriate;
- (v) Supervise the arrangements for safeguarding the Institute's assets;
- (vi) Ensure the proper financial evaluation and control of projects;
- (vii) Supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments;
- (viii) Ensure the appropriate exploitation of the Institute's intellectual property;
- (ix) Make recommendations to BOG on the financing of projects; and
- (x) Supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- (xi) Receive reports from the Accounting Officer ensuring that financial statements are understandable, transparent and reliable;

Audit, Risk and Governance Committee Activities

The Committee shall exercise all the powers of BOG in audit, governance and risk management matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG. The Committee responsibilities shall include to:

- (i) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic;
- (ii) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top;
- (iii) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud;
- (iv) Reviewing current and pending corporate governance related litigation or regulatory proceedings to which the institution is party;

- (v) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas;
- (vi) Ensuring the internal auditor's access to the audit committee, encouraging communication beyond scheduled committee meetings;
- (vii) Reviewing internal audit plans, reports and significant findings; and
- (viii) Establishing a direct reporting relationship with the external auditors.

Education, Research and Human Resource Committee Activities

The Committee shall exercise all the powers of BOG in Education, Research and Human Resource matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG. The Committee responsibilities shall include to:

- i) Driving the Institute's research agenda in line with the country's Vision;
- ii) Encourage research culture in the institute;
- iii) Institutionalize networking, collaboration research and outreach in the Institute;
- iv) Encourage innovation and handle issues to do with intellectual property rights;
- v) Ensure dissemination of research findings;
- vi) Advises the Board of Governors on the strategic direction of the Institute's academic activities, academic risks and the overall effectiveness of services in support of the academic endeavour;
- vii) Responsible for providing assurance to the Board of Governors on the effectiveness of the Institute's academic governance arrangements, the trainee experience, and setting and maintaining standards;
- viii) Support the development of HR policies, guidelines, procedures, regulations and standard; and
- ix) Monitor labour administration in the Institute.

Senior Management Activities

The main purpose of the Senior Management Team is to:

- (i) Ensure that OTTI's BOG is able to take strategic decisions relation to the Institute's activities;
- (ii) Provide leadership in communicating OTTI's mission, vision, strategic goals, core values, plans and achievements effectively and consistently to BOG, Government, and Staff, Clients, community members and the general public and other stakeholders;
- (iii) Be accountable for the development and implementation of the Institute's strategic, corporate and business plans in line with the mission and vision; and
- (iv) Take a strategic overview of performance in all areas of the Institute's activities.

Specifically, the Senior Management Team:

- (a) Make recommendations to the BOG on the implementation and achievement of the Board's Strategic Framework;

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- (b) Monitor the Institute's Corporate Plan delivery through appropriate key management and performance information reporting to the Board of Governors appropriately;
- (c) In light of income projections and forecasts, considers the annual grants and operational expenditures and monitors such expenditures;
- (d) Determines strategic issues arising from the introduction of new policies or process, including actively managing risks across the Institute and regularly reviewing the corporate risk register;
- (e) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board and/or its relevant Committees; and
- (f) Leads all managers in motivating and developing the Institute's staff to deliver the highest standards of performance and customer service.

(f) Entity Headquarters

O'lessos Technical Training Institute,
P.O. Box 210,
LESSOS- 30302,
Kapsabet - Nabkoi Road,
Kapsabet, KENYA.

Branch:

Kapsabet Town Campus

O'lessos Technical Training Institute,
P.O. Box 210,
LESSOS- 30302,
Kapsabet - Nabkoi Road,
Kapsabet, KENYA.

(g) Entity Contacts

Telephone: (254) 020-2395160
E-mail: ollessostechnical@gmail.com
Website: www.otti.ac.ke

(h) Entity Bankers

National Bank of Kenya

Kapsabet Branch,
P.O. Box 34 – 30300,
Kapsabet, KENYA.

Kenya Commercial Bank

Nandi- Hills Branch,
P.O. Box 184 – 30301,
Nandi Hills, KENYA.

Access Bank

Lessos, Branch,
P.O. Box 184 – 30301,
Nandi Hills, KENYA.

Key Entity Information and Management (Continued)

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3.The Board of Governors

BOARD OF GOVERNORS	
1.	<div style="text-align: center;">  <p>M/s Margaret C. Koech Chairperson</p> </div>
2.	<div style="text-align: center;">  <p>Mr Wesley K. Yegon Senior Principal/ Secretary BOG</p> </div>
3.	<div style="text-align: center;">  <p>Dr. Seraphine Jepkosgei Member</p> </div>

D.O.B 1969





Ms. Margaret C. Koech is an astute Corporate Governance Practitioner and has been a director in the Board of Kenyatta National Hospital, where she chaired the Strategy and Enterprise Committee and a member of the Audit and Risk Committee. She has served as a Chairperson of Tindiret Technical and Vocational Institute Board. She is also a member of the Board of Management and Patron of various Secondary Schools. She is a holder of MSc degree in International Hotel Management from The University of Buckingham (UK) and a Bachelor of Education degree from Kenyatta University (Kenya). Margaret previously worked with Multimedia University of Kenya as the Head of Commercial Services. Currently she runs private business in the real estate sector. She has also undergone various Corporate Governance training by State Corporation Advisory Committee (SCAC). She is a member of Institute of Corporate Governance, Institute of Internal Auditors-Kenya (IIA), Women on Boards Network (WOBN) and Kenya Association of Women Business Owners (KAWBO).
Executive member of the board.

D.O.B 1969




MBA in Strategic Management from Moi University
BBM (Accounting Option) Moi University

D.O.B 1975

MPhil. Literature Moi university
M.A Literature Moi university
B.ED Arts Moi university.
Executive member of the board- Chairperson Education committee

4.	 <p>Rt. Rev. Dr Christopher K. Rutto Member</p>	<p>D.O.B 1963 PhD in Theology Diocesan Bishop ACK Diocese of Eldoret 2003-2011- Lecturer Maseno University 1995-1999- Lecturer St Paul University Board of Education Chairman Anglican Church of Kenya Council Member Moi University National Church Council, Chairman North Rift Board Member Mosoriot Teachers Training College Executive member of the board</p>
5.	 <p>Mr. Martin Mungai Member</p>	<p>D.O.B 1983 Bachelor of Commerce (BCom. (Finance)) Finance Manager Martin has over 16 years of professional experience providing services to clients both in the public and private sector. He is the Managing Partner for Martin Kamau and Associates (MKA) and a consultant on procurement and financial management and has been involved in provision of technical assistance in areas of strengthening financial, procurement, governance and public financial management systems in Africa, Middle East, Central Asia and the Americas. Martin is also a Certified Public Accountant under licence no p/2543, a Certified Information System Auditor and holds an MSc degree in Financial Economics. Executive member of the board.- Chairperson Audit,,Risk and Gornvance committee</p>
6.	 <p>Mr. Joakim Mulaa Member</p>	<p>D.O.B 1988 Msc software engineering JKUAT BSc. Computer Science and technology Director e-campus university of Bosaso Software engineer. Executive member of the board -</p>
7.		<p>D.O.B 1977 Master of Arts, (Public Policy and Administration) Kenyatta University Bachelor of Arts (Economics and Geography) university of Nairobi. Non-executive member of the board</p>

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	M/s. Priscilla Muthoni Wanyiri PS Alternate representative	
8.	 <p>M/s. Florence Oluoch Member</p>	<p>D.O.B 1968 Florence Oluoch was appointed on 9th June 2023 as a member of the board at OLLESSOS TTI for a period of three years. she is a business with extensive experience in the financial services and insurance industry, having worked as a financial advisor with Britam insurance for a period of twenty years. She is currently the managing director of woosack holdings Limited. Woosack is involved in the hospitality industry and real estate sector. Mrs Florence Oluoch Is a member of Kenya association of Insurers. she holds a certificate of proficiency from the college of insurance, a diploma in sales and marketing from the university of Nairobi, and a Bachelor of business Management (marketing management) from Mount Kenya university. Executive member of the board.</p>
9.	 <p>Dr. Daniel Mutai, PhD. P.Eng. Tech. Member</p>	<p>D.O.B 1962 Holder of PhD in education communication Technology, with a long experience in teaching and training in the field of Electrical Technology Education. Has a wealth of experience in management and governance of TVET, after having been a principal for several years in various Polytechnics and Technical Training Institutions. He is a recipient of Award of excellence in Leadership in Diversity and Inclusion and Lifetime Achievement award from World Federation of Colleges and Polytechnics (WFCP). He is skilful in resource mobilisation, Coaching and Mentorship, conflict resolution and Negotiation and in project management. Executive member of the board- Chairperson Finance Infrastructure and General Committee</p>
10.	 <p>CPA, Hellen Chemosbei Kemboi Member</p>	<p>D.O.B 1977 MBA Finance option JKUAT BCOM Accounting Option-Catholic University of East Africa Holder of CPA(K) Diploma in human resource management. Work experience County Government of Nandi-Director Finance Kenya Tea Development Agency-Factory Accountant Chebut tea factory-Assistant Factory Accountant Nandi Growers sacco ltd –Operations Manager</p>

