



OL'LESSOS TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

**OLLESSOS TECHNICAL TRAINING INSTITUTE
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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Table of Contents

I.	Key Institute Information and Management	iii
II.	The Board of Governors.....	ix
III.	Management Team.....	xii
IV.	Chairman’s Statement	xiv
V.	Report of the Principal	xv
VI.	Statement of Performance against Predetermined Objectives	xvi
VII.	Corporate Governance Statement.....	xix
VIII.	Management Discussion and Analysis.....	xxi
IX.	Environmental and Sustainability Reporting Statement	xxiv
X.	Report of the Board of Governors.....	xxvii
XI.	Statement of Board of Governors’ Responsibilities.....	xxviii
XII.	Report of the Independent Auditor on Ol’lessos Technical Training Institute	xxix
XIII.	Statement of Financial Performance for the year ended 30 th June, 2022	1
XIV.	Statement of Financial Position as at 30th June 2022	2
XV.	Statement of Changes in Net Asset for the year ended 30 th June, 2022.....	4
XVI.	Statement of Cash Flows for the year ended 30 th June, 2022	5
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 th June, 2022. 6	
XVIII.	Notes to the Financial Statements	7
XIX.	Appendices	30

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

I. Key Institute Information and Management

(a) Background information

The inception and growth of Ol'lessos Technical Training Institute (OTTI) dates back to 1975 when the members of local community pooled together and raised funds contributions 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 first 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 student 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 5,000 students 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 for necessary 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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

(b) Principal Activities

The principal activity/mission/ mandate 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

Ol'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 institute's day-to-day management is under the following key organs:

- Board of Governors
- Principal/Accounting Officer
- Key management.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Wesley K. Yegon
2.	Deputy Principal Administration	Mrs. Patricia Tarus
3	Deputy Principal Academics	-
4	Registrar	Mrs. Hellen Biwott
5	Dean of Students	Mr. Ben Yego
6	Finance Officer	CPA. Violah Chelimo
7	Procurement Manager	Mr. Obadiah Koech

(e) Fiduciary Oversight Arrangements

Finance & Resource Mobilization 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 include:

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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

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:

- (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:

- (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 student 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;

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

- (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:

- (i) Make recommendations to the BOG on the implementation and achievement of the Board's Strategic Framework;
- (ii) Monitor the Institute's Corporate Plan delivery through appropriate key management and performance information reporting to the Board of Governors appropriately;
- (iii) In light of income projections and forecasts, considers the annual grants and operational expenditures and monitors such expenditures;
- (iv) 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;
- (v) 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
- (vi) Leads all managers in motivating and developing the Institute's staff to deliver the highest standards of performance and customer service.

(f) Institute Headquarters

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

Branch:

Kapsabet Town Campus

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

(g) Institute Contacts

Telephone: (254) 0719 792 792
E-mail: ollessostechnical@gmail.com
Website: www.otti.ac.ke

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

(h) Institute Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Other Commercial Banks

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 (Transnation
Bank)**
Lessos, Branch,
P.O. Box 184 – 30301,
Nandi Hills, KENYA.

(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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**



II. The Board of Governors

No.	Member/ Director	Details
1.	 <p>Prof. Daniel K. Tarus Chairman D.O.B: 22nd April, 1974</p>	<p>PhD (Finance), MBA (Finance), BCom (Accounting), CPA (K), CPS (K) Prof. Tarus is a Professor of Finance at Moi University, Department of Accounting & Finance and acting Deputy Vice Chancellor in charge of Finance. He has held several administrative positions at the University including being a Director of Privately Sponsored Students' Programme. He has sound knowledge in Finance, Accounting and Management, having taught for more than 20 years in the University. He is currently the Chairman of the Audit Committee in the Ministry of Interior and Coordination of National Government and Member of the Audit Committee in the National Treasury & Planning. He sits in the Boards of other institutions.</p>
2.	 <p>MR. Wesley K Yegon Principal/Secretary BOG D.O.B: 1969</p>	<p>MBA in Financial Accounting Strategic; Management from Moi University</p>
3.	 <p>Mr. Samwel Kiraka Member D.O.B: 26th July, 1968</p>	<p>Bsc. International Business Administration, Certified Public Accountant of Kenya, Certified Professional Mediator (USA). Mr. Kiraka has over 25 years' experience in the banking and financial services sector having worked with Equity Bank, Gulf African Bank, ABC Bank Group, Britam Insurance, UAP OLD Mutual Group and is the CEO of EGM Securities Ltd. He has served in the All Saints' Cathedral Diocese and Parish in various leadership positions over the last 18 years.</p>

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**




4.	 <p>Bishop. Dr. Paul Korir Member D.O.B: 20th March, 1967</p>	<p>Doctor of Ministry (DMin), 2017 Asbury Theological Seminary, KY, USA. Master of Arts (MATS) in ASBURY Theological Seminary USA, Bachelor of Divinity - Limuru Campus, Dip.in Theology St. Paul School of Divinity Kapsabet.</p> <p>Bishop Korir is the leader of the Anglican Church of Kenya, Kapsabet Diocese</p>
5.	 <p>Dr. Tereza Akinyi Okoth Ph.D Member D.O.B: 23rd April, 1977</p>	<p>Doctor of Education Degree in Curriculum Studies from the University of South Africa, Pretoria. Master's Degree in Teacher Education from the Aga Khan University, Institute of Education Development-East Africa in Dar es Salaam. Dr. Okoth is currently a lecturer at Masinde Muliro University of Science and Technology in the Department of Curriculum and Instructional Technology</p>
6.	 <p>Mr. David Kiplagat Rono Member D.O.B: 6th July, 1966</p>	<p>Bachelor of Education Technology from Moi University, 1989 -1992 Mr. Rono has over 22 years' experience in publishing. He has done several training in management hence providing him unlimited knowledge in management practices.</p>
7.	 <p>Dr. Paul Kipng'etich Lagat Member D.O.B: 7th March, 1981</p>	<p>Bachelor of Medicine and Bachelor School of Medicine. Currently County Chief Officer Health-Medical Services, in the County Government of Nandi. Has worked as a Senior Medical Officer in private sector and government hospitals with vast experience in Accident and Emergency departments, critical care department-ICU/HDU including Medical evacuation via ground and air ambulance as well as Hospital management.</p>