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		Nandi Growers sacco ltd –Internal Auditor Nandi Growers sacco ltd –Cashier Fr Mair Girls Sec. School-Bursar Non-executive member of the board.
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4. Key Management Team

No.	Member	Details
1.	 MR. Wesley K Yegon MBA Financial Accounting; Strategic Management	SENIOR PRINCIPAL <ul style="list-style-type: none"> • Being overall head of Institution under the direction of the Board of Governors. • Serving as the Secretary to the managing authority of the Institution. Promoting linkages between the Institution and the neighbouring communities and organizations.
2.	 Mrs. Patricia Tarus Master of Science (Animal Ecology) B.Ed. (Science)	DEPUTY PRINCIPAL IN-CHARGE OF ADMINISTRATION
3.	 Ben K. Yego Mphil. Communication studies B.Ed Arts	DEPUTY PRINCIPAL IN-CHARGE OF ACADEMICS
4.	 Mr Edwin Mutai Post Graduate Education; Msc. Micro-Biology BSc. Biology	Ag. REGISTRAR Head of registry section

1. Chairperson's Statement

I take this opportunity to present the Annual Report and Financial Statements for the year ended 30th June, 2024 for this great Institute.

During the financial year ending June, 2024, the Institute remained focused on its mission to provide Technical and Vocational Education and Training and Research that promotes creativity, innovation and incubation to meet local, regional and global dynamic socio-economic and environmental challenges.

I wish to state that during the financial year, the Institute maintained prudent financial management strategies and controls to avoid wastage of resources.

The Board is committed to the highest level of probity in the conduct of its business and continues to offer leadership and guidance to the management in order to achieve the Institute's strategic objectives as a set out in the Strategic Plan. During the financial year, the Management has ensured compliance to the various regulatory bodies including Kenya Revenue Authority, National Social Security Fund and National Hospital Insurance Fund by paying all the requisite taxes and remittances as permitted by the legislation.




The Board thanks all the stakeholders including the trainers, administrative staff, suppliers, trainees, the community surrounding the Institute and most sincerely the Government of Kenya who contributed in one way or another to make the year successful specifically for funding the Institute through the capitation funds. God bless us all.

Name Margaret Koehn

Signature [Handwritten Signature]

CHAIRPERSON/BOARD OF GOVERNORS

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<p>1.</p>	 <p>Mrs Rose Tenai Bachelor of science Maths/Business Studies; Diploma Technical Education.</p>	<p>Ag. DEAN OF TRAINEES In charge of trainees affairs</p>
<p>2.</p>	 <p>CPA Violah Chelimo BCOM - Banking and Finance CPA-K - Member No.22812 HND - Human Resource Management</p>	<p>FINANCE OFFICER</p> <ul style="list-style-type: none"> • In charge of finance department
<p>3.</p>	 <p>Mrs Naomi Tarus BBM -Supply Chain Diploma in Supply Chain Management KISM Member No. 75430</p>	<p>PROCUREMENT OFFICER</p> <p>In charge of procurement department</p>

6. Report of the Senior Principal

O'lessos Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction.

HIGHLIGHTS OF FY 2023/2024 PERFORMANCE

The performance of the Institute for the year 2023-2024 are set out in pages 1-5.

Trainees Enrolment

We closed the year with a total population of 5,851 trainees up from 5,626 in the last financial year. This increase is attributed to the marketing and promotion activities carried out by the institute.

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within our Counties, Country, Regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, and Affordable Housing and Food security.

O'lessos Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. However, the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and enhancement of Income Generating Activities to reinforce external support.

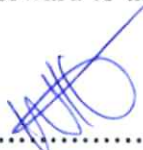
On behalf of the Institute Board, staff and trainees, I take this opportunity to thank the Government for its unequivocal support during the year under review.

One of the major challenges we faced as an institution is the reduction of trainee capitation from the National government and delayed remittance of the same. Each trainee was to receive capitation of 7,500 per quarter but the government instead released kshs 5,000, kshs 4,000 and ksh 4,000 in quarters one, two and three respectively. The capitation for quarter four is yet to be remitted. This adversely affected our performance and budget projections.

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I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairperson of the Board as well as the cooperation of the entire staff and our trainees that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



.....
WESLEY YEGON (MR)
PRINCIPAL/SECRETARY BOG

Date:

24/4/2025

7. Statement of Performance against Predetermined Objectives

O'lessos Technical Training Institute has nine strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY2022- FY2027. These strategic pillars are as follows:

PILLAR	THEME
<i>Pillar 1</i>	Infrastructure Development
<i>Pillar 2</i>	Technology and ICT Infrastructure
<i>Pillar 3</i>	Research, Innovation and Development
<i>Pillar 4</i>	Collaboration and Linkages
<i>Pillar 5</i>	Competitive Edge
<i>Pillar 6</i>	Corporate governance
<i>Pillar 7</i>	Human resource management
<i>Pillar 8</i>	Resource mobilization and funding

O'lessos Technical Training Institute develops its annual work plans based on the above eight 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 2023/2024 period for its nine strategic pillars, as indicated in the diagram below:

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

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	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 Canada.
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 networks with international TVET institutions	To be implemented as Per colleges and institutes Canada.
Pillar 5: COMPETITIVENESS	Enhance competitiveness	Increased trainees' numbers	Strengthen existing competitiveness benchmarks Establish new competitiveness benchmarks	Trainee numbers have continued to 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	New courses being offered Improved budget accuracy

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			Fast track institutional expenditure review	
Pillar 7: HUMAN RESOURCE	Harness Human resource	Increased number of staff to match the increasing number of trainees	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 and standards Promote innovativeness in ST&I Establish the Center of excellence Improve the quality of work culture Strategy Encourage investment in the development and commercialization of TVET products and services including ICT	
Pillar 8: FINANCIAL RESOURCES	Diversify sources and increase funding	New development partners Enhanced existing partners' relationship Increase in government development funds	Increase GoK funding Exploit external funding possibilities through developed criteria Expand income generation at institutional level	There are development partners funding development projects. The institution continues to receive development funds from the government.

8. Corporate Governance Statement

The statement outlines the key aspects of the Institute's corporate governance framework. Corporate governance is the process by which the Institute is directed, controlled and held to account. It provides the structure through which the strategic objectives of the Institute are set, and the means of attaining of them as well as monitoring performance. Corporate Governance dictates the engagement between the Institute Board of Governors, Management, Regulators and all Stakeholders.

The Institute in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission and core values for sustainability of the Institute.

(i) The Board charter.

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The charter was enacted by the board in February 2021 and it clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

(ii) Board Appointment and Composition.

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term.

The membership of the Board of Governors comprises of;

- (a) The Chairperson;
- (b) The principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education Science and Technology, State Department of TVET
- (d) Representative of the Governor of County Government of Nandi
- (e) Five other members appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology

Some of the roles of the board of governors include:

- (a) Approve the policies of the Institute
- (b) Employ staff
- (c) Approve the Annual Budget
- (d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

(iii) Board Diversity

The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the Institute's mandate. The Institute endeavors to and remains compliant with the one third (1/3) gender balance.

(iv) Separation of Powers

The Chairperson of the Board's responsibilities include the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. The Institute Principal's roles and responsibilities include the day-to-day management of the Institute's business and overseeing the implementation of strategies, policies approved by the Board.

(v) Board's Effectiveness

In order to ensure that the Board members are effective in their contribution to the management of the Institute, the members undergo regular training to enable them to fulfill their responsibilities. The Board members undergo a comprehensive induction and capacity building program upon their inauguration.

(vi) Board Evaluation

The Board has put in place evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2023/2024.

(vii) Sitting Allowances of the Board

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairperson and members. In addition, sitting allowances may be payable when on official duty in and outside the country.