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**




8.	 <p>Dr. Maryanne F. Ong'udi Member D.O.B: 7th December, 1992</p>	<p>Bachelor of Pharmacy (BPharm) - University of Nairobi. Certificate in Policy Formulation and Analysis in Healthcare - Coventry University. Dr. Ong'udi is a pharmacist, passionate about patient centered care and creating practical solutions to healthcare problems, to create access. She has a keen interest in leadership, mentorship, business, health policy and health system strengthening with a focus on augmenting Patient Centred Care outcomes.</p>
9.	 <p>Priscilla Muthoni Wanyiri Director TVET</p>	<p>Master of Arts,(Public Policy and Administration) Kenyatta University Bachelor of Arts (Economics and Geography) University of Nairobi.</p>

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

III. Management Team

No	Member	Details
1.	 <p>MR. Wesley K Yegon MBA Financial Accounting; Strategic Management</p>	<p>PRINCIPAL</p> <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.	 <p>Mrs. Patricia Tarus Master of Science (Animal Ecology) B.Ed. (Science)</p>	<p>DEPUTY PRINCIPAL IN – CHARGE OF ADMINISTRATION</p> <ul style="list-style-type: none"> • Administering of the Institution’s in the absence of the Principal. • Coordinating all the departments and ensuring that the approved curriculum is implemented. • Maintaining student disciplinary in the Institution. • Guiding and counselling of trainers and trainees. <p>Initiating and supervising of income-generating activities in the departments.</p>
3.	 <p>Mrs. Hellen Chepkwony MSc - Kisii University, B.Ed.- Moi University</p>	<p>REGISTRAR</p> <ul style="list-style-type: none"> • Head of Registry section. • Ensuring Admissions and registration of students. • Coordinating the marketing of college programmes. • Assessing teaching manpower needs in the Institution. <p>Serving as secretary to the Academic Board and Heads of Departments’ meetings.</p>

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

4.	 <p>Mr. Ben K. Yego B. Ed. (Arts) Moi University</p>	<p>DEAN OF STUDENTS</p> <ul style="list-style-type: none"> • Head of Students affairs in the Institution. • Organizing of orientation programmes. • Organizing and supervising students' elections, installation and training of student leaders. • Ensuring utilization of student's recreational facilities. <p>Coordinating the organization of students' government public lectures, clubs and societies.</p>
5.	 <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 and Accounts department. • Preparation of financial reports. • Preparation of annual financial budgets. • Financial Advisor to the college. • Ensuring proper financial controls are in place.
6.	 <p>Mr. Obadiah Koech MSC- Procurement and Logistics BBM -Supply Chain Diploma Supply Chain Management KISM Member No. 72364</p>	<p>PROCUREMENT MANAGER</p> <ul style="list-style-type: none"> • Administering the procurement section. • Preparing and analysing of tender documents. • Preparing procurement plan. • Ensuring inspection of goods delivered by suppliers. • Advising on matters relating to procurement. • Ensuring all departmental inventories are maintained and updated. <p>Conducting periodic market survey for cost and price analyses.</p>

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

IV. Chairman's Statement

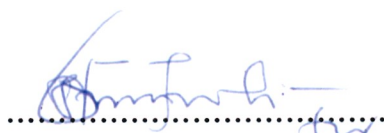
I take this opportunity to present the Annual Report and Financial Statements for the year ended 30th June, 2022 for this great Institute.

During the financial year ending June, 2022, 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.



Prof. Daniel K. Tarus
Chairman Board of Governors

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

V. Report of the Principal

Ol'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 2020/2021 PERFORMANCE

The Financial Year 2021/2022 marked the full resumption of services after the emergency of Covid 19 pandemic that had grounded learning.

Previously, in a move to boost trainee enrolment, the Government introduced Capitation to the tune of Ksh. 30,000/= per trainee per annum to all joining and current trainees in all Technical and Vocational Training Institutions. The total student's fees is capped at Ksh.56,420/= per annum. The balance of Kshs.26,420/= is paid by the parents, guardians and sponsors. Needy trainee may apply for HELB loan to pay the balance and pocket money.

Students Enrolment

During the year FY2021/2022, the trainee population increased from 5058 in the FY2020/2021 to 5626. 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.

Ol'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.

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 Chairman 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.

A blue rectangular stamp with the text "PRINCIPAL" at the top, "OL'LESSOS TECHNICAL TRAINING INSTITUTE" in the middle, and "P.O. BOX 30302, LESSOS" at the bottom. Below the stamp is a handwritten signature in blue ink. To the left of the signature is the word "Date:" and to the right is "Sign".

WESLEY YEGON (MR)
PRINCIPAL/SECRETARY BOG
Date: 24/4/2023

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

VI. Statement of Performance against Predetermined Objectives

Ol'lessos Technical Training Institute has nine strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY2017- FY2022. 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>	Corporate Governance
<i>Pillar 4</i>	Collaboration and Linkages
<i>Pillar 5</i>	Resource Mobilization and Funding
<i>Pillar 6</i>	Human Resource Management
<i>Pillar 7</i>	Research, Innovation and Development
<i>Pillar 8</i>	Communication and Public Relations (Recognition)
<i>Pillar 9</i>	Access and Equity
<i>Pillar 10</i>	Competitive Edge

Ol'lessos Technical Training Institute develops its annual work plans based on the above nine 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 2020/2021 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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

	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 students' numbers	Strengthen existing competitiveness benchmarks Establish new competitiveness benchmarks	Student 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 Fast track institutional expenditure review	New courses being offered Improved budget accuracy
Pillar 7: HUMAN RESOURCE	Harness Human resource	Increased number of staff to match the increasing number of students	Increase staff at PSC and BoG levels Develop competencies in staff	New BoG staff have been employed
	Improve and sustain relevance of skills		Ensure quality assurance and standards Promote innovativeness in ST&I	

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

VII. 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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

(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 Chairman 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 2022/2023.

(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 Chairman 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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

VIII. Management Discussion and Analysis

(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) Transfers from the Ministry of Gender and Youth affairs for NYS students.
- (iv) Externally sourced funds – Research Grants

During the year, revenue of Ksh.157,342,500 was expected from the national government as capitation, Ksh.7,678,868 from the Ministry of Gender and Youth Affairs for NYS students, Ksh.184,908,123 from Tuition and other fees for rendering of services, Ksh.2,397,070 as research grant from CICAN and Ksh.8,543,688 from other incomes. The Institute's total revenue increased by 47% from Ksh.293, 199,164 to Ksh.430,870,249. The positive variance was attributed to increased trainee enrolment leading to increased income from capitation and fees.