(viii) Conflict of Interest

The Institute conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the board. A register of interests is maintained and declarations of any conflicts of interests are made at the start of each committee and board meetings.

(ix) Committees of the Board:

The Institute has a total of three committees which are;

- (i) The Audit, Risk and Governance Committee
- (ii) Finance and Resource Mobilization Committee
- (iii) Education, Research and Human Resource Committee.

9. Management Discussion and Analysis

SECTION A:

(a) The Institute's Performance

Revenue

The Institute's sources of funds during the year under review includes;

- (i) Government Grants – Capitation
- (ii) Internally generated funds – Tuition and other related charges
- (iii) Sale of goods, rental revenue from hire facilities and other incomes

During the year, revenue of Ksh. 61,362,000 was received from the national government as capitation, Ksh. 294,770,259 from Tuition and other incomes generated internally. The Institute's total revenue increased by 13% from Ksh. 285,066,973 to Ksh. 359,239,061 The variance was occasioned by the new funding model which increased the school fees from Kshs,56,420 to Kshs 67,189

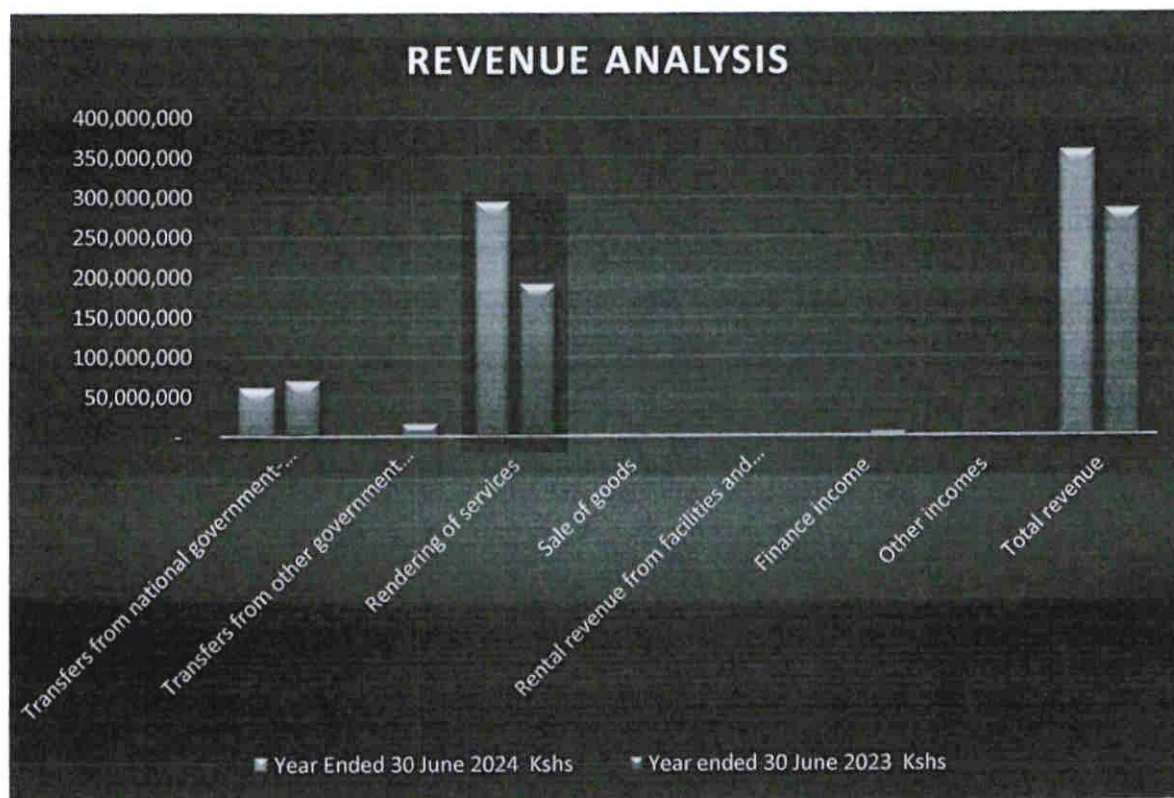


Fig. 1. The Institute's Comparative Revenue Analysis for the periods ending 30th June 2024 and 30th June 2023.

Expenditure

The institute's expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governor's costs, and general expenses.

The overall expenditure for the period decreased by 0.4% from Kshs 370,515,039 to Kshs 369,341,386. in the last financial year. The negative variation was due delaying of other projects as a result of cash flow challenges.

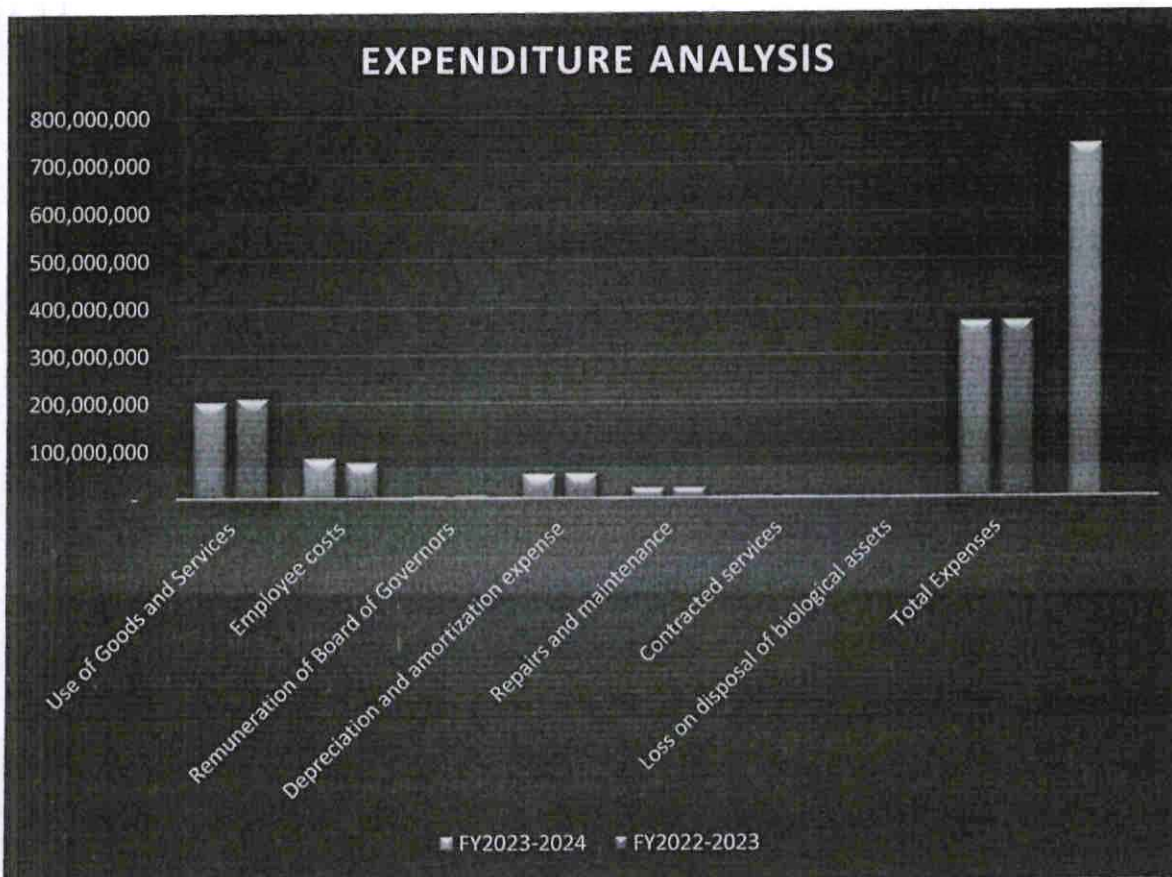


Fig. 2. The Institute's Comparative Expenditure Analysis for the periods ending 30th June 2024 and 30th June 2023.

(b) The Institute's Compliance with Statutory Requirements

The Institute complies with statutory requirements and has remitted payroll statutory deductions over the years.

(c) Material Arrears in Statutory/Financial Obligations.

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

(d) Key Projects and Investment Decisions the Institute is Planning/Implementing.