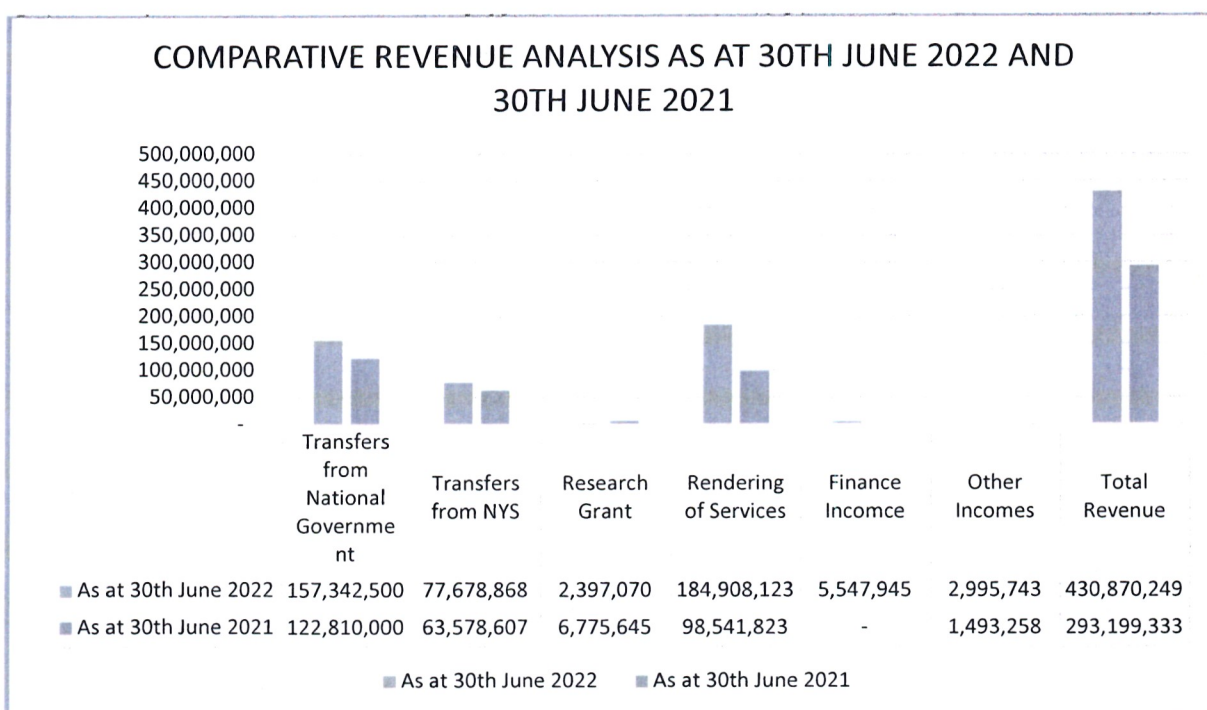


Fig. 1. The Institute's Comparative Revenue Analysis for the periods ending 30th June 2022 and 30th June 2021.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

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 increased by 13% which is Ksh.66,360,107 up from Ksh.293,743,691 to Ksh.331,429,424 in the last financial year. The increased enrolled during the period lead to increased expenditure on the use of goods and services vote.

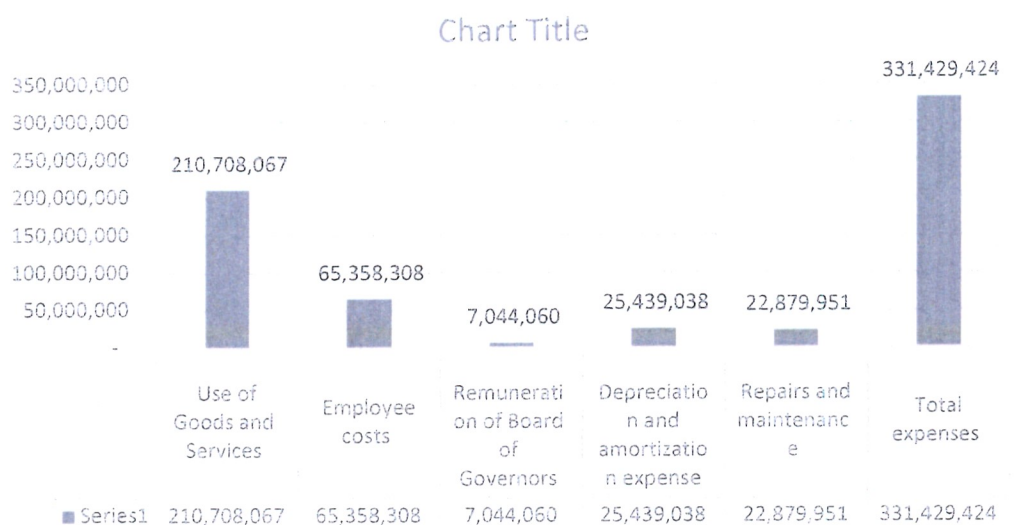


Fig. 2. The Institute's Comparative Expenditure Analysis for the periods ending 30th June 2022 and 30th June 2021.

(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

No.	ONGOING PROJECTS	SOURCE OF FUNDS
1	Hospitality annex phase I	Internal generated
2	Perimeter wall Annex phase I	Internal generated

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

INVESTMENT DECISION MADE		
1	Fixed Deposit of Ksh.100 Million at National Bank of Kenya	Internal generated funds allocated for development projects

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

No.	PROPOSED PROJECTS	ONGOING PROJECTS	SOURCE OF FUNDS
1	Construction of tuition block phase I	Hospitality annex phase I	Internal generated
2	Purchase of two 51-seater buses	Perimeter wall Annex phase I	Internal generated
3	Construction of Ramps	Car Shade Phase I	Internal generated
4	Construction of workshops and Labs		Internal generated
5	Acquisition of green energy		Internal generated
6	Conversion of electric to solar energy		Internal generated
7	Purchase of Driving school vehicles		Internal generated
8	Excavation of field for open Drainages		Internal generated
9	Construction of reading shades		Internal generated
10	Perimeter wall phase II		Internal generated
11	Laying of Cabros and culverts at the 3No new gates		Internal generated
12	Purchase of Tractor		Internal generated
13	Hospitality annex phase II		Internal generated
14	Farm House		Internal generated

(f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Interruption of the Institute's academic program by the COVID-19 pandemic	Offering online learning.
2	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
3	Infrastructure limitation due increased student 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 are were no financial probity and serious governance issues during the year under review.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

IX. Environmental and Sustainability Reporting Statement

Ol'lessos Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a 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 students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. 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.