During the year under review the Institute undertook the following projects some of which are works in progress

O'lessos Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

No.	ONGOING PROJECTS	SOURCE OF FUNDS
1	Hospitality annex phase I	Internal generated funds
2	Construction Of Reading Shades	Internal generated funds
3	Purchase of driving school vehicles	Internal generated funds
4	Construction of ramps	Internal generated funds
5	Purchase of tractor	Internal generated funds
6	Purchase of Institute bus	Internal generated funds
7	Construction of workshops and labs	Internal generated funds
8	Dairy unit yard	Internal generated funds

(e) The proposed projects are provided in the table below:

No.	PROPOSED PROJECTS	SOURCE OF FUNDS
1	Construction of tuition block phase I	Internal generated
2	Excavation of field for drainage	Internal generated

(f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
2	Infrastructure limitation due increased trainee population.	Constructed temporary lecture halls, writing and submitting proposals to the Ministry of Education for Development Grants and encouraging the locals to construct accommodation facilities for the trainees.

(g) The Entity's Financial Probity and serious Governance Issues

There were no financial probity and serious governance issues during the year under review.

10. Environmental And Sustainability Reporting Statement

O'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 highlight of strategies and activities that promote the organisation's strategic objectives.

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 masks.

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.

Environmental performance

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk board thereby reducing dust and related effects.

Employee welfare

The Institute values her employees and the many stakeholders, including the wider community where the training of our trainees 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. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

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.

O'lessos Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

Activity	Description
Better training	<ul style="list-style-type: none"> • Optimizing training operations to meet ongoing social and sustainability objectives. • Providing opportunities for growth as the Institute by becoming involved in our local community.
Enhanced community	<ul style="list-style-type: none"> • Focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	<ul style="list-style-type: none"> • Promoting initiatives that support staff and their families, beyond the provision of employment. • Promoting initiatives that recognize the contribution of the trainees to the community.

Policies Guiding the Institute's Hiring Process

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. Financial resources are considered before effecting the strategy
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	The Institute 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

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.

O'lessos Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) 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.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- 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.

Corporate Social Responsibility / Community Engagements

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

Employee welfare

The Institute values employees and all stakeholders, including the wider community where the training of our trainees 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. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

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O'lessos Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

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11. Report of the Board of Governors

The Council members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the ol'lessos technical training institute.

Principal activities

The principal activities of the institute are to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges.

Results

The results of the entity for the year ended June 30th, 2024 are set out on pages 1-5.

Board of Governors

The members of the Board who served during the year are shown on page viii-x. During the year, the old board expired and a new board was instituted.

Auditors

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

By Order of the Board



.....
Principal/Secretary of the Board.

Date..... 24/11/2025

12. Statement of Board of Governors' Responsibilities

Section 83 of the Public Finance Management Act, 2012 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 the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial period and the operating results of the Institute for that period. 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 period ended on 30th June 2024. 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 schedule 2 of the Technical and Vocational Education and Training Act, 2013. 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 period ended 30th June 2024, 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

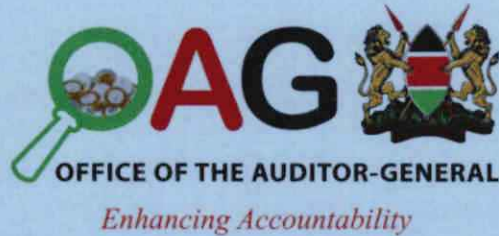
The Institute's financial statements were approved by the Board on 22nd/09/2024 and signed on its behalf by:

Name *Margaret C. Koehn*
Signature..... *[Signature]*
Chairperson of the board/council

Name *W. Ryan*
Signature..... *[Signature]*
Accounting officer/principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON OL'LESSOS TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ol'lessos Technical Training Institute set out on pages 1 to 37, which comprise of the statement of financial position

as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ol'lessos Technical Training Institute as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Revenue

1.1 Variances in Revenue from Rendering of Services -Student Fees

The statement of financial performance reflects total revenue from exchange transactions amount of Kshs.297,877,061 which includes revenue generated from rendering of services amount of Kshs.294,770,259 as disclosed in Note 8 to the financial statements. However, data from the Enterprise Resource Planning (ERP) system revealed revenue generated from rendering of services of Kshs.156,192,378 resulting to an unreconciled variance of Kshs.138,577,881.

In the circumstances, the accuracy and completeness of revenue from rendering of services amounting to Kshs.294,770,259 could not be confirmed.

1.2 Under Declared Rental Revenue from Facilities and Equipment

The statement of financial performance reflects total revenue from exchange transactions amount of Kshs.297,877,061 which includes rental revenue from facilities and equipment amount of Kshs.1,177,535 as disclosed in Note 10 to the financial statements. However, due to lack of a policy to guide in the amounts chargeable by exam centres for services rendered, exam centres charged unequal amounts for similar services rendered resulting to under collection of rental revenue.

In the circumstances, the accuracy and completeness of the amount of Kshs.1,177,535 reported on rental revenue from facilities and equipment could not be confirmed.

2. Inaccuracies in Current Receivables from Exchange Transactions Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.236,744,288 which is made up of student debtors of Kshs.233,944,288

and mentee Institution receivables (Elburgon Technical Training Institute) amount of Kshs.2,800,000 as disclosed in Note 20 (a) to the financial statements. Note 20 (a) further discloses that the balances relate to current receivables from exchange transactions. However, the aging analysis provided for audit revealed that out of the balance of Kshs. 236,744,288, only Kshs.185,244,120 had been outstanding for less than one year implying that they were a non-current portion of receivables from exchange transactions.

Further, there was no provision for bad debts in relation to overdue outstanding student debtors disclosed in the financial statements, and the Institute did not have in place a policy on bad and doubtful debts.

In addition, Management clarified that Kshs.2,800,000 reported as current receivables from non-exchange transactions were funds the Institute disbursed to mentor Elburgon Technical Training Institute during an unspecified period. However, Management did not provide any documentary evidence to confirm that the amount was indeed for receivables from exchange transactions.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions of Kshs.236,744,288 could not be confirmed.

3. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.2,051,355 as disclosed in Note 22 to the financial statements. However, the Institute did not have stock take instructions, bin cards for receipt and issuing of stock, stock take minutes, stock take report as at 30 June, 2024 and inventory stock ledger to manage and show the stock of the Institute at the close of the year.

In the circumstances, the existence, accuracy and completeness of the inventories balance of Kshs.2,051,355 could not be confirmed.

4. Inaccuracies in Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.1,031,204,358 as disclosed in Note 23 to the financial statements. This balance includes additions during the year of Kshs.52,052,074 made up of furniture and fittings of Kshs.547,995, computers of Kshs.1,519,750 and work in progress of Kshs.49,984,329. However, there was no detailed listing of additions amounting to Kshs.52,052,074 provided for verification. Further, the addition of Kshs.52,052,074 reflected in property, plant and equipment balance differed with the general ledger balance of Kshs.6,338,001 resulting to an unexplained variance of Kshs.45,714,073.

In addition, the financial statements did not disclose the rates of depreciation and amortization under the summary of significant accounting policies and therefore it was not possible to determine the accuracy of depreciation and amortization.

In the circumstances, the accuracy of property, plant and equipment balance of Kshs.1,031,204,358 could not be confirmed.

5. Lack of Motor Vehicle Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.1,031,204,358 as disclosed in Note 23 to the financial statements. The balance includes motor vehicles with a cost of Kshs.21,365,413. However, the Institute did not provide ownership documents for a motor vehicle valued at Kshs.5,400,000 for audit verification.

In the circumstances, the ownership of the motor vehicle valued at Kshs.5,400,000 could not be confirmed.

6. Unsupported Intangible Assets Balance

The statement of financial position reflects intangible assets balance of Ksh.8,020,394 as disclosed in Note 24 to the financial statements. However, the asset movement schedule supporting the balance was not provided for audit. Further, the list showing the specific assets forming the intangible assets was not provided for review and the amortization rate for the intangible assets was not disclosed.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.8,020,394 could not be confirmed.

7. Unsupported Biological Assets Balance

The statement of financial position reflects biological assets balance of Kshs.984,000 as disclosed in Note 25 to the financial statements. However, there was no disclosure in the financial statements on the revaluation of the biological assets to reflect changes in fair value as required by IPSAS 27. Further, there were no details and nature of activities undertaken through the use of biological assets. In addition, the listing and quantities used to estimate the value of biological assets were not disclosed in financial statements.

In the circumstances, the accuracy of biological assets of Kshs.984,000 could not be confirmed.