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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

- Enhanced community** • Focusing on good urban design and empowered members for healthy, happy and resilient community.
- Supported Staff** • Promoting initiatives that support staff and their families, beyond the provision of employment.
• Promoting initiatives that recognize the contribution of the students to the community.

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.

Ol’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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

- 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 students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. 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 behaviours of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	<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 students to the community.

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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

X. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30th, 2022, which show the state of the Institute's affairs.

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 Institute for the year ended June 30th, 2022 are set out on page 1 to 5.

Board of Governors

The members of the Board who served during the year are shown on page ix.

During the year Dr. Rosebela Chukwu who was the Principal and the Secretary of the Board was transferred to Sang'alo Institute of Science and Technology and was replaced by Mr. Wesley K. Yegon from Masai Technical Training Institute who took over in January 2022.

On the same note the PS alternate member Dr. Anelina Muturi exited the Board and was replaced by Dr. Priscilah Wanyiri in the month of June 2022.

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/BOG Secretary

Date: 24/4/2023

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

XI. Statement of Board of Governors' Responsibilities

Section 81 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 that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that year. The Board members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Board members are also responsible for safeguarding the assets of the Institute.

The Board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on 30th June, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Institute, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET 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 financial year ended 30th June, 2022, 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.

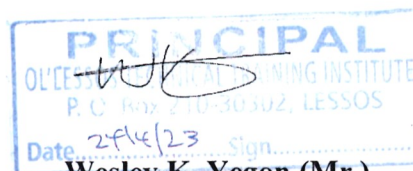
Nothing has come to the attention of the Board members to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Institute's financial statements were approved by the Board on **22nd September 2022** and signed on its behalf by:



Prof. Daniel Tarus
Chairperson of the Board



Wesley K. Yegon (Mr.)
Accounting Officer/Principal

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OL'LESSOS TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ol'Lessos Technical Training Institute set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training (TVET) Act, 2013.

Basis for Qualified Opinion

1. Unsupported Expenditure - Fuel, Oil and Lubricants

The statement of financial performance reflects use of goods and services amount of Kshs.210,708,067 out of which Kshs.4,882,044 was incurred on fuel, oil and lubricants. However, the Electronic Tax Register (E.T.R) receipts, vendor statements, and fuel register were not provided for audit.

In the circumstance, the validity, accuracy and fair statement of fuel, oil and lubricants expenditure of Kshs.4,882,044 for the year ended 30 June, 2022 could not be confirmed.

2. Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.241,784,231 which differed with the recasted balance of Kshs.241,910,330 resulting to unreconciled variance of Kshs.126,099.

The statement also reflects cash flows from investing activities of Kshs.103,243,948 which differed with the recomputed amount of Kshs.103,206,468, resulting to an unexplained variance of Kshs.37,500.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.241,784,231 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Ol'Lessos Technical Training Institute Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.499,480,130 and Kshs.430,870,249

respectively resulting to an under-funding of Kshs.68,609,881 or 13.7% of the budget. Similarly, the Institute expended Kshs.305,990,386 against an approved budget of Kshs.499,480,130 resulting to an under-expenditure of Kshs.193,489,744 or 38.7% of the budget.

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

2. Unresolved Prior Year Matters

In the audit 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, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

Management has not complied with the reporting template requirement.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Employee Diversity

Review of the payroll for the month of June, 2022, revealed that the Institute had a staff establishment of one hundred and thirty (130) employees, out of whom one hundred and seventeen (117) or 90% were from the dominant community and thirteen (13) or 7% from the other ethnic communities contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires 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, the Management was in breach of law.

2. Long Outstanding Student Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.183,456,211 which includes student debtors amount of Kshs.180,656,211 as disclosed in Note 19 to the financial statements. Include in the student's debtors balance of Kshs.180,656,211, is Kshs.135,728,318 that has been outstanding for a period of over 90 days and its recoverability is doubtful. The Management has however not provided measures taken to recover the funds from concerned students. Further, there was no provision for bad and doubtful debts in the financial statements for the year under review.

In the circumstances, recoverability of receivables from exchange transactions is in doubt and may lead to loss of public funds.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 overall governance.

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

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

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

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the Institute's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 June, 2023

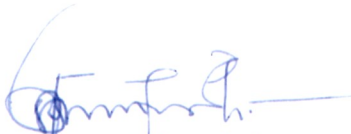
**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

XIII. Statement of Financial Performance for the year ended:

		30 th June, 2022	30 th June, 2021
	Note	Kshs	Kshs
Revenue from non-exchange transactions			
Total transfers from National Government Ministries	6 (a)	157,342,500	122,810,000
Total transfers from Ministries, Departments and Agencies	6 (b)	77,678,868	63,578,607
Transfers from Donors and development partners	7	2,397,070	6,775,645
Total revenue from non-exchange transactions		237,418,438	193,164,252
Revenue from exchange transactions			
Rendering of services	8	184,908,123	98,541,823
Sale of goods	9	-	199,439
Rental revenue from facilities and equipment	10	429,725	787,632
Finance income	11	5,547,945	-
Other incomes	12	2,566,018	506,187
Total revenue from exchange transactions		193,451,811	100,035,081
Total revenue		430,870,249	293,199,333
Expenses			
Use of Goods and Services	13	210,708,067	133,192,376
Employee costs	14	65,358,308	62,337,933
Remuneration of Board of Governors	15	7,044,060	7,944,520
Depreciation and amortization expense	16	25,439,038	12,459,403
Repairs and maintenance	17	22,879,951	76,168,198
Related party expenses (Mentoring expenses)	18	-	1,552,660
Total expenses		331,429,424	293,655,091
Surplus for the Year		99,440,825	(455,758)

(The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements).

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


Chairman of Board

Date..... 24/4/23.....