8. Unsupported Internet and ICT Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.202,351,033 which includes an expenditure of Kshs.8,242,372 towards internet expenses as disclosed in Note 13 to the financial statements. However, due to non-provision of supporting procurement documents such tender documents, tender evaluation process, notification of tender award both to the successful bidders and unsuccessful bidders, indicative market rates and professional opinions, It was not possible verify the expenditure on ICT amounting to Kshs.8,242,372.

In the circumstances, the accuracy and validity of internet and ICT expenses of Kshs.8,242,372 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Ol'lessos Technical Training Institute Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

Report of the Auditor-General on Ol'lessos Technical Training Institute for the year ended 30 June, 2024

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.745,535,044 and Kshs.359,239,061 respectively resulting to an under-funding of Kshs.386,295,983 or 52% of the budget. Similarly, the Institute incurred a recurrent total expenditure of Kshs.317,916,492 against actual receipts of Kshs.359,239,061 resulting to an under expenditure of Kshs.41,322,569 or 12% of the actual receipts.

The underfunding and under expenditure may have negatively affected the delivery of goods and services to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, no report on the recommendations from the oversight bodies were submitted for audit verification and therefore, the audit queries remain unresolved.

Other Information

The Board of Governors is responsible for the other information set out on pages (ii) to (xxxii) which comprise of Acronyms and Glossary of Terms, Key Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Governors and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Flawed Procurement Process of an Enterprise Resource Planning System

The Institute tendered for the procurement of an Enterprise Resource Planning (ERP) System on 5 August, 2020 for a contract sum of Kshs.16,350,000. The project was to be completed within 22 weeks by February, 2021 but an extension was granted to June, 2021. However, both the request and grant for extension of the contract were not provided for review.

The ERP system was to integrate core operational functions such as finance, human resources, student management, procurement, and academics into a single, centralized platform resulting into enhanced operational efficiency, data accuracy, and better decision-making. The ERP system had specific deliverables that included upgrading, testing, training, commissioning and maintenance of ERP system. However, despite having paid Kshs.9,810,000, audit verification carried out in April, 2025 revealed that there was Vendor access denial and none of the modules were functional since the Vendor had restricted the access to the system and database resulting from a dispute between the two parties forcing the institute to revert back to manual data operations in managing its critical operational functions previously handled through the ERP system.

Further, the Institute was unable to retrieve and use critical information resources resident in the ERP system including underlying records critical in preparation and supporting its financial statements for the year under review. This undermined system ownership, data governance, and accountability and risked long-term dependency on the vendor.

On the implementation status, it was noted that out of 21 modules, 13 modules costing Kshs.9,200,000 were implemented but not working as per requirements, while 8 modules worth Kshs.7,150,000 were not implemented at all.

In addition, the Vendor did not confirm the specification requirements with the users and the system design and business blueprint were not provided to the Institute as per the agreement. It was also noted that the Vendor did not offer user acceptance testing, training of technical personnel on troubleshooting, adding new features and new

parameters in the back end, or performing adjustments to the system and was yet to hand over critical access, such as database access.

In the circumstances, there was no value for money from the acquired ERP system.

2. Non-Compliance with Law on Ethnic Composition

The statement of financial performance reflects employee cost of Kshs.84,689,819 as disclosed in Note 14 of the financial statements. However, review of payroll revealed that the Institute employed a total of 138 employees out of whom 130 or 94% of the total number were members of the local dominant community contrary to Section 7(1) & (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Failure to Conduct Governance Audit and Board Evaluation

During the year under review, the Institute did not undertake a governance audit and Board performance evaluation contrary to the requirement of Section 1.12 and 1.13 of the Mwongozo Code of Conduct for State Corporations on Board evaluation and governance audit which provides that the Board in consultation with the oversight office should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose and that the governance audit should among other areas cover the governance practices of the organization. Further, it requires the Board to undertake an annual evaluation of the performance of all committees, individual members, the chief executive officer, and the corporation secretary. In the absence of a governance audit and the Board's evaluation reports, it was not possible to confirm the existence of effective overall governance and performance evaluation measures at the Institute.

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

4. Delayed Completion of the Proposed Dairy Unit

The Institute awarded a tender to a contractor for the completion of the proposed Dairy Unit on 24 May, 2024, at a contract sum of Kshs.2,990,760 for a contract period of 4 months. The project commenced on 10 June, 2024 and an amount of Kshs.2,250,000 was paid to the contractor as part payment. However, it was noted that there were incomplete finishing works, including an improperly sloped floor that hindered effective water drainage, unpainted interior and exterior surfaces, missing restraining mechanisms on gates, and exposed external metal components that remain unpainted and unsecured.

Further, although plumbing installations had been completed, they had not been tested for functionality and compliance with required standards before commissioning. Site verification carried out in April, 2025 revealed that the contractor was not on site, and no active works were ongoing.

In the circumstances, value for money on the Kshs.2,250,000 paid towards the project may not be realized.

5. Breach of Data Protection Provisions

The Institute collects and processes data of its students from time to time especially during student enrollments. The data collected by the Institute are personal and sensitive in nature such as mobile phone numbers, Kenya Certificate of Secondary Education (KCSE), index numbers, date of birth, national identification/passport numbers among others. Review of the data collection, processing and storage operation activities by the Institute revealed the Institute breached the Data Protection Act, 2019 as detailed below.

- i) The Institute had not been registered with the Data Commissioner as a Data Controller or Data Processor respectively and had unlimited access to student personal data contrary to Section 18(1) of the Data Protection Act, 2019 which states that subject to sub-section (2), no person shall act as a Data Controller or Data Processor unless registered with the Data Commissioner.
- ii) The Institute had not established personal data retention schedule and appropriate time limits for the periodic review of the need for the continued storage of personal data for any of the law enforcement purposes and had not developed and published a policy reflecting their personal data handling practices contrary to Section (3) of the Data Protection Act, 2019 which states that the Data Controller or Data Processor shall implement mechanisms to ensure that time limits established for the rectification, erasure or restriction of processing of personal data, or for a periodic review of the need for the storage of the personal data, is observed.
- iii) Management had not implemented the elements necessary to safeguard the principle of storage limitation including having in place means of managing policies and procedures for information security, assessing the risks against the security of personal data and putting in place measures to counter identified risks and regularly reviewing and testing management information systems used by the Institute to uncover vulnerabilities.
- iv) Management had not implemented the elements necessary to safeguard the principle of storage limitation including having in place a clear internal procedure for deletion and destruction of personal data of subjects, determining what data and length of storage of personal data that is necessary for the purpose and formulating internal retention statements of implementing them.
- v) It was also noted that Management did not conduct data protection impact assessment prior to processing of the data.

In the circumstances, Management was in breach the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Report of the Auditor-General on Ol'lessos Technical Training Institute for the year ended 30 June, 2024

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of an Approved Inventory Management Policy

The statement of financial position reflects total current assets balance of Kshs.370,037,643 which includes inventory balance of Kshs.2,051,355 as disclosed in Note 22 to the financial statements. However, the Institute did not have in place an Inventory Management Policy to guide inventory handling, recording, movement access and valuation.

In the circumstances, the existence of controls over inventory could not be confirmed.

2. Deficiencies in Internal Audit Department and Audit Committee

Review of the Internal Audit Department and Internal Audit Committee revealed that the Audit Committee did not publish an annual report on the review of the independence, performance, and competence of the Internal Audit Unit contrary to Regulation 166(2) of the Public Finance Management (National Government) Regulations, 2015. Further, the internal audit unit has not undergone a professional assessment of its effectiveness by a professionally recognized body or institution in the last three years as required by Section 166 (3) of the Regulations that states that at least once every three years but not more than five years, internal audit unit shall undergo a professional assessment of its effectiveness undertaken by a professionally recognized body or institution.

In the circumstances, the internal controls of the Institute may not have been effective.

3. Lack of Management Policy on Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.32,254,503 which includes trade payables of Kshs.24,079,797 as disclosed in Note 26 to the financial statements. However, the Institute did not have in place a Creditors' Management Policy contrary to Section 165(1) of the Public Finance Management National Government Regulations, 2015 which requires National Government entity to develop creditors policy.

In the circumstances, the Institute may not have proper guidelines on management of trade and other payables.

4. Weak Information Communication Technology (ICT) Controls

Review of the information and communication technology controls revealed the following weaknesses;

- i) Whereas Management had installed CCTV cameras for surveillance at strategic locations within the Institute, the same had not been extended to the server room and the physical access to the facility was not effectively controlled as no biometric access control had been installed at the entrance of the server room.
- ii) Further, the Institute did not have in place a contingency plan to guide in disaster recovery and had not implemented guidelines on implementation of information security at the Institute and neither had it blocked access to internet websites and protocols that are deemed inappropriate for the Institute's corporate environment as required by the Institute's ICT Policy.
- iii) Management did not provide proof that the Institute has a secondary back up site and that backup copies of the software and other information resources were kept off-site.
- iv) Management had not implemented guidelines on the composition, appointment and functions of members of the ICT Policy Committee and monitoring of the implementation of the said Policy.
- v) The Institute had a non-functional Enterprise Resource Planning (ERP) System which according to Management, had been locked by the Vendor due to unresolved disputes between the Vendor and the Institute. Management did not also provide documented correspondences regarding the dispute.
- vi) Review of email correspondences revealed the Institute lacked formal e-mail system and all staff used personal emails for official government business. This was contrary to the Head of Public Service Circular SH/ADM 23(1) dated 14 June, 2022 and Government ICT Standards, 2019 prescribing that all Ministries, Counties, Departments and Agencies (MCDAs) shall acquire and ensure appropriate use and management of e-mail and instant messaging applications.

In the circumstances, internal controls over Information Communication Technology (ICT) Controls could not be confirmed.

5. Failure to Maintain an Updated Imprest Register

The statement of financial performance reflects Kshs.202,351,033 in respect of use of goods and services which includes Kshs.30,853,117 relating to travelling and accommodation as disclosed in Note 13 to the financial statements. However, the Institute did not maintain a complete and updated register for management and control of imprests issued. Further, it was observed that details relating to the payee, personal numbers, designation, imprest warrant number, date of issue, due date and date of surrender, were not recorded in the imprest register. This was contrary to the provisions of Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 on management of issuance and control of imprests.

In the circumstances, there was weak internal control in management of imprest system.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 May, 2025

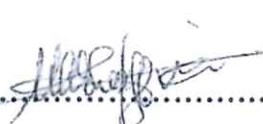
O'lessos Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance For The Year Ended 30 June 2024

	Note	Year Ended 30 June 2024 Kshs	Year ended 30 June 2023 Kshs
Revenue from non-exchange transactions			
Transfers from national government- Capitation	6 (a)	61,362,000	70,281,000
Transfers from other government agencies- NYS	7	-	15,559,903
Total revenue from non-exchange transactions		61,362,000	85,840,903
Revenue from exchange transactions			
Rendering of services	8	294,770,259	191,317,480
Sale of goods	9	303,312	288,375
Rental revenue from facilities and equipment	10	1,177,535	1,087,916
Finance income	11	-	5,201,022
Other incomes	12	1,625,955	1,331,277
Total revenue from exchange transactions		297,877,061	199,226,070
Total revenue		359,239,061	285,066,973
Expenses			
Use of Goods and Services	13	202,351,033	209,911,442
Employee costs	14	84,689,819	75,756,839
Remuneration of Board of Governors	15	5,384,148	6,412,905
Depreciation and amortization expense	16	51,424,895	53,094,995
Repairs and maintenance	17	21,497,552	21,797,495
Contracted services	18	3,993,940	3,541,363
Total expenses		369,341,386	370,515,039
Loss on disposal of biological assets		-	215,500
(Deficit) for the year		(10,102,325)	(85,663,566)

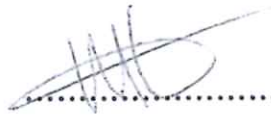
(The notes set out on pages x to xx form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:



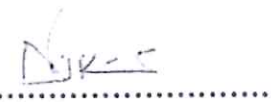
Chairperson of
Council/Board

Date 24/07/2024



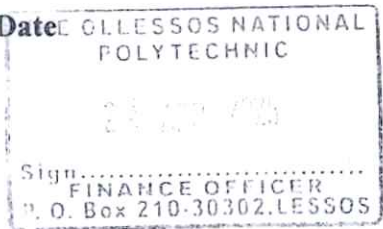
Principal

Date 24/7/24



Finance Officer

ICPAK No 30/23

Date 
 O'LESSOS NATIONAL
 POLYTECHNIC
 Sign.....
 FINANCE OFFICER
 P. O. Box 210-30302.LESSOS

O'lessos Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

		Year ended 30 June 2024	Year ended 30 June 2023
		Kshs	Kshs
ASSETS	Note		
Current assets			
Cash and cash equivalents	19	68,559,597	96,175,273
Receivables from exchange transactions	20	236,744,288	198,057,559
Receivables from non-exchange transactions	21	62,682,403	62,682,403
Inventories	22	2,051,355	1,984,100
Total Current Assets		370,037,643	358,899,335
Non-current assets			
Property, plant and equipment	23	1,031,204,358	1,028,572,080
Intangible assets	24	8,020,394	10,025,492
Biological assets	25	984,000	984,000
Total non-current assets		1,040,208,751	1,039,581,572
TOTAL ASSETS		1,410,246,394	1,398,480,907
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	26	32,254,503	13,555,969
Refundable deposits	27	21,727,545	18,558,266
Total current liabilities		-	-
Total liabilities		53,982,048	32,114,235
		53,982,048	32,114,235
Net assets			
Reserves		1,317,791,361	1,317,791,362
Accumulated surplus		38,472,985	48,575,310
Total net assets		1,356,264,346	1,366,366,672
TOTAL NET ASSETS AND LIABILITIES		1,410,246,394	1,398,480,907

The Financial Statements set out on pages 1 to 5 were signed by:



Chairperson of
Council/Board

Date



Principal

Date

24/4/2025



Finance Officer

Date

ICPAK No 30723



16. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Accumulated Surplus	Revaluation reserve	Total
	Kshs	Kshs	Kshs
At July 1, 2022	134,238,876	1,304,727,530	1,438,966,406
Surplus/(deficit) for the year	(85,663,566)	-	(85,663,566)
Revaluation	-	13,063,832	13,063,832
At June 30, 2023	48,575,310	1,317,791,362	1,366,366,672
At July 1, 2023	48,575,310	1,317,791,362	1,366,366,672
Surplus/(deficit) for the year	(10,102,325)	-	(10,102,325)
At June 30, 2024	38,472,985	1,317,791,361	1,356,264,346

17. Statement of Cash Flows For The Year Ended 30 June 2024

		Period ended 30 June 2024	Period ended 30 June 2023
Cash flows from operating activities	Notes	Kshs	Kshs
Receipts			
Transfers from Government National government	6 (a)	61,362,000	70,281,000
Transfers from other government entities	6 (b)	-	-
Research grants	7		-
Rendering of services- Fees from students	8	254,208,315	174,959,140
Sale of goods	9	303,312	288,375
Rental revenue from facilities and equipment	10	1,177,535	1,087,916
Finance income	11	-	5,201,022
Other incomes	12	1,625,955	1,331,277
Total Receipts		318,677,117	253,148,730
Payments			
Use of Goods and Services	13	198,584,259	208,289,840
Employee costs	14	84,689,819	75,756,839
Remuneration of Board of Governors	15	5,384,148	6,412,905
Repairs and maintenance	17	21,497,552	20,141,010
Contracted services	18	3,993,940	3,541,546
Total Payments		314,149,719	314,142,140
Net cash flows from operating activities before working capital changes		4,527,398	(60,993,410)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(32,143,074)	(84,615,548)
Net cash flows used in investing activities		(32,143,074)	(84,615,548)
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(27,615,676)	(145,608,958)
Cash and cash equivalents at 1 July	17	96,175,273	241,784,231
Cash and cash equivalents at 30 June	17	68,559,597	96,175,273

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual to date	Budget utilization difference	% of Utilization	Notes
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers from other National Government	244,500,000	-	244,500,000	61,362,000	183,138,000	75%	(a)
Rendering of services- fees from students	487,305,044	-	487,305,044	294,770,259	192,534,785	40%	(b)
Rental revenue from facilities and equipment	1,800,000	-	1,800,000	1,177,535	622,465	35%	(c)
Miscellaneous Income	11,930,000	-	11,930,000	1,929,267	10,000,733	84%	(d)
Total Income	745,535,044	-	745,535,044	359,239,061	386,295,983	52%	
Expenses							
Use of goods and services	364,312,258	-	364,312,258	206,344,973	157,967,285	43%	(e)
Employee costs	119,001,250	-	119,001,250	84,689,819	34,311,431	29%	(f)
Board Expenses	7,864,407	-	7,864,407	5,384,148	2,480,259	32%	(g)
Repairs and maintenance	58,500,000	-	58,500,000	21,497,552	37,002,448	63%	(h)
Total Expenditure	549,677,915	-	549,677,915	317,916,492	231,761,423	42%	
Surplus For the Period	195,857,129	-	195,857,129	41,322,569	154,534,560	79%	
Capital Expenditure	195,857,129	-	195,857,129	52,052,074	143,805,055	73%	(i)

(Budget notes)

19. Notes to the Financial Statements

1. General Information

O'lessos Technical Training Institute entity 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 institute's principal activity is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards in the year ended 30th June 2024

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard will not have any effect on the institute.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The institute does not have assets held for sale hence the standard will not have effect on the financial reporting.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The standard will affect the valuation of the land and other infrastructure assets as this will require new valuation to be done.
IPSAS 46:	Applicable 1st January 2025

O'lessos Technical Training Institute
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Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard we see all revenues now recognized under one standard as opposed to the classification as exchange and non-exchange.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

Institute did not early adopt any new or amended standards in year 2023/2024.