Finance Officer
ICPAK No. 22812

Date..... 24/4/23.....



Principal

Date..... 24/4/23.....




**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

XIV. Statement of Financial Position as at 30th June 2022

		FY2021-2022	FY2020-2021
ASSETS	Note	Kshs	Kshs
Current assets			
Cash and cash equivalents	18	241,784,231	220,110,835
Receivables from exchange transactions	19	183,456,211	193,841,733
Receivables from non-exchange transactions	20	47,122,500	44,205,000
Inventories	21	3,040,280	2,456,300
Total Current Assets		475,403,222	460,613,869
Non-current assets			
Property, plant and equipment	22	983,987,695	268,499,616
Intangible assets	23	9,810,000	9,810,000
Biological Assets	24	1,199,500	-
Total non-current assets		994,997,195	278,309,616
TOTAL ASSETS		1,470,400,417	738,923,485
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	23,375,307	18,270,022
Trade and other payables from non-exchange transactions	26	8,058,703	49,477,871
Total current liabilities		-	-
Total liabilities		31,434,010	67,747,893
Net assets			
Reserves		1,304,727,531	636,377,540
Accumulated surplus		134,238,876	34,798,051
Total net assets		1,438,966,407	671,175,591
TOTAL NET ASSETS AND LIABILITIES		1,470,400,417	738,923,485

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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

		
.....
Chairman of Board	Finance Officer	Principal
	ICPAK No	
Date 24/04/2023	Date 24/04/2023	Date 24/04/2023

**OLLESSOS TECHNICAL AND TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

XV. Statement of Changes in Net Asset for the year ended 30th June, 2022

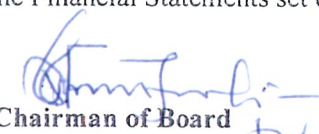
	Accumulated surplus	Capita fund/Reserves	Total
At July 1, 2021	34,886,651	636,377,540	671,175,591
Revaluation gain		667,150,490	667,150,490
Total comprehensive income	99,440,825	-	99,440,825
At June 30, 2022	134,327,477	1,303,528,030	1,437,855,507
At July 1, 2020	35,342,409	636,377,540	671,719,949
Total comprehensive income	(455,758)	-	(455,758)
At June 30, 2021	34,886,651	636,377,540	671,264,191


**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

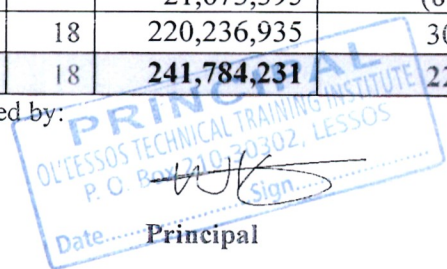
XVI. Statement of Cash Flows for the year ended 30th June, 2022

		30 th June, 2022	30 th June, 2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Government National government	6 (a)	157,342,500	122,810,000
Transfers from other government entities	6 (b)	77,678,868	63,578,607
Research grants	7	2,397,070	6,775,645
Rendering of services- Fees from students	8	184,908,123	98,541,823
Sale of goods	9	-	199,439
Rental revenue from facilities and equipment	10	429,725	787,632
Finance income	11	5,547,945	-
Other incomes	12	2,566,018	506,187
Total Receipts		430,870,249	293,199,333
Payments			
Use of Goods and Services	13	210,708,067	133,192,376
Employee costs	14	65,358,308	62,337,933
Remuneration of Board of Governors	15	7,044,060	7,944,520
Repairs and maintenance	17	22,879,951	76,168,198
Related party expenses	17		1,552,660
Total Payments		305,990,386	281,195,688
Net cash flows from operating activities		124,879,863	12,003,645
Cash flows from investing activities			
Purchase of property, plant, equipment		(73,776,627)	(46,183,367)
Decrease in Inventory		(583,980)	1,959,960
Decrease in non-current receivables		7,468,022	(102,397,535)
Increase in payables		(36,313,883)	53,067,207
Net cash flows used in investing activities		(103,243,968)	(93,553,735)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		21,673,395	(81,550,090)
Cash and cash equivalents at 1 July	18	220,236,935	301,787,024
Cash and cash equivalents at 30 June	18	241,784,231	220,236,935

The Financial Statements set out on pages 1 to 7 were signed by:


Chairman of Board


Finance Officer


Principal

Date 24/06/23

ICPAK No. 22810
Date 24/06/23

Date 24/06/2023

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30th June, 2022.

	Original budget	Adjustments	Final Budget	Actual	Utilization	Change	Explanation of material variances
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Revenue							
Transfer from National government	204,000,000	-	204,000,000	157,342,500	46,657,500	42%	(a)
Transfers from other levels of Government	-	-	-	77,678,868	(77,678,868)	100%	(b)
Rendering of services and other incomes	295,480,130	-	295,480,130	193,451,811	96,910,099	33%	(c)
Research grants	-	-	-	2,397,070	(2,397,070)		
Total income	499,480,130		499,480,130	430,870,249			
Expenses							
Use of Goods and Services	319,640,906	-	319,640,906	210,708,067	109,091,566	34%	(d)
Personnel emoluments	70,360,141	-	70,360,141	65,358,308	5,001,833	7%	
Remuneration to Board of Governors	6,708,180	-	6,708,180	7,044,060	(335,880)	-5%	
Repairs and maintenance	19,553,740	-	19,553,740	22,879,951	(3,326,211)	-17%	(e)
Development	83,217,163	-	83,217,163	63,173,125	20,044,038	24%	(f)
Total expenses	499,480,130			305,990,386			
Surplus (Deficit) for the quarter				124,879,863			

Explanation of material variance (Above 10%)

- a) The variance was due to lower enrolment than expected hence reduced capitation. We had budgeted for 6800 trainees but we only managed 5244.
- b) The variance is due to enrolment of NYS trainees that had not been factored in the budget.
- c) The variance was due to lower enrolment which led to lower collections from student fees
- d) The variance was due to lower enrolment which led to reduced operations hence lower costs.
- e) The variance was due to ongoing work in the institute that had not been invoiced by the contactor
- f) The under-utilization was as a result of the ongoing works which were yet to be completed as at the close of the financial year.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

XVIII. Notes to the Financial Statements

1. General Information

Ollessos Technical Institute is established by and derives its authority and accountability from Technical Vocational Education and Training Act, 2013. The Institute 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 these financial statements.