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

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Board on 22 June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5

Taxes

Current income tax

The entity is exempt from paying taxes as per schedule 1 of the Income Tax 2019 Act.

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) Research and development costs

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

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

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

h) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

j) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

k) Social Benefits

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

l) Nature and purpose of reserves

The O'lessos Technical Training Institute creates and maintains reserves in terms of specific requirements. The institute maintains capital reserves.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

p) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

q) Related parties

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

r) Service concession arrangements

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

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Comparative figures

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

u) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from other National Government entities

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Government capitation	61,362,000	70,281,000

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Total transfers from National Government Ministries	61,362,000	70,281,000
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(a) Transfers from other Government entities (Categorized)

Name of the Entity Securing The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of technical and vocational education	61,362,000	-	-	61,362,000	70,281,000
XX Ministry	-	-	-	-	-
Total	61,362,000	-	-	61,362,000	70,281,000

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)

7. Transfers from Other Levels of Government

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Ministry of Gender and Youth Affairs- NYS	-	15,559,903
Total transfers from Ministries, Departments and Agencies	-	15,559,903

8. Rendering of Services

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Tuition	103,080,683	30,579,458
ICT	3,640,600	4,357,600
Library	3,185,525	3,812,900
Devt fund	9,101,500	10,894,000
Personal Emoluments	67,177,853	48,195,056
EW&C	13,712,994	6,536,400
LT&T	17,353,594	10,894,000
RMI	9,536,494	3,268,200
Activity	17,665,899	6,536,400
Student Union	9,843,900	3,268,200
Attachment and student insurance	11,793,994	10,894,000
Insurance	-	1,405,326
Medical	6,909,783	3,268,200
Tveta fee	1,898,000	2,835,700
Admission fee	1,898,000	1,165,500
Boarding fees	4,315,500	4,053,000
Student ID	1,898,000	699,300
Student ID renewal	67,200	27,915
Catering income	1,322,149	943,028
Practical fees	1,300,363	1,147,137
Computer packages	342,520	386,050
Examination fees	8,157,709	36,150,110
Graduation fees	568,000	-
Total Rendering of services	294,770,259	191,317,480

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9. Sale of Goods

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Sale of farm produce	303,312	288,375
Total Sale of goods	303,312	288,375

Sale of farm produce that is milk and vegetables

10. Rental revenue from facilities and equipment

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Hire of facilities	1,177,535	1,087,916
Total rental revenue from facilities and equipment	1,177,535	1,087,916

11. Finance Income

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Interest income	-	5,201,022
Total Finance income	-	5,201,022

12. Other Incomes

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Sale of tenders	-	1,000
Driving school	1,573,000	1,199,000
Disposals	12,600	114,395
Sale of project practical food and beverages	10,530	-
Fines	29,825	16,882
Total other incomes	1,625,955	1,331,277

13. Use of Goods and Services

Description	Year ended June 2024	Period ended June 2023
	Kshs	Kshs
Activity	7,278,646	10,350,843
Advertisement	2,243,298	2,463,209
Airtime expenses	808,000	1,764,500
Bank charges	113,104	773,190
Boarding expenses and store	93,170	1,360,656
Catering expenses	15,124,130	22,743,514
Cleaning expense	3,531,092	3,552,830
Computer packages	137,600	52,450
Driving school expenses	-	288,150
Electricity water and conservancy	5,015,049	3,166,191
Examination	38,208,310	39,806,145
Farm expenses	176,070	1,032,062
Fuel	9,599,530	4,408,838
General expenses/administration expenses	3,399,934	3,516,930
Graduation expenses	1,500,907	4,924,701
Gratuity	-	392,720
Hire charges	1,957,250	613,531
Industrial attachment	4,481,480	2,846,102
Internet expense	8,242,372	3,623,534
ISO Audit and sensitization cost	468,220	1,155,713
Library	-	146,500
Medical expenses	3,957,781	3,832,213
Motor insurance	1,152,744	1,224,007
performance contracting	1,496,541	1,539,121
Postage	30,325	7,725
Practical expenses	15,896,639	7,913,244
Professional consultancy	2,142,700	5,550,059
Research and innovation expenses	7,091,814	5,764,635
Student unions expenses	5,331,190	3,390,830
Teaching and learning materials	31,466,380	34,444,434
Training	440,240	3,707,928
Travelling and accomodation	30,853,117	33,554,937
Gender mainstreaming	32,200	-
Guidance and counselling	81,200	-
Total Use of goods	202,351,033	209,911,442

14. Employee Costs

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Salaries and wages	45,794,164	46,931,901
PAYE	2,572,248	2,323,094
NHIF	2,291,350	2,159,196
NSSF	7,234,638	5,956,288
Staff welfare	5,916,067	6,133,600
OTTI Sacco	5,114,306	7,084,208
HELB	461,848	468,417
ACK Diocese	207,480	104,916
Access Bank (Loan deductions)	7,308,544	4,009,269
Benevolent expenses	915,775	-
Pension	4,755,622	585,950
Housing levy	2,117,777	-
Total employees' costs	84,689,819	75,756,839

15. Board Expenses

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Board allowances	5,384,148	6,412,905
Total director emoluments	5,384,148	6,412,905

16. Depreciation and Amortization expense

	Year ended June 2024	Period ended June 2023
Description	Kshs	Kshs
Property, plant and equipment	49,419,796	51,132,995
Intangible assets	2,005,098	1,962,000
Total depreciation and amortization	51,424,895	53,094,995

17. Repairs and Maintenance

Description	Year ended June 2024	Period ended June 2023
	Kshs	Kshs
Property	9,266,849	15,994,731
Equipment and machinery	2,521,878	1,816,456
Motor vehicle	2,824,619	3,837,972
Furniture and fittings	2,400,000	-
Computers	4,484,206	148,336
Total repairs maintenance and improvements	21,497,552	21,797,495

18. Contracted Services

	30-Jun-24	30-Jun-23
	Kshs	Kshs
Security services	3,993,940	3,541,363
Total contracted services	3,993,940	3,541,363

19. Cash and Cash Equivalentents

	Year ended 30 June 2024	Year ended 30 June 2023
Description	Kshs	Kshs
Kenya Commercial Bank	4,358,665	(583,547)
National Bank of Kenya- Current	4,144,181	3,799,477
National Bank of Kenya- Project	7,917,178	7,925,638
National Bank of Kenya - Savings	483,386	491,846
National Bank	50,000,000	80,000,000
Transnational Bank Ltd	670,177	3,538,787
Transnational Bank Ltd	728,201	732,521
Transnational Bank Ltd	62,664	61,089
Cash at hand	195,145	209,462
Total cash and cash equivalentents	68,559,597	96,175,273

20. Receivables from Exchange transactions

20 (a) Current Receivables from Exchange transactions

	Year ended 30 June 2024	Year ended 30 June 2023
Description	Kshs	Kshs
Student debtors	233,944,288	195,257,559
Mentoring institution receivables (Elburgon)	2,800,000	2,800,000
Total receivables from exchange transactions	236,744,288	198,057,559

20 (b) Ageing Analysis of Receivables from Exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs	% of total	Kshs	% of total
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	185,244,120	78%	102,308,987	52%
Between 1- 2 years	20,653,180	9%	68,124,852	34%
Between 2-3 years	18,399,461	7%	11,234,543	6%
Over 3 years	12,447,527	6%	16,389,177	8%
Total (a+b)	236,744,288	100%	198,057,559	100%

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21. Receivables from Non-Exchange transactions

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	Year ended 30 June 2024	Year ended 30 June 2023
	Kshs	Kshs
Current receivables		
Receivables- Government Capitation	47,122,500	47,122,500
Receivables- NYS	15,559,903	15,559,903
Total receivables from non-exchange transaction	62,682,403	62,682,403

21 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	Year ended 30 June 2024		Year ended 30 June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	7,627,500	14 %
Between 1- 2 years	-	-	47,122,500	86 %
Over 3 years	47,122,500	100%	-	-
Total (a+b+c)	47,122,500	100%	54,750,000	100%

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22. Inventories

INVENTORIES	Year ended 30	Year ended 30
	June 2024	June 2023
	Kshs	Kshs
Consumable stores	995,405	475,040
Maintenance stores	-	131,820
Health unit stores	350,000	850,000
Electrical stores	337,000	55,000
Cleaning materials stores	58,290	34,640
Catering stores	310,660	437,600
Total inventories at the lower of cost and net realizable value	2,051,355	1,984,100



23. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Library Books	WIP	Total
	-	5%	25%	12.5%	30%	12.5%	20%		
	ksh	ksh	ksh	ksh	ksh	ksh	ksh	ksh	ksh
At 1 July 2023	370,000,000	533,983,334	24,907,500	23,869,620	26,688,459	21,547,630	11,428,181	16,147,356	1,028,572,080
Additions	-	-	-	547,995	1,519,750	-	-	49,984,329	52,052,074
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
At 30 June 2024	370,000,000	533,983,334	24,907,500	24,417,615	28,208,209	21,547,630	11,428,181	66,131,685	1,080,624,154
Depreciation And Impairment									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation	-	26,699,167	6,226,875	3,052,202	8,462,463	2,693,454	2,285,636	-	49,419,796
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	26,699,167	6,226,875	3,052,202	8,462,463	2,693,454	2,285,636	-	49,419,796
Net Book Values									
At 30 June 2023	370,000,000	533,983,334	24,907,500	23,869,620	26,688,459	21,547,630	11,428,181	16,147,356	1,028,572,080
At 30 June 2024	370,000,000	507,284,167	18,680,625	21,365,413	19,745,746	18,854,176	9,142,545	66,131,685	1,031,204,358

[WIP – Relates to construction of hospitality annex

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Notes to the Financial Statements (Continued)
Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Morowi Company Limited professional valuers on 30.06.2022. These amounts were adopted in the financial statements for the year ended 30.06.2022.

32 (b) Property, Plant and Equipment at Cost

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

HOI	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	370,000,000	-	370,000,000
Buildings	535,983,334	26,699,167	507,284,167
Plant And Machinery	24,907,800	2,569,808	18,977,822
Motor Vehicles including Motorcycles	24,907,500	6,226,875	18,680,625
Computers and Related Equipment	28,208,209	8,462,463	26,645,049
Library books	11,428,181	2,285,636	9,142,545
Office Equipment, Furniture, And Fittings	24,417,615	2,693,454	21,365,413
Total	1,019,852,639	48,937,403	972,095,621

24. Intangible Assets

Description	Year ended 30 June 2024	Year ended 30 June 2023
	Kshs	Kshs
Cost		
At beginning of the year	11,987,492	9,810,000
Additions	-	2,177,492
At end of the year	11,987,492	11,987,492
Additions—internal development		-
At end of the year	11,987,492	11,987,492
Amortization and impairment		
At beginning of the year	1,962,000	-
Amortization	2,005,098	1,962,000
At end of the year	3,967,098	1,962,000
At end of the year	8,020,394	10,025,492

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NBV	8,020,394	10,025,492
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25. Biological Assets

ASSET DETAILS	QTY	BREED/DESCRIPTION	TOTAL VALUE
Sheep	18	Cross breed(female)	126,000
Sheep	4	Lambs	28,000
Heifers	2	Aryshire	100,000
Heifer	1	Fresian	50,000
Female cows	10	Aryshire	600,000
Male cow	1	Friesian	80,000
Total biological assets			984,000

26. Trade and Other Payables

Trade and other payables from exchange transactions	Year ended 30 June 2024	Year ended 30 June 2023
	Kshs	Kshs
Trade payables	24,079,797	10,533,263
KUCCPS	7,975,180	2,823,180
Advance payments	199,526	199,526
Total trade and other payables	32,254,503	13,555,969

27. Refundable Deposits from Customers/Students

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Caution money	11,563,650		8,779,150	
Other refundable deposits	9,476,895		9,779,117	
Total Deposits	21,727,545		18,558,267	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	3,828,000	16%	10,050,889	56%
1-2 years	9,363,889	41%	1,952,000	11%
2-3 years	4,714,743	19%	4,714,743	25%
Over 3 years	5,907,668	24%	1,462,257	8%
Total (to tie to totals deposits above)	21,727,545	100%	18,558,267	100%

28. Employee Benefit Obligations

O'lessos Technical Training Institute contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month.

29. Cash generated from operations.

Surplus for the year before tax	30-Jun-2024	30-Jun-2023
	Kshs	Kshs
Deficit for the year	(10,102,326)	(85,663,566)
Adjusted for:		
Depreciation	51,424,895	53,094,995
Working Capital Adjustments		
Decrease in Inventory	(67,255)	1,056,180
Decrease in current receivables	(54,449,770)	(30,759,546)
Increase in payables	17,721,854	1,278,527
Net Cash Flow from Operating Activities	4,527,398	(60,993,411)

30. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from exchange transactions	198,057,559	102,308,987	95,748,572	-
Receivables from non-exchange transactions	62,682,403	62,682,403		-
Bank balances	96,175,273	96,175,273		-
Total	356,915,235	261,166,663	95,748,572	-
At 30 June 2024		-	-	-
Receivables from exchange transactions	236,744,288	185,244,120	51,500,168	-
Receivables from non-exchange transactions	62,682,403	62,682,403	-	-
Bank balances	68,559,597	68,559,597	-	-
Total	367,986,288	316,486,120	51,500,168	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due.

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

(ii) Liquidity risk management

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

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2023				
Trade Payables	13,555,969		-	13,555,969
Total	13,555,969		-	13,555,969
At 30 June 2024				
Trade Payables	32,254,503		-	32,254,503
Total	32,254,503		-	32,254,503

(iii) Market risk

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

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

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

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

31. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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32. Events After The Reporting Period

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

33. Ultimate And Holding Entity

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

34. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/ERO/2020/2021-1-01-1064-60-OTTI(02)	Unsupported cash and cash equivalent	To be reconciled and supported	Resolved	-
OAG/ERO/2020/2021-1-01-1064-60-OTTI(02)	Lack of ownership documents and valuation of assets	Log books of motor vehicles are on the process of being transferred in NTSA offices. Valuation of assets to be done soon	Resolved	-
OAG/ERO/2020/2021-1-01-1064-60-OTTI(02)	Non-compliance with law on ethnic composition	Making every effort to comply with law on ethnic composition.	Not-resolved	FY 2027-2028

Guidance Notes:

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

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Annual Report and Financial Statements for the year ended 30th June 2024

.....


Name *W. Yeguh*
Accounting Officer
(Enter title of Head of entity)
Date

Appendix II: Projects Implemented by (The Entity)

Projects

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

Sl. No.	Project Name	Quarter	Project Description	Entity	Separate to be reported as per the project	Subsidiary to be reported as per the project
1						
2						

Status of Projects completion

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

Sl. No.	Project Name	Total Project Cost	Completion %	Stage	Actual	Source of Funds
1						
2						
3						

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Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity.....state department of technical and vocational education.....

Name of beneficiary entity...O'lessos technical training institute.....

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
DTE/CAP 9/36 (119)	02/10/2023	18,942,000	-	18,942,000	Capitation
DTE/CAP/39 (43)	18/01/2024	19,796,000	-	19,796,000	Capitation
DTE/CAP 940/43 (43)	02/05/2024	22,624,000	-	22,624,000	Capitation
Total		61,362,000		61,362,000	

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Keopkavix Nagsuor Sign NSKS Date 24 APR 2025

THE OLLESSOS NATIONAL
 POLYTECHNIC
 Finance Officer
 P. O. Box 210-30302.LESSOS