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

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

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30th June, 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June, 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Institute's future cash flows.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Standard	Effective date and impact:
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p>Applicable 1st January 2025</p> <p>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 cash flows of an Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

iii. Early adoption of standards

(The Institute) did not early-adopt any new or amended standards in the year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Institute 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 Institute.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Institute's right to receive payments is established.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 30th January 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Institute upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

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

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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022
Notes to the Financial Statements (Continued)**

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years.

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Institute. 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 Institute 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 so as 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 Institute 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 Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

g) 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

h) Research and development costs

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

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Institute has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Impairment of financial assets

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

Impairment of financial assets (Continued)

- The debtors or an Institute of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) 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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

Provisions are recognized when the Institute 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 Institute 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 Institute 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 Institute 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 Institute 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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022
Notes to the Financial Statements (Continued)**

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. (Institute to state the reserves maintained and appropriate policies adopted).

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 Institute pays fixed contributions into a separate Institute (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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

The Institute regards a related party as a person or an Institute with the ability to exert control individually or jointly, or to exercise significant influence over the Institute, 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 Institute 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 30th June, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

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

Provisions

No provisions were raised and management determined an estimate based on the information available.

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.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Notes to the Financial Statements (Continued)

6 (a)	TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES	30th June, 2022	30th June, 2021
		Ksh	Ksh
	Government capitation	157,342,500	122,810,000
	Total transfers from National Government Ministries	157,342,500	122,810,000

- This is income receivable from the national government as capitation for government sponsored trainees. Each trainee is eligible for receiving Kshs.7,500 per quarter. During the year we had 5,058, 5,058, 5,237 and 5,626 trainees for first, second, third and fourth respectively.

6 (b)	TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES	30th June, 2022	30th June, 2021
		Ksh	Ksh
	Ministry of Gender and Youth Affairs- NYS	77,678,868	63,578,607
	Total transfers from Ministries, Departments and Agencies	77,678,868	63,578,607

- This relates to the fee's receivable from the Ministry of Gender and Youth Affairs for the 113 National Youth Services Trainees admitted in the institute. The fees receivable for each trainee is 144,700 per year.

7	GRANTS FROM DONORS AND DEVELOPMENT PARTNERS	30th June, 2022	30th June, 2021
		Ksh	Ksh
	SITVES Research grant	2,397,070	6,775,645
	Total grants from donors and development partners	2,397,070	6,775,645

- This relates to income from CICAN, a development partner for trainee projects.

8	RENDERING OF SERVICES	30th June, 2022	30th June, 2021
	Tuition	29,444,027	11,775,365
	ICT	4,195,800	1,678,000
	Library	3,671,325	1,468,250
	Development fund	10,489,500	4,195,000
	Personal Emoluments	46,405,548	18,558,680
	Electricity Water & Conservancy	6,293,700	2,517,000
	Local Transport & Travel	10,489,500	4,195,000
	Repairs maintenance and improvement (RMI)	3,146,850	1,258,500
	Activity	6,293,700	2,517,000
	Student Union	3,146,850	1,258,500
	Attachment	10,489,500	4,195,000
	Insurance	1,353,146	541,155
	Medical	3,146,850	1,258,500

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

	Catering fees	1,233,959	358,459
	Boarding fees	2,580,000	7,332,000
	Registration fees	1,300,500	221,000
	Student ID	1,437,700	607,750
	Computer packages	260,000	36,000
	Examination fees	39,017,095	34,570,664
	Practical fees	512,574	-
	Total revenue from the rendering of services	184,908,123	98,541,823

- This relates to fees receivable from trainees for services rendered in the course of the year. Each trainee is expected to pay Kshs.26,420 per year (Kshs.6,605 per quarter). During the year we had 5,058, 5,058, 5,237 and 5,626 trainees for first, second, third and fourth respectively.

9	SALE OF GOODS	30th June, 2022	30th June, 2021
	Sale of farm produce	-	199,439
	Total Sale of goods	-	199,439

10	HIRE OF FACILITIES AND EQUIPMENT	30th June, 2022	30th June, 2021
	Hire of facilities	429,725	787,632
	Total rental revenue from facilities and equipment	429,725	787,632

- Higher of facilities income relates to hire of college bus and use of institute facilities for professional examinations.

11	FINANCE INCOME	30th June, 2022	30th June, 2021
	Interest income	5,547,945	-
	Total Finance income	5,547,945	-

- This relates to interest income earned from short term investment in fixed deposit at the National Bank of Kenya.

12	OTHER INCOME	30th June, 2022	30th June, 2021
	Sale of tenders	9,000	-
	Driving school	913,000	-
	Disposals	1,644,018	426,837
	Sale of old newspapers and scrap metal	-	64,000
	Sale of sanitizers	-	4,350
	Sale of project practical food and beverages	-	11,000
	Total other incomes	2,566,018	506,187

13	USE OF GOODS AND SERVICES	30th June, 2022	30th June, 2021
	Teaching and learning materials	20,050,642	6,329,072
	Industrial attachment costs	4,010,914	3,077,056
	Boarding equipment and stores	-	2,833,900
	Electricity	3,913,510	2,775,447
	Posters	-	283,350
	Security	2,840,546	8,925,871

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

	Professional and consultancy services	6,045,106	290,000
	Subscriptions	-	667,000
	Advertising & institute Publicity	2,144,158	1,572,216
	Examination fees	48,265,180	37,641,064
	Graduation expenses	3,836,896	-
	Research and innovation	6,389,667	5,462,473
	Catering expenses	32,441,907	14,534,930
	Activity and sports	6,424,710	241,730
	Airtime	1,980,500	928,500
	Local Transport & Travelling	29,659,259	15,678,504
	Driving school expenses	511,200	-
	Farm inputs	1,594,142	964,979
	Fuel, oil and lubricants	4,882,044	2,546,272
	Cleaning expenses	3,279,673	2,404,003
	Insurance	1,218,290	946,859
	Licenses and permits	-	27,000
	Performance Contracting	254,400	1,590,499
	Postage	13,725	12,535
	Printing and stationery	-	3,337,753
	Hire of facilities	5,285,609	503,100
	Student council expenses	5,751,288	3,261,300
	Rent expenses	-	1,612,400
	Skills development levies	-	119,600
	ICT and Internet expenses	4,159,018	1,694,250
	Training expenses	4,767,410	8,508,972
	Medical expenses	3,770,184	1,647,041
	Social contributions	-	3,000
	General expenses	4,709,188	2,771,700
	ISO Audit and sensitization cost	445,080	-
	Bank charges	2,063,821	-
	Total use of goods	210,708,067	133,192,376

14	EMPLOYEE COSTS	30th June, 2022	30th June, 2021
	Salaries and Wages	40,527,863	59,983,365
	Employee related costs	-	891,214
	Gratuity	-	955,344
	Benevolent expenses	853,640	309,580
	Leave allowances	-	198,430
	PAYE	2,264,494	-
	NHIF	1,974,850	-
	NSSF	5,452,528	-
	Staff welfare	4,338,144	-
	OTTI Sacco	6,828,974	-
	HELB	262,634	-
	ACK Diocese	104,916	-
	Access Bank (Loan deductions)	2,336,383	-

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

	Other deductions	413,882	-
	Total employee costs	65,358,308	62,337,933
15	REMUNERATION TO BOARD OF GOVERNORS	30th June, 2022	30th June, 2021
	Board of Governors allowances	7,044,060	7,944,520
	Total director emoluments	7,044,060	7,944,520

16	DEPRECIATION AND AMORTIZATION EXPENSES	30th June, 2022	30th June, 2021
	Property, plant and equipment	25,439,038	12,459,403
	Total depreciation and amortization	25,439,038	12,459,403

- We recognized depreciation for first, second and third quarters. During the fourth quarter the assets were revalued hence no depreciation was recognized. The revaluation was done in the month of June 2022.

17	REPAIRS AND MAINTENANCE	30th June, 2022	30th June, 2021
	Property	16,793,386	73,349,994
	Equipment	1,469,185	393,244
	Motor vehicle	4,489,621	2,424,961
	Furniture and fittings	127,759	-
	Total repairs and maintenance	22,879,951	76,168,198

18	CASH AND CASH EQUIVALENTS	30th June, 2022	30th June, 2021
	Kenya Commercial Bank	56,443,552	18,915,362
	National Bank of Kenya- Current	146,402,628	161,077,723
	National Bank of Kenya- Project	19,934,278	7,847,984
	National Bank of Kenya - Savings	4,500,486	1,337,772
	National Bank	-	-
	Access Bank Ltd	14,443,619	3,000,128
	Access Bank Ltd	111	706,172
	Access Bank Ltd	-	24,143,999
	Access Bank Ltd	59,556	3,207,795
	Total cash and cash equivalents	241,784,231	220,236,935

19	RECEIVABLES FROM EXCHANGE TRANSACTIONS	30th June, 2022	30th June, 2021
	Student debtors	180,656,211	191,945,778
	Staff advances	-	1,895,955
	Mentoring institution receivables (Elburgon)	2,800,000	-
	Total receivables from exchange transactions	183,456,211	193,841,733

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

20	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	30th June, 2022	30th June, 2021
	Current receivables		
	Receivables- Government Capitation	47,122,500	44,205,000
	Total receivables from non-exchange transaction	47,122,500	44,205,000

- The receivable relates to capitation grants receivable for trainees for the fourth quarter.

21	INVENTORIES	30th June, 2022	30th June, 2021
	Consumable stores	805,790	129,540
	Maintenance stores	14,000	1,853,670
	Health unit stores	500,360	75,000
	Electrical stores	488,950	205,200
	Cleaning materials stores	45,480	155,330
	Catering stores	1,185,700	37,560
	Total inventories at the lower of cost and net realizable value	3,040,280	2,456,300

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022
Notes to the Financial Statements (Continued)**

22. Property, Plant and Equipment

	Land		Buildings		Motor vehicles		Furniture and fittings		Computers		Plant and equipment		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost														
At 30 th June 2021	185,000,000	29,350,010	14,620,500	6,315,741	3,280,200	6,019,201	244,585,652							
Additions	-	9,750,804	4,500,000	5,191,050	13,645,887	3,285,626	36,373,367							
Transfer/adjustments	-	-	-	-	-	-	-							
At 30 th June 2021	185,000,000	39,100,814	19,120,500	11,506,791	16,926,087	9,304,827	280,959,019							
Depreciation and impairment														
At 30 June 2021	-	-	4,873,500	902,249	1,405,800	859,886	8,041,435							
Depreciation	-	-	4,780,125	1,438,349	5,077,826	1,163,103	12,459,403							
At 30 th June 2021	-	-	9,653,625	2,340,598	6,483,626	2,022,989	20,500,838							
Net book values														
At 30 th June 2021	185,000,000	39,100,814	14,340,375	10,068,442	11,848,261	8,141,724	268,499,616							
At 30 th June 2020	185,000,000	-	14,620,500	6,315,741	3,280,200	6,019,201	244,585,652							
Cost														
At 1 July 2021	185,000,000	39,100,814	14,340,375	10,068,442	11,848,261	8,141,724	268,499,616							
Additions	-	63,678,633	-	3,923,052	5,443,589	731,353	73,776,627							
Revaluation gain	185,000,000	408,516,828	27,160,154	9,749,340	18,866,007	17,858,162	667,150,490							
At 30th June 2022	370,000,000	511,296,275	41,500,529	23,740,834	36,157,857	26,731,238	1,009,426,733							
Depreciation and impairment														
At 30 June 2022	-	-	9,653,625	2,340,598	6,483,626	2,022,989	20,500,838							
Depreciation	-	-	8,290,529	3,616,334	10,657,607	2,874,568	25,439,038							
At 30th June 2022	-	-	17,944,154	5,956,931	17,141,233	4,897,558	45,939,876							
Net book values														
At 30th June 2022	370,000,000	511,296,275	33,210,000	20,124,500	25,500,250	23,856,670	983,987,695							
At 30th June 2021	185,000,000	39,100,814	14,340,375	10,068,442	11,848,261	8,141,724	268,499,616							

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

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). These amounts were adopted in the financial statements on 30th June, 2022.

23. Intangible Assets

Description	30 th June, 2022	30 th June, 2021
	Kshs	Kshs
Cost		
At beginning of the year	9,810,000	9,810,000
Additions	-	-
At end of the year	9,810,000	9,810,000
Additions–internal development	-	-
At end of the year	9,810,000	9,810,000
Amortization and impairment		
At beginning of the year		
Amortization	-	-
At end of the year		
Impairment loss	-	-
At end of the year	9,810,000	9,810,000
NBV	9,810,000	9,810,000

- No amortization was recognized for the financial year as the system is still under implementation.

24. Biological Assets

ASSET DETAILS	QTY	TYPE/DESCRIPTION/MAKE	TOTAL VALUE
Sheep (female)	18	Cross breed	126,000
Sheep(male)	4	Cross breed	28,000
Poultry (Cocks)	5	Improved	10,000
Poultry (Layers)	137		205,500
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			1,199,500

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

25	Trade and other payables from exchange transactions	30th June, 2022	30th June, 2021
	Trade payables	14,662,808	12,130,522
	Caution money	8,129,000	6,177,000
	Kenya Universities and Colleges Central Placement Service (KUCCPS)	583,500	-
	Total trade and other payables	23,375,308	18,307,522

- The KUCCPS payable relates to the monies collected on behalf of the authority which had not been remitted as at the end of the financial year.

26	Trade and other payables from non-exchange transactions	30th June, 2022	30th June, 2021
	Ministry of Gender and Youth Affairs- NYS	8,058,703	49,477,871
	Total Trade and other payables from non-exchange transactions	8,058,703	49,477,871

- The payable relates to fees paid in advance for the 113 NYS trainees who were enrolled in the Institute in the financial year.

27. Financial Risk Management

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

(i) Credit risk

The Institute 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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Notes to the Financial Statements (Continued)

The company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30th June, 2021				
Receivables from exchange transactions	180,400,520	-	-	-
Receivables from non-exchange transactions	47,122,500	-	-	-
Bank balances	241,784,231		-	-
Total	472,107,251	-	-	-
At 30th June, 2022				
Receivables from exchange transactions	193,841,733	-	-	-
Receivables from non-exchange transactions	44,205,000	-	-	-
Bank balances	220,110,835	-	-	-
Total	458,157,568	-	-	-

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

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

(ii) Liquidity risk management

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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Notes to the Financial Statements (Continued)

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June, 2021				
Trade Payables	12,093,022	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	12,093,022	-	-	-
At 30th June, 2022				
Trade Payables	14,662,807	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	14,662,807	-	-	-

(iii) Market risk

The Institute has put in place an internal audit function to assist it in assessing the risk faced by the Institute 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 Institute'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 Institute'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 Institute's exposure to market risks or the manner in which it manages and measures the risk.

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

28. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) Key management;
- iv) Board of Governors;

29. Events After the Reporting Period

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

30. Ultimate and Holding Institute

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

31. Currency

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

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

XIX. 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.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.0	Fuel, Oil and Lubricants expenditure was not supported by Electronic Tax Register (E.T.R) receipts	The documents supporting the expenditure were provided less of the E. T. R receipts as there was a lapse in documentation but going forward the management has put in place measures to ensure all supporting documents have an E. T. R.	Resolved	
2.1	The Institute did not maintain a register of the bank accounts as required by the National Treasury	The bank register was presented as required.	Resolved	
2.2	Bank Confirmation Certificate and bank statements for Equity Bank Account -Elburgon TVC bank account number 9202265390871 were not availed for audit. It was also not possible to determine whether the account had been closed before the end of the year under review. This is contrary to Regulation 87. (1) to (4) of the Public Finance Management (National Government) Regulations, 2015.	The account was inactive at the time of audit hence not yet closed.	Not Resolved	June 2023
2.3	Further, National Bank Transactional Account Number 01241055648802 was closed before the end of the financial year under review, however, National Treasury authority to close the account was not availed for audit review.	Observation was acknowledged. Management is committed to follow the regulations in the next course of action.	Resolved	

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2.4	The Bank Confirmation Certificate for Kenya Commercial Bank account 11460235214 was not availed for audit review.	The KCB account was closed before the end of the financial year and the bank had not provided the account certificate. However, they provided a nil balance bank statement attached.	Resolved	
3.1	Included in the motor vehicles is one (1) Motor Cycle whose logbook is still in the seller's name, FOCIN MOTORCYCLE COMPANY LIMITED. In the circumstances, it was not possible to determine whether the Motorcycle belongs to Ol'lessos Technical Training Institute.	Observation acknowledged	Not Resolved	June 2023
3.2	It was further noted that there was no valuation report for the institute's assets, hence it was not possible to ascertain the valuation and allocation of the Property, Plant and Equipment balances in the Financial statements.	Valuation was conducted in the month of June 2022 and therefore the actual values and location of the Property, Plant and Equipment balances will be reflected in the Financial statements for FY2021/20	Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.1	Failure to Observe One Third Rule in Staff Establishment and Recruitment	Observation acknowledged. The matter shall be considered in the subsequent recruitment as advised.	Not Resolved	Ongoing



PRINCIPAL
 OLLESSOS TECHNICAL TRAINING INSTITUTE
 P.O. Box 210-30302, LESSOS
 Date: 28/6/22 Sign:

Name
Accounting Officer
Principal
Date

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Appendix II: Projects Implemented by O'lessos Technical Training Institute

Projects

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

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

Status of Projects completion

Project	Total project Cost	Total project date	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 Perimeter Wall Phase I	58,351,581/=	46,388,465.81	80%	58,351,581/=	-	Internal generated funds	
2 Hospitality Annex Phase I	122,227,574/=	25,812,816.00	21%	122,227,574/=	-	Internal generated funds	
3							

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Appendix III- Inter-Institute Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Institute]
[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

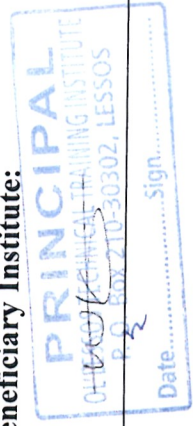
Confirmation of amounts received by [Insert name of beneficiary Institute] as at 30th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022			Amount Received by [beneficiary Institute] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Total						

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

Head of Accountants department of beneficiary Institute:

Name: Wesley K. Yegon Sign

Date 24/04/2023



**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

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**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Appendix IV: Reporting of Climate Relevant Expenditures – *There was no expenditure during the year under review*

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

**OLLESSOS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2022**

Appendix V: Disaster Expenditure Reporting Template - There was no expenditure during the year under review

Date:						
Institute						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments