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**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 MAY 2025	DAY: Thursday
TABLED BY: Hon. Baya Yas, MP Deputy Leader of Opposition	
CLERK-AT THE-TABLE: Halima Ahmed	

**OF**

**THE AUDITOR-GENERAL**

**ON**

**OL'LESSOS TECHNICAL  
TRAINING INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**OL'LESSOS TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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



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**1. Acronyms & Glossary of Terms**

BOG	Board of Governors
CSR	Corporate Social Responsibility
Fiduciary Management	Key management personnel who have financial responsibility in the entity
FY	Financial Year
HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KUCCPS	The Kenya Universities and Colleges Central Placement Services.
NBV	Net Book Value
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
NYS	National Youth Service
OAG	Office of the Auditor General
OTTI	Ol'lessos Technical Training Institute
PAYE	Pay As You Earn
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
The Institute	The Ol'lessos Technical Training Institute.
TVET	Technical and Vocational Education and Training

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**2. Key Entity 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 Ol'lessos National Polytechnic was incorporated under TVET Act number 29 of 2013. It is publicly registered under the Ministry of Education, State Department of Vocational and Technical Training and strategically located in a serene learning environment accessible at all times from all directions. It is located along Kapsabet – Lessos – Nabkoi – Nakuru Road in Nandi County, 27 Kilometres from Kapsabet Town and 1 km from Lessos market. It has a branch at Kapsabet Town.

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

The Institute has focused its attention in the development of ultra-modern infrastructure and relevant training facilities in ten (10) departments the latest being Medical Laboratory, Electrical, Agriculture and Extension, Electronics Workshop, Secretarial and Liberal Studies and the Hospitality Nutrition and Dietetics Centre which has state of the art equipment geared towards meeting training standards as demanded by market needs. It also intends to rollout Competency Based Education and Training (CBET) programmes in all the ten (10) academic departments accordingly. The management is also planning to continuously supplement government support through equipping workshops and laboratories.

The Institute currently has over 5,000 trainees enrolled in various programmes such as Diplomas, Artisan, Craft and other flexible blended courses. It has increasingly become the centre of attraction to a large number of KCSE graduates seeking 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.

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**(b) Principal Activities**

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

The principal activity of OTTI is training middle level technicians and continues to be so.

**CORE VALUES**

The core values of the institute are;

- ✓ Integrity.
- ✓ Accountability
- ✓ Creativity and Innovation
- ✓ Customer satisfaction
- ✓ Inclusivity
- ✓ Professionalism

**(c) Key Management**

The institute's day-to-day management is under the following key organs:  
Board of Governors  
Principal/Accounting Officer  
Key management.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Mr. Wesley K. Yegon
2.	Deputy Principal Administration	Mrs. Patricia Tarus
3.	Deputy Principal Academics	Mr. John Tarus
4.	Ag. Registrar	Mr. Edwin Mutai
5.	Ag. Dean of Trainees	Mr. Joshua Keter
6.	Finance Officer	CPA. Violah Chelimo
7.	Procurement Officer	Mr. Obadiah Koech

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**Key Entity Information and Management (Continued)**

**(e) Fiduciary Oversight Arrangements**

**Finance & Resource Mobilization Committee Activities**

The Committee exercises 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 is 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 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.

**Audit Risk and Governance Committee Activities**

The Committee exercises 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 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;

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- (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 exercises 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 advises the BOG. The Committee responsibilities 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 trainee experience, and setting and maintaining standards;
- (viii) Support the development of HR policies, guidelines, procedures, regulations and standard; and
- (ix) Monitor labour administration in the Institute.

**Senior Management Activities**

The main purpose of the senior management team is to:

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

**Specifically, the Senior Management Team:**

- (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;

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- (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) Entity Headquarters**

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

**(g) Entity Contacts**

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

**(h) Entity Bankers**

- National Bank branch  
Kapsabet branch  
P.o box 39 Kapsabet
- Kenya Commercial Bank  
Nandi hills branch  
P.O BOX 184  
Nandi hills
- Access bank  
Lessos branch  
P.o box 16  
Lessos branch

**(i) Independent Auditors**

Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084

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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

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**3. The Board of Governors**

No.	NAME POSITION AND PHOTO	QUALIFICATION
1.	 <p data-bbox="331 658 703 725"><b>Margaret Chepkemai Koech Chairperson of the Board</b></p>	<p data-bbox="756 331 1086 365">Date of birth <b>D.O.B 1969</b></p> <p data-bbox="756 409 1541 584">Ms. Margaret C. Koech is an astute Corporate Governance Practitioner and has been a director in the Board of Kenyatta National Hospital, where she chaired the Strategy and Enterprise Committee and a member of the Audit and Risk Committee.</p> <p data-bbox="756 591 1541 730">She has served as a Chairperson of Tinderet Technical and Vocational Institute Board. She is also a member of the Board of Management and Patron of various Secondary Schools.</p> <p data-bbox="756 736 1541 875">She is a holder of MSc degree in International Hotel Management from The University of Buckingham (UK) and a Bachelor of Education degree from Kenyatta University (Kenya).</p> <p data-bbox="756 882 1541 954">Margaret previously worked with Multimedia University of Kenya as the Head of Commercial Services.</p> <p data-bbox="756 960 1541 994">Currently she runs private business in the real estate sector.</p> <p data-bbox="756 1001 1541 1099">She has also undergone various Corporate Governance training by State Corporation Advisory Committee (SCAC).</p> <p data-bbox="756 1106 1541 1245">She is a member of Institute of Corporate Governance, Institute of Internal Auditors-Kenya (IIA), Women on Boards Network (WOBN) and Kenya Association of Women Business Owners (KAWBO).</p> <p data-bbox="756 1252 1166 1285">Executive member of the board.</p>
2.	 <p data-bbox="384 1576 651 1610"><b>Seraphine Jepkosgei</b></p>	<p data-bbox="756 1323 911 1357">D.O.B 1975</p> <p data-bbox="756 1364 1174 1397">Mphil. Literature Moi university</p> <p data-bbox="756 1404 1158 1438">M.A Literature Moi University</p> <p data-bbox="756 1444 1091 1478">B.ED Arts Moi university</p> <p data-bbox="756 1485 1394 1518">Member of the education committee of the board.</p> <p data-bbox="756 1525 1509 1559">Finance and infrastructure executive member of the board.</p> <p data-bbox="756 1565 1509 1615">Has vast experience in education sector having served as a lecturer in several institutions of higher learning.</p> <p data-bbox="756 1621 1166 1655">Executive member of the board.</p>
3.		<p data-bbox="756 1659 919 1693">D.O.B: 1963</p> <p data-bbox="756 1700 975 1733">Diocesan Bishop</p> <p data-bbox="756 1740 1075 1774">ACK Diocese of Eldoret</p> <p data-bbox="756 1780 1278 1814">2003-2011- Lecturer Maseno University</p> <p data-bbox="756 1821 1270 1854">1995-1999- Lecturer St Paul University</p> <p data-bbox="756 1861 1501 1895">Board of Education Chairman Anglican Church of Kenya</p> <p data-bbox="756 1901 1174 1935">Council Member Moi University</p>

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	Rt. Rev. Dr Christopher K. Rutto	National Church Council, Chairman North Rift Board Member Mosoriot Teachers Training College Audit executive member of the Board
4.	 <p>Martin Mungai</p>	<p>D.O.B 1983 Bachelor of Commerce (BCom. Finance)) Martin has over 16 years of professional experience providing services to clients both in the public and private sector. He is the Managing Partner for Martin Kamau and Associates (MKA) and a consultant on procurement and financial management and has been involved in provision of technical assistance in areas of strengthening financial, procurement, governance and public financial management systems in Africa, Middle East, Central Asia and the Americas. Martin is also a Certified Public Accountant under licence no p/2543, a Certified Information System Auditor and holds an MSc degree in Financial Economics. Audit executive committee member of the board. executive</p>
5.	 <p>Joakim Mulaa</p>	<p>D.O.B 1983 Msc software engineering JKUAT BSc. Computer Science and technology Director e-campus university of Bosaso Software engineer. Education executive member of the board.</p>
6.	 <p>Priscilla Muthoni Wanyiri PS Alternate representative</p>	<p>D.O.B 1973 Master of Arts, (Public Policy and Administration) Kenyatta University Bachelor of Arts (Economics and Geography) university of Nairobi. Independent member of the board.</p>

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7.	 <p>Florence Oluoch</p>	<p>D.O.B 1968 Holder of Bachelor of Business Management (Marketing Management option) from the University of Nairobi Work experience Financial Advisor (Britam Insurance) Managing Director, Woolsack Suite Nyali Audit committee executive member.</p>
8.	 <p>Dr. Daniel Mutai, PhD</p>	<p>D.O.B 1962 Holder of PhD in education communication Technology, with a long experience in teaching and training in the field of Electrical Technology Education. Has a wealth of experience in management and governance of TVET, after having been a principal for several years in various Polytechnics and Technical Training Institutions. He is a recipient of Award of excellence in Leadership in Diversity and Inclusion and Lifetime Achievement award from World Federation of Colleges and Polytechnics (WFCP). He is skilful in resource mobilisation, Coaching and Mentorship, conflict resolution and Negotiation and in project management. Executive member of finance and infrastructure committee of the board.</p>
9.	 <p><b>Mr Wesley Yegon</b> <b>Principal/ Secretary BOG</b></p>	<p><b>D.O.B: 1969</b> MBA in Strategic Management from Moi University BBM (Accounting Option) Moi University  Principal and secretary to the board. Experience of 27 years in the public sector.</p>

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**4. Key Management Team**

<b>No</b>	<b>Member</b>	<b>Details</b>
1.	 <p><b>Mr. Wesley K. Yegon</b> MBA Financial Accounting and Strategic Management</p>	<p><b>PRINCIPAL</b> CEO of the National Polytechnic</p>
2.	 <p><b>Mrs. Patricia Tarus</b> Master of Science (Animal Ecology) B.Ed. (Science)</p>	<p><b>DEPUTY PRINCIPAL ADMINISTRATION</b> In-charge of administrative functions</p>
3.	 <p><b>John Tarus</b> B.Ed Agricultural Education</p>	<p><b>DEPUTY PRINCIPAL ACADEMICS</b></p> <ul style="list-style-type: none"> <li>In-charge of academic affairs.</li> </ul>
4.	 <p><b>Mr Edwin Mutai</b> Post Graduate Education; Msc. Micro-Biology BSc. Biology</p>	<p><b>Ag. REGISTRAR</b> In-charge of registry</p>

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5.	 <p><b>Joshua Keter</b> BSc. Computer Science Post Graduate Diploma Education</p>	<p>Ag. DEAN OF TRAINEES In-charge of trainees affairs</p>
6.	 <p><b>CPA Violah Chelimo</b> BCOM - Banking and Finance CPA-K - Member No.22812 HND - Human Resource Management</p>	<p>FINANCE OFFICER</p> <ul style="list-style-type: none"> <li>In charge of finance and accounts department</li> </ul>
7.	 <p><b>Mr. Obadiah Koech</b> MSC- Procurement and Logistics BBM -Supply Chain Diploma Supply Chain Management KISM Member No. 72364</p>	<p>PROCUREMENT OFFICER</p> <p>In-charge of administering procurement section.</p>

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**5. Chairperson's Statement**

I take this opportunity to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023 for this great Institute.

During the financial year ending June, 2023, 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.



.....  
M/s MARGARET KOECH

**CHAIRPERSON BOARD OF GOVERNORS**

22/9/2023

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**6. 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 2022/2023 performance**

The performance of the Institute for the year 2022-2023 are set out in pages 1-5.

**Trainees Enrolment**

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

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

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.

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

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I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the 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.

However in the process of recovering from challenges of covid-19 pandemic that affected performance of the institute since the trainees and trainers had to pause their academic activities for a while.

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



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

**Date:** ..... 22/09/2023 .....

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**7. Statement of Performance against Predetermined Objectives**

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

<b>PILLAR</b>	<b>THEME</b>
<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 ten 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 2022/2023 period for its ten strategic pillars, as indicated in the diagram below:

<b>STRATEGIC PILLAR</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: INFRASTRUCTURE</b>	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.
<b>Pillar 2: TECHNOLOGY AND ICT INFRASTRUCTURE</b>	Promote effective application of ICT	Complete ICT infrastructures, Installation of Management Information System ICT courses	Develop adequate ICT capacity and infrastructure Institutionalized Management Information System (MIS) Promote the use of ICT in Curriculum delivery and management systems	ICT courses are being offered in the institution MIS is in the process of being installed
	Enhance Equipment and	Institution incubator and use	Develop institution incubator	To be implemented

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	Technology	of modern equipment and Technology	Promote use of modern equipment and Technology	
<b>Pillar 3: CORPORATE GOVERNANCE</b>	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.
<b>Pillar 4: COLLABORATION AND LINKAGES</b>	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.
<b>Pillar 5: COMPETITIVENESS</b>	Enhance competitiveness	Increased trainees' numbers	Strengthen existing competitiveness benchmarks. Establish new competitiveness benchmarks.	Trainee numbers have continued to increase.
<b>Pillar 6: INSTITUTIONAL GOVERNANCE</b>	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 specify Improved budget accuracy.
<b>Pillar 7: HUMAN RESOURCE</b>	Harness Human resource	Increased number of staff to match the increasing number of trainees	Increase staff at PSC and BoG levels. Develop competencies in staff.	New BoG staff have been employed.
	Improve and sustain relevance of skills		Ensure quality assurance and standards. Promote innovativeness in ST&I. Establish the Center of excellence. Improve the quality of work culture Strategy.	

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			Encourage investment in the development and commercialization of TVET products and services including ICT	
<b>Pillar 8: FINANCIAL RESOURCES</b>	Diversify sources and increase funding	New development partners Enhanced existing partners' relationship Increase in government development funds	Increase GoK funding Exploit external funding possibilities through developed criteria Expand income generation at institutional level	There are development partners funding development projects. specify The institution continues to receive development funds from the government.
<b>Pillar 9: COMMUNICATION AND PUBLIC RELATIONS (RECOGNITION)</b>	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
<b>Pillar 10: ACCESS AND EQUITY</b>	Enhance Access and equity	Improved training programmes in MSE sector. Expansion of facilities	Expand facilities based on government priorities Support TVET trainees Promote affirmative action for TVET trainees Reform and enhance education, training, and guidance services. Improve training programmes in MSE sector. Offer higher level programmes	Expansion of facilities achieved

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**8. Corporate Governance Statement**

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

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

**(i) The Board charter.**

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

**(ii) Board Appointment and Composition.**

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

The membership of the Board of Governors comprises of;

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

**Some of the roles of the board of governors include:**

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

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**(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 2023/2024.

**(vii) Sitting Allowances of the Board**

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the 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.

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**a) Full Board Members**

S.No	Names	12 <sup>th</sup> July 2022	10 <sup>th</sup> October 2022	11 <sup>th</sup> Jan 2022	7 <sup>th</sup> April 2023
1.	Margaret Koech	✓	✓	✓	✓
2.	Wesley Yegon	✓	✓	✓	✓
3.	Seraphine Jepkosgei	✓	✓	✓	✓
4.	RT.Rev Dr. Christopher Ruto	✓	✓	✓	✓
5.	Martin mungai	✓	✓	✓	✓
6.	Joakim mulaa	✓	✓	✓	✓
7.	Priscillar muthoni wanyiri	✓	✓	✓	✓
8.	Florence aluoch	✓	✓	✓	✓
9.	Daniel mutai	✓	✓	✓	✓

**b) Finance and Human Resource Committee.**

S.No	Names	11 <sup>th</sup> July 2022	4 <sup>th</sup> Oct 2022	6 <sup>th</sup> January 2023	3 <sup>rd</sup> April 2023
1.	Daniel mutai	✓	✓	-	✓
2.	Seraphine jepkosgei	✓	✓	✓	✓
3.	Joakim mulaa	✓	✓	✓	✓

**c) Audit and Risk Committee**

S.No	Names	4 <sup>th</sup> July 2022	3 <sup>rd</sup> October 2022	5 <sup>th</sup> Jan 2023
1.	Martin mungai	✓	✓	✓
2.	Rev. Christopher Ruto	✓	✓	✓
3.	Florence Aluoch	✓	✓	✓

**d) Education research and human resource committee**

s/no	Name	5 <sup>TH</sup> July 2022	3 <sup>rd</sup> oct 2022	6 <sup>th</sup> jan 2023
1.	Seraphine jepkosgei	✓	✓	✓
2.	Pricillar wanyiri	✓	✓	✓
3.	Joakim mulaa	✓	✓	✓

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**9. Management Discussion and Analysis**

**SECTION A:**

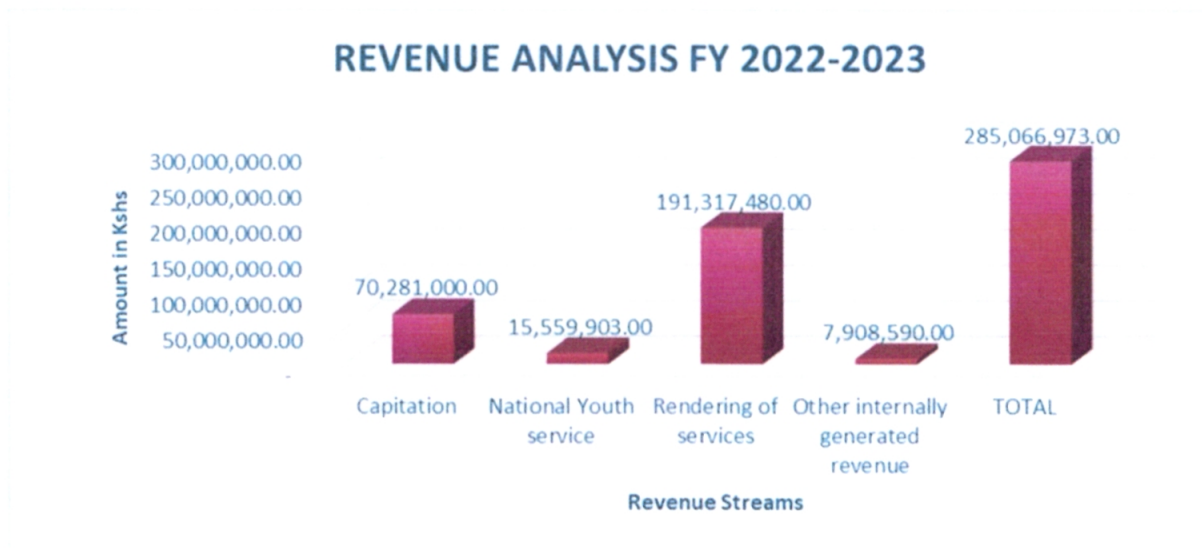
**(a) The Institute’s Performance**

**Revenue**

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

- (i) Government Grants – Capitation
- (ii) Internally generated funds – Tuition and other related charges
- (iii) Transfers from the Ministry of Gender and Youth affairs for NYS trainees.

During the year, revenue of Ksh.70,281,000 was received from the national government as capitation, Ksh.15,559,903 from the Ministry of Gender and Youth Affairs for NYS trainees, Ksh.191,317,480 from Tuition and other fees for rendering of services and Ksh.7,908,590 from other incomes generated internally. The Institute’s total revenue decreased by 34% to Ksh.285,066,973 from Ksh.430,870,249. The negative variance was attributed to decreased capitation disbursement in quarter one, two and three and no remittance of quarter four capitation by the Ministry of Education.



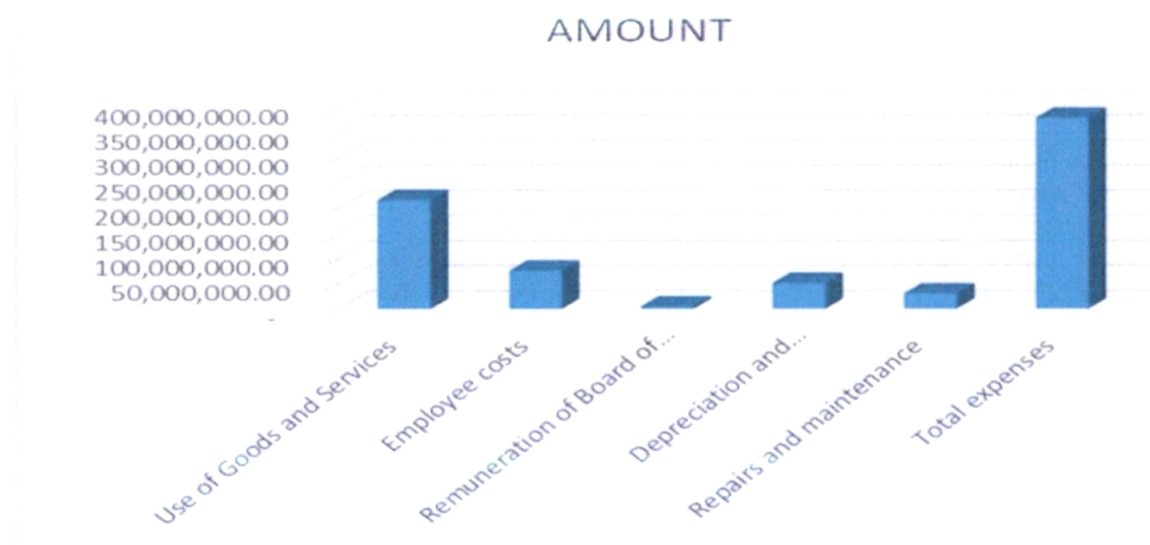
**Fig. 1. The Institute’s Revenue Analysis for the periods ending 30<sup>th</sup> June 2023.**

**Expenditure**

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

The overall expenditure for the period increased by 12% which is Ksh.39,923,499 up from Ksh.Ksh.331,429,424 in the last financial year.

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**Fig. 2. The Institute's Expenditure Analysis for the periods 30<sup>th</sup> June 2023.**

**(b) The Institute's Compliance with Statutory Requirements**

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

**(c) Material Arrears in Statutory/Financial Obligations.**

The Institute does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit. Trade payables as at 30 June 2023 was Kshs.13,555,969

**(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	Internally generated funds
2	Construction Of Tuition Block	Internally generated funds
3	Construction Of Reading Shades	Internally generated funds
4	Conference Virtual	Internally generated funds

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**(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	Internally generated
2	Purchase of driving school vehicles	Construction of ramps	Internally generated
3	Purchase of tractor	Water harvest	Internally generated
4	Purchase of 2 51-seater buses	Purchas & installation of CCTV	Internally generated
5	Purchase of LPG Gas	Laying of culverts and Carbros	Internally generated
6	Excavation of field for drainage		
7	Dairy unit yard		
8	Construction of workshops and labs		

**(f) Major Challenges and Risks Facing the Institute**

The following are the major challenges facing the Institute.

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

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

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

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**10. 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. Indicate environmental policy and evidence of the same if any

**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. Successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact.

**Employee welfare**

The Institute values her employees and the many stakeholders, including the wider community where the training of our trainees has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

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

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

**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.

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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.
- 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.

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**11. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Ollessos Technical Training Institute 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 30<sup>th</sup>, 2023 are set out on pages 1-5.

**Board of Governors**

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

**Auditors**

Bik & Associates Certified Public Accountants were nominated by the Auditor General to carry out the audit of Ollessos Technical Training Institute for the year ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an Auditor to audit on her behalf.

By Order of the Board



.....  
**PRINCIPAL/SECRETARY OF THE BOARD.**

Date..... 22/09/2023 .....

**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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**12. 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 30<sup>th</sup> June, 2023. 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 30<sup>th</sup> June, 2023, 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.

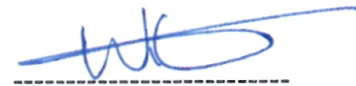
Nothing has come to the attention of the Board members to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Institute's financial statements were approved by the Board on **22<sup>nd</sup> September 2023** and signed on its behalf by:

  
-----  
**Margaret C. Koech**  
**Chairperson, Board of Governors**

22/9/2023

  
-----  
**Mr. Wesley Yegon**  
**Principal/Secretary BOG**

22/9/2023

# REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON OL'LESSOS TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

The accompanying financial statements of Ol'lessos Technical Training Institute set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2023

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*Report of the Auditor-General on Ol'lessos Technical Training Institute for the year ended 30 June, 2023*

and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by BIK and Associates, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act No. 29 of 2013.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in Receipts from Rendering of Services – Fees from Trainees**

The Statement of Cash Flows reflects receipts from rendering of services being fees from trainees amount of Kshs.174,959,140. However, a review of the Institute's Ultimate ERP system revealed the following data relating to trainee receipts:

<b>General Ledger account</b>	<b>Amount</b>
CDF bursaries	17,176,898
HELB	75,962,800
NGO	794,302
Direct fees from students (various GL codes)	71,578,736
<b>Total</b>	<b>165,512,736</b>

In the absence of bank statements showing itemized receipts, the validity of receipts from rendering of services could not be vouched.

In the circumstances, the accuracy of receipts from rendering of services could not be confirmed.

#### **2. Inaccuracies in Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 20(a) to the financial statements reflects receivable from exchange transaction of Kshs.198,057,559 which include receivables from trainees of Kshs.195,257,559. However, the ERP system reflected a balance of Kshs.239,376,098 resulting in unexplainable variance of Kshs.44,118,539.

Further, a reconciliation of opening, receipts, payments and closing debtor movements was not provided for audit review.

In the circumstances, the accuracy and completeness of the Institute's trainees' debtors of Kshs.195,257,559 could not be confirmed.

### **3. Unsupported Biological Assets**

The statement of financial position and as disclosed in Note 25 to the financial statements reflects biological assets valued at Kshs.984,000. However, movement showing the opening balance, additions and disposals as additional notes was not provided for review. Further, the biological assets did not include trees.

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

### **4. Inaccuracies in Revenue from Rendering of Services**

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects revenue from rendering of services of Kshs.191,317,480. However, an examination of systems generated bills by student reflected a balance of Kshs.283,830,722 resulting to unexplained variance of Kshs.92,513,242.

Further, the reported balance of Kshs.191,317,480 was not based on itemized invoices per student.

In the circumstances, the accuracy of revenue from rendering of services of Kshs.191,317,480 could not be confirmed.

### **5. Unsupported Trade and Other Payables**

The statement of financial position and as disclosed in Note 26 to the financial statements reflects trade and other payables of Kshs.13,555,969. The balance included an amount of Kshs.2,823,180 owed to Kenya Universities and Colleges Central Placement Services (KUCCPS). However, reconciliation showing the movement in this account was not provided for review.

In the circumstances, the accuracy of trade and other payables could not be confirmed.

### **6. Inaccuracies in Receivables from Non-Exchange Transactions**

The statement of financial position and as disclosed in Note 21 to the financial statements reflects receivable from non-exchange transaction of Kshs.62,682,403. Included in this balance is Kshs.15,559,903 owed to the institute by Ministry of Gender and Youth Department. This was in respect of seventy-six (76) students billed at Kshs.144,800 per student. Re-computation of this billing results to Kshs.11,004,800 leading to unexplained variance of Kshs.4,555,103. A detailed breakdown and reconciliation of the receivable of Kshs.15,559,903 was not provided for review.

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

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects total final revenue budget and actual receipt of Kshs.603,222,318 and Kshs.285,066,973 respectively resulting to under-funding of Kshs.318,155,345 or 47% of the budget. Similarly, the College spent an amount of Kshs.370,515,039 against actual receipts of Kshs.285,066,973 resulting to an over expenditure of Kshs.85,448,066 or 23% of the actual receipts. No explanation was provided as to whether the over expenditure was authorized.

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

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Information**

Management is responsible for the other information set out on page iii to xxx which comprise of Key Information and Management, Chairman's statement, report of the Principal, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of Board of Governors and Statement of Board of Governor's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Ol'lessos Technical Training Institute financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information; I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Observe One Third Rule on Staff Composition**

Review of personnel records provided for audit revealed that the Institute had a total of one hundred thirty two (132) employees, employed the by Board of Governors, out of which one hundred and seventeen (117) or 89%, were from the dominant community contrary to Section 7(1) and (2) of National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **2. Failure to Register Trainers with Technical and Vocational Education Training Authority**

A review of the personnel records provided for audit revealed that the Institute had a total of one hundred and eighty-one trainers (181) trainers, employed by the Public Service Commission, during the period under review. The trainers formed part of the employment cost of Kshs.75,756,839 as indicated in Note 14 to the financial statements. A review of the Human Resources records showed that only fifty-four (54) trainers were registered by the Technical and Vocational Education and Training Authority contrary to Section 23 of Technical and Vocational Education and Training Act No. 29 of 2013.

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

### **3. Anomalies in Annual Procurement Plan**

The annual procurement plan of the Institute amounts to Kshs.336,572,635 and is divided into development plan of Kshs.218,934,278 and recurrent plan of Kshs.117,638,357. However, review of the plan revealed the following unsatisfactory matters:

- i. Whereas the development procurement plan portion was tied to the budget, the recurrent procurement plan amount could not be traced to the annual budget contrary to Regulation 40(1) of Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.
- ii. There was no reservation or allocation of 30% of procurement to Women, Youth and persons with disabilities contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 which states that, all state organs and public entities during their procurement and disposal planning are required to reserve a minimum of 30% of the budgetary allocations to enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.
- iii. There was no indication of items that could be aggregated for procurement as a single package or for procurement through any applicable arrangements for common-user items contrary to Section 7(2)(h) of the Public Procurement and Asset Disposal Act, 2015 that require the National Treasury to develop and review policy on procurement of common user items in the public sector both at national and county government levels.
- iv. The development projects were not indicated whether they are single or multi-year project contrary to Regulation 41(c) of the Public Procurement and Asset Disposal Regulations, 2020 that states that the annual consolidated procurement plan for each procuring entity shall include an indication and justification whether it shall be procured within a single-year period or under a multi-year arrangement.
- v. The template used in preparation of the annual procurement plan was not the same as one indicated under Regulation 128(10) of the Public Procurement and Asset Disposal Regulations, 2020.

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

### **4. Failure to Observe One Third Rule of Employee Basic Pay**

A review of payroll records during the year confirmed that the Institute paid gross salaries of Kshs.75,756,839 as disclosed in Note 14 of the financial statements. On sample basis, it was established that forty-one (41) employees earned a net pay of Kshs.236,313 which was below a third of their basic pay of Kshs.295,154 contrary to Section 19:3 of the Employment Act, 2007 which states that an employer is permitted to make deductions from an employee's salary provided the employee takes home not less than a third of his salary.

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

## **5. Meeting Held Outside the Principal's Office**

As disclosed in Note 15 of the financial statements, the Institute's board expenses amounted to Kshs.6,412,905. Included in this expenditure is an amount of Kshs.1,104,800 for the strategic plan review meeting held in Mombasa from 12 December, 2022 to 16 December, 2022. The letter of approval from the Cabinet Secretary was not provided for audit. This was contrary to Circular number OP/CAB.9/IA dated 11 March, 2020 from the Executive Office of the President which states that all board businesses including committee meetings shall be transacted at the principal or registered office of the corporation. The board retreats are to be approved by the respective Cabinet Secretary.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Integrity and Access Controls of the Institute's ERP System**

A review of the Institute's Enterprise Resource Planning system revealed the following control weaknesses;

- i. Whereas the Institute's ERP system was meant to integrate most operations. The assets management, fleet management and health management modules were not functional.
- ii. The system is not integrated with the Institute Biometric Control System so as to assist in managing trainers and trainees class attendance.
- iii. The system could not support trainers payroll computations as trainers were still paid based on the number of teaching hours utilized. This payroll was computed manually and was prone to errors.
- iv. The user acceptance tests were not carried out so as to confirm the system functionality as per the user requirements.
- v. There was no evidence of existence of Systems Implementation Committee yet the system was not fully implemented.

- vi. The access rights controls were violated with the system administrator having unlimited access to the system. The system administrator could admit and clear a student, invoice and credit a student account among other sensitive functionalities.
- vii. The access rights of suspended employees were not being deactivated.
- viii. There was no segregation of the access rights as one finance staff could generate invoices, create debit notes, approve student debit note, approve credit note, request imprest, post journals, cancel payments, cancel receipt and refund fees.
- ix. The system was semi-automated as payment voucher or material requisition were raised in the system but all the reviews and approval were done outside the system.

In the circumstances, the system's control environment is weak.

## **2. Losses of the Institute's Production Units**

As disclosed in Note 13 of the financial statements, the Institute spent Kshs.209,911,442 on use of goods and services. Out of which Kshs.22,743,514 and Kshs.1,032,062 was incurred towards catering and farming expenses respectively. However, a review of the corresponding incomes as disclosed in Note 8 and 9 of the financial statements revealed that the institute generated incomes of Kshs.943,028 and Kshs.288,375 on catering and farming activities respectively thereby resulting to losses of Kshs.21,800,486 for catering activity and Kshs.743,687 on farming.

In the circumstances, the Institute is not effectively utilizing the income generating units.

## **3. Employee costs**

As disclosed in Note 14 to the financial statements, the Institute spent Kshs.75,756,839 towards employee related expenses. However, audit review revealed the following matters:

- i. There was no staff establishment indicating the required number of non – teaching employees versus the in-post staff.
- ii. The Institute had three Board of Governors' payrolls: Teaching, Non-Teaching contractual staff and non-teaching permanent staff. A review of non-Teaching staff payrolls showed that employee grades were not indicated.
- iii. The Institute does not have a Scheme of Service. Whereas there is a career progression guideline, it does not indicate the salary grades and bands.

In the circumstances, the Institute is at risk of failing to control the employment costs.

## **4. Failure to Insure the Institute's Assets**

As disclosed in Note 23 to the financial statements, the Institute's net book value of the property, plant and equipment was Kshs.1,028,572,080. However, audit review revealed that apart from motor vehicle, other assets with a net book value of Kshs.633,664,580 were not insured.

Failure to insure the assets contravenes Regulation 139(1) of the Public Finance Management Regulations, 2015 which requires the Accounting Officer of a national government entity to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

In the circumstances, internal control on assets could not be confirmed.

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 as going concern, disclosing as applicable, matters related to going concern 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.

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**23 April, 2025**

**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

	Notes	Year ended 30 June 2023	Year ended 30 June 2022
		KSHS	KSHS
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government- capitation	6 (a)	70,281,000	157,342,500
Transfers from other Government agencies- NYS	6 (b)	15,559,903	77,678,868
Transfer from donors and development partners	7	-	2,397,070
<b>Total revenue from non- Exchange transactions</b>		<b>85,840,903</b>	<b>237,418,438</b>
Revenue from exchange transactions	8	191,317,480	184,908,124
Sale of goods	9	288,375	-
Rental revenue from facilities and equipment	10	1,087,916	429,724
Finance Income	11	5,201,022	5,547,945
Other income	12	1,331,277	2,566,018
<b>Revenue from exchange transactions</b>		<b>199,226,070</b>	<b>193,451,811</b>
<b>Total revenue</b>		<b>285,066,973</b>	<b>430,870,249</b>
<b>Expenses</b>			
Use of goods and services	13	209,911,442	210,708,067
Employee costs	14	75,756,839	65,358,308
Remuneration of Board of Governors	15	6,412,905	7,044,060
Depreciation and amortization expense	16	53,094,995	25,439,038
Repairs and maintenance	17	21,797,495	22,879,951
contracted services	18	3,541,363	-
<b>Total expenses</b>		<b>370,515,039</b>	<b>331,429,424</b>
<b>Loss on disposal of biological assets</b>		<b>( 215,500</b>	
<b>Surplus/(Deficit )for the year</b>		<b>(85,663,566)</b>	<b>99,440,825</b>

(The notes set out on pages 6 to 32 form an integral part of the Annual Financial Statements).

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

.....  
Chairperson of the Board

.....  
Finance Officer

.....  
Principal

Date: 22/9/2023

ICPAK No 30725  
Date: 22/9/2023

Date: 22/9/2023



**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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**Statement of Financial Position for the Year Ended 30<sup>th</sup> June 2023**

		30-Jun-23	30-Jun-22
ASSETS	Note	Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	19	96,175,273	241,784,231
Receivables from exchange transactions	20	198,057,559	183,456,218
Receivables from non-exchange transactions	21	62,682,403	47,122,500
Inventories	22	1,984,100	3,040,280
<b>Total Current Assets</b>		<b>358,899,335</b>	<b>475,403,229</b>
<b>Non-current assets</b>			
Property, plant and equipment	23	1,028,572,080	983,987,695
Intangible assets	24	10,025,492	9,810,000
Biological assets	25	984,000	1,199,500
<b>Total non-current assets</b>		<b>1,039,581,572</b>	<b>994,997,195</b>
<b>TOTAL ASSETS</b>		<b>1,398,480,907</b>	<b>1,470,400,424</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	26	13,555,969	15,246,307
Refundable deposits	27	18,558,266	8,129,000
Trade and other payables from non-exchange transactions	28	-	8,058,703
<b>Total current liabilities</b>		<b>32,114,235</b>	<b>31,434,010</b>
<b>Total liabilities</b>		<b>32,114,235</b>	<b>31,434,010</b>
<b>Net assets</b>		<b>1,366,366,672</b>	<b>1,438,966,414</b>
Reserves		1,317,791,362	1,304,727,531
Accumulated surplus		48,575,310	134,238,876
<b>Total reserves</b>		<b>1,366,366,672</b>	<b>1,438,966,414</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>1,398,480,907</b>	<b>1,470,400,417</b>

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

.....  
Chairperson of the Board

Date: 22/9/2023

NSK  
.....  
Finance Officer

ICPAK No

Date: 22/9/2023

.....  
Principal

Date: 22/9/2023



**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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**15. Statement of Changes in Net Asset for The Year Ended 30 June 2023**

Description	Accumulated Surplus	Revaluation reserve	Total
<b>At July 1, 2021</b>	<b>34,798,051</b>	<b>636,377,540</b>	<b>671,175,591</b>
Revaluation gain	-	668,349,990	<b>668,349,990</b>
Surplus/(deficit) for the year	99,440,825	-	99,440,825
<b>At June 30, 2022</b>	<b>134,238,876</b>	<b>1,304,727,530</b>	<b>1,438,966,406</b>
<b>At July 1, 2022</b>	<b>134,238,876</b>	<b>1,304,727,530</b>	<b>1,438,966,406</b>
Revaluation gain	-	-	-
Surplus/(deficit) for the year	(85,663,566)	-	(85,663,566)
Revaluation	-	13,063,832	13,063,832
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-
<b>At June 30, 2023</b>	<b>48,575,310</b>	<b>1,317,791,362</b>	<b>1,366,366,672</b>

**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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16. Statement of Cash Flows for the Year Ended 30 June 2023**

Cash flows from operating activities		30-Jun-23	30-Jun-22
Receipts		Kshs	Kshs
Transfers from Government National government	<b>6 (a)</b>	70,281,000	157,342,500
Transfers from other government entities		-	77,678,868
Research grants		-	2,397,071
Rendering of services- Fees from trainees		174,959,140	184,908,123
Sale of goods		288,375	-
Rental revenue from facilities and equipment	<b>10</b>	1,087,916	429,725
Finance income	<b>11</b>	5,201,022	5,547,945
Other incomes	<b>12</b>	1,331,277	2,566,018
<b>Total Receipts</b>		<b>253,148,730</b>	<b>430,870,249</b>
Payments			
Use of Goods and Services	<b>13</b>	208,289,840	210,708,067
Employee costs	<b>14</b>	75,756,839	65,358,308
Remuneration of Board of Governors	<b>15</b>	6,412,905	7,044,060
Repairs and maintenance	<b>17</b>	20,141,010	22,879,951
Contracted services	<b>18</b>	3,541,546	-
<b>Total Payments</b>		<b>314,142,140</b>	<b>305,990,386</b>
<b>Net cash flows from operating activities before working capital changes</b>	<b>29</b>	<b>- 60,993,410</b>	<b>124,879,863</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	<b>22-23</b>	- 84,615,548	- 73,776,627
<b>Net cash flows used in investing activities</b>		<b>- 84,615,548</b>	<b>- 73,776,627</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>- 145,608,958</b>	<b>21,673,395</b>
Cash and cash equivalents at 1 July	<b>18</b>	241,784,231	220,110,835
<b>Cash and cash equivalents at 30 June</b>	<b>18</b>	<b>96,175,273</b>	<b>241,784,231</b>

**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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**17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023**

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference	Notes
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
<b>Revenue</b>							
Transfer from National government	255,000,000	-	255,000,000	70,281,000	- 184,719,000	28%	(a)
Rendering of services	338,392,318	-	338,392,318	199,226,070	- 139,166,248	59%	(b)
Other incomes	9,830,000	-	9,830,000	15,559,903	5,729,903	158%	(c)
<b>Total income</b>	<b>603,222,318</b>	<b>-</b>	<b>603,222,318</b>	<b>285,066,973</b>	<b>- 318,155,345</b>	<b>47%</b>	
<b>Expenses</b>							
Use of Goods and Services	262,629,496	-	262,629,496	209,911,442	- 52,718,054	80%	(d)
Personnel emoluments	90,941,612	-	90,941,612	75,756,839	- 15,184,773	83%	(e)
Remuneration to Board of Governors	9,014,407	-	9,014,407	6,412,905	- 2,601,502	71%	(f)
Repairs and maintenance	21,702,525	-	21,702,525	21,797,495	94,970	100%	
Depreciation and amortization				53,094,995	53,094,995		
Contracted services				3,541,363	3,541,363		
<b>Total Expenditure</b>	<b>384,288,040</b>	<b>-</b>	<b>384,288,040</b>	<b>370,515,039</b>	<b>- 13,773,001</b>		
Loss on disposal				- 215,500	- 215,500		
<b>Surplus/(Deficit) For the Period</b>	<b>218,934,278</b>	<b>-</b>	<b>218,934,278</b>	<b>85,663,566</b>	<b>- 304,597,844</b>	<b>-39%</b>	<b>(g)</b>
<b>Capital Expenditure</b>	<b>218,934,278</b>	<b>-</b>	<b>218,934,278</b>	<b>84,615,548</b>	<b>- 134,318,730</b>	<b>39%</b>	<b>(h)</b>

**QUESSOS TECHNICAL TRAINING INSTITUTE  
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*Notes on variations above 10%*

- (a) The under collection is as a result of low trainee enrolment as we had budgeted for 8,500 trainees but we achieved 5,851. Further, instead of the government disbursing 7,500 per trainee per quarter we received 5,000, 4,000 and 4,000 for quarter 1, 2, 3 respectively. Quarter four capitation was not received.
- (b) The underperformance was due to low trainee enrolment hence reduction of school fees collection.
- (c) The variance was due to low enrolment in driving schools which led to reduced income inflows.
- (d) The variance was due to the fact that the institution did not employ new staff due funding constraints
- (e) The reduced under expenditure was funding constraints due to late and no remittance of capitation grants.
- (f) The variance was as a result of holding implementation of most projects due to lack of funds.

**OLLESSOS TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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*Notes on variations above 10%*

- (a) The under collection is as a result of low trainee enrolment as we had budgeted for 8,500 trainees but we achieved 5,851. Further, instead of the government disbursing 7,500 per trainee per quarter we received 5,000, 4,000 and 4,000 for quarter 1, 2, 3 respectively. Quarter four capitation was not received.
- (b) The underperformance was due to low trainee enrolment hence reduction of school fees collection.
- (c) The variance was due to low enrolment in driving schools which led to reduced income inflows.
- (d) The variance was due to the fact that the institution did not employ new staff due funding constraints
- (e) The reduced under expenditure was funding constraints due to late and no remittance of capitation grants.
- (f) The variance was as a result of holding implementation of most projects due to lack of funds.

**OLLESSOS TECHNICAL TRAINING INSTITUTE  
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**18. Notes to the Financial Statements**

**1. General Information**

Ol'lessos Technical Training Institute entity is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies. There were no increases involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.**

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

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<b>Standard</b>	<b>Effective date and impact:</b>
	<p>for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 cashflows of an Entity.</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><b>Applicable 1<sup>st</sup> January 2025</b></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>

**iii. Early adoption of standards**

Ol'lessos Technical Training Institute did not early-adopt any new or amended standards in year 2023.

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**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2022/23 was approved by the Council or Board on 30 June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

**c) Taxes**

***Current income tax***

The entity 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.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation rate used as enshrined in the finance policy manual is as follows:

- i) Buildings 5%
- ii) Library books 20%
- iii) Motor vehicles 25%
- iv) Furniture and fittings 12.5%
- v) Computers 30%
- vi) Plant and equipment 12.5%

**N/B Depreciation is provided on straight line method per annum on prorated basis depending on the year the asset was acquired.**

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are

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recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

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

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**Notes to the Financial Statements (Continued)  
Summary of Significant Accounting Policies (Continued)**

*Financial assets*

*Classification*

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**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.

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.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Ol'lessos Technical Training 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 expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

**l) Social Benefits**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**m) Nature and purpose of reserves**

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

**n) 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.

**o) Employee benefits**

**Retirement benefit plans**

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

**p) 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.

**q) 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.

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Notes to the Financial Statements (Continued)  
Summary of Significant Accounting Policies (Continued)**

**r) Related parties**

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

**s) 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.

**t) 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.

**u) Comparative figures**

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

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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**Notes to the Financial Statements (Continued)**

**6. a) Transfers from other National Government entities**

<b>TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Government capitation	70,281,000	157,342,500
<b>Total transfers from National Government Ministries</b>	<b>70,281,000</b>	<b>157,342,500</b>

The government released kshs 5,000 for 5,237 trainees in quarter 1 against the expected kshs 7,500, kshs 4,000 for 5,512 trainees in quarter 2 and quarter 3. As guided by IPSAS 23 to recognize transfers under non-exchange when it is certain that the funds will be released, we have not accrued capitation for quarter four because of the uncertainty as to whether it will be disbursed by the National Government. A total of Kshs 95,559,000 has not been received for Q1, Q2, Q3 and Q4.

**6. b) Transfers from other Government entities**

<b>TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES</b>		
	<b>Kshs</b>	<b>Kshs</b>
Ministry of Gender and Youth Affairs- NYS	15,559,903	77,678,868
<b>Total transfers from Ministries, Departments and Agencies</b>	<b>15,559,903</b>	<b>77,678,868</b>

The revenue relates to revenue receivable from the National Youth Service of kshs 144,800 per year per trainee for during the financial year ended 30<sup>th</sup> June 2023. Currently there are 76 NYS trainees.

**7. Grants from Donors and Development Partners**

<b>GRANTS FROM DONORS AND DEVELOPMENT PARTNERS</b>		
	<b>Kshs</b>	<b>Kshs</b>
SITVES Research grant	-	2,397,070
<b>Total grants from donors and development partners</b>	<b>-</b>	<b>2,397,070</b>

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**Notes to the Financial Statements (Continued)**

**8. Rendering of Services**

<b>RENDERING OF SERVICES</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition	30,579,458	29,444,027
ICT	4,357,600	4,195,800
Library	3,812,900	3,671,325
Development fund	10,894,000	10,489,500
Personal Emoluments	48,195,056	46,405,548
EW&C	6,536,400	6,293,700
LT&T	10,894,000	10,489,500
RMI	3,268,200	3,146,850
Activity	6,536,400	6,293,700
Trainee Union	3,268,200	3,146,850
Attachment	10,894,000	10,489,500
Insurance	1,405,326	1,353,146
Medical	3,268,200	3,146,850
Graduation fee	2,835,700	-
Registration fees	1,165,500	1,300,500
Boarding fees	4,053,000	2,580,000
Trainee ID	699,300	1,437,700
Trainee ID renewal	27,915	-
Catering income	943,028	1,233,959
Practical fees	1,147,137	512,574
Computer packages	386,050	260,000
Examination fees	36,150,110	39,017,095
<b>Total Rendering of services</b>	<b>191,317,480</b>	<b>184,908,123</b>

This relates to revenue receivable of kshs 26,420 per trainee on accrual basis as per the fee structure of the institute for the year under review.

**9. Sale of goods**

<b>SALE OF GOODS</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Sale of farm produce	288,375	-
<b>Total Sale of goods</b>	<b>288,375</b>	<b>-</b>

This relates to income derived from farm produce and milk from the farm that is used in the kitchen.

**10. Rental income**

<b>RENTAL INCOME</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Hire of facilities	1,087,916	429,725
<b>Total rental revenue from facilities and equipment</b>	<b>1,087,916</b>	<b>429,725</b>

Relates to examination centre fees collected from trainees undertaking professional examinations in the Institution.

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**11. Finance Income**

<b>FINANCE INCOME</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest income	5,201,022	5,547,945
<b>Total Finance income</b>	<b>5,201,022</b>	<b>5,547,945</b>

This relates to interest earned from fixed deposits at the National Bank of Kenya and Kenya Commercial bank.

**12. Other Income**

<b>OTHER INCOME</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Sale of tenders	1,000	9,000
Driving school	1,199,000	913,000
Disposals	114,395	1,644,018
Library Penalties	16,882	-
<b>Total other incomes</b>	<b>1,331,277</b>	<b>2,566,018</b>

**13. Use of goods**

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Ksh</b>	<b>ksh</b>
Activity	10,350,843	6,424,710
Advertisement	2,463,569	2,144,158
Catering expenses	22,743,514	32,441,907
Cleaning expense	3,552,830	3,279,673
Computer packages	52,450	-
Electricity water and conservancy	3,166,191	391,351
Examination	39,806,145	48,265,180
Farm expenses	1,032,062	1,594,142
Fuel	4,408,838	4,882,044
Driving school expenses	288,150	511,200
Gratuity	392,720	-
Hire charges	613,531	528,569
Graduation expenses	4,924,701	3,836,896
Industrial attachment	2,846,102	4,010,914
Internet expense	3,623,534	4,159,018
ISO Audit and sensitization cost	1,155,713	445,080
Bank charges	773,190	2,063,821
Library	146,500	-
Medical expenses	3,832,213	377,018
Performance contracting	1,539,121	254,400
Practical expenses	7,913,244	-

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Professional consultancy	5,550,059	6045106
Research and innovation expenses	5,764,635	6,389,667
Security		2,840,546
Trainee unions expenses	3,390,830	5,751,288
Teaching and learning materials	34,444,434	20,050,642
Training	3,707,928	4,767,410
Travelling and accommodation	33,554,937	29,659,259
General expenses	3,516,930	4,709,188
Insurance	1,224,007	1,218,290
Airtime expense	1,764,500	1,980,500
Postage	7,725	13,725
Boarding Equipment and stores	1,360,656	-
<b>Total Use of goods</b>	<b>209,911,442</b>	<b>210,708,067</b>

**14. Employee costs**

<b>EMPLOYEE COSTS</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	46,931,901	40,527,863
PAYE	2,323,094	2,264,494
NHIF	2,159,196	1,974,850
NSSF	5,956,288	5,452,528
Staff welfare	6,133,600	4,338,144
OTTI Sacco	7,084,208	6,828,974
HELB	468,417	262,634
ACK Diocese	104,916	104,916
Access Bank (Loan deductions)	4,009,269	2,336,383
Other deduction	-	413,882
Benevolent expenses	585,950	853,640
<b>Total employees' costs</b>	<b>75,756,839</b>	<b>65,358,308</b>

**15. Board Expenses**

<b>REMUNERATION OF BOARD OF GOVERNORS</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Board allowances	6,412,905	7,044,060
<b>Total director emoluments</b>	<b>6,412,905</b>	<b>7,044,060</b>

**16. Depreciation and Amortization expense**

<b>DEPRECIATION AND ARMOTIZATION EXPENSES</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	53,094,995	25,439,038
Intangible assets		-
<b>Total depreciation and amortization</b>	<b>53,094,995</b>	<b>25,439,038</b>

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**17. Repairs and Maintenance**

<b>REPAIRS AND MAINTENANCE</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Property	15,994,731	16,793,386
Equipment and machinery	1,816,456	1,469,185
Motor vehicle	3,837,972	4,489,621
Furniture and fittings	-	127,759
Computers	148,336	-
<b>Total repairs maintenance and improvements</b>	<b>21,797,495</b>	<b>22,879,951</b>

**18. Contracted services**

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Security services	3,541,363	-
<b>Total contracted services</b>	<b>3,541,363</b>	<b>-</b>

**19. Cash and Cash Equivalents**

<b>Description</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Current Account	96,175,273	241,784,231
<b>Total Cash and Cash Equivalents</b>	<b>96,175,273</b>	<b>241,784,231</b>

**19 (a). Detailed Analysis of Cash and Cash equivalents**

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Current Account</b>		
Kenya Commercial Bank	(583,547)	56,443,552
National Bank of Kenya- Current	3,799,477	146,402,628
National Bank of Kenya- Project	7,925,638	19,934,278
National Bank of Kenya - Savings	491,846	4,500,486
National Bank	80,000,000	-
Transnational Bank Ltd	3,538,787	14,443,619
Transnational Bank Ltd	732,521	111

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Transnational Bank Ltd	61,089	59,556
<b>Sub- Total</b>	<b>95,965,811</b>	<b>241,784,231</b>
<b>b) Others</b>		
Cash in Hand	209,462	-
<b>Sub- Total</b>	<b>209,462</b>	<b>-</b>
<b>Grand Total</b>	<b>96,175,273</b>	<b>241,784,231</b>

**20. Receivables from Exchange transactions**

**20 (a) Current Receivables from Exchange transactions**

<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
Trainee debtors	195,515,914	180,656,211
Mentoring institution receivables (Elburgon)	2,800,000	2,800,000
<b>Total receivables from exchange transactions</b>	<b>198,057,559</b>	<b>183,456,211</b>

**20 (b) Ageing Analysis of Receivables from Exchange transactions**

<b>Description</b>	<b>30-Jun-23</b>		<b>30-Jun-22</b>	
	<b>Kshs</b>		<b>Kshs</b>	
	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	124,840,873	63 %		%
Between 1- 2 years	51,251,680	25 %		%
Between 2-3 years	21,965,006	11 %		%
<b>Total</b>	<b>198,057,559</b>	<b>100%</b>		<b>%</b>

**21. Receivables from Non-Exchange transactions**

<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Current receivables</b>		
Receivables- Government Capitation*	47,122,500	47,122,500
Receivables- NYS**	15,559,903	-
<b>Total receivables from non-exchange transaction</b>	<b>62,682,403</b>	<b>47,122,500</b>

\*Relates to capitation for previous years yet to be disbursed (FY2020/21;2021/22)

\*\* Relates to the revenue accrued for NYS for the third quarter and fourth quarter of FY 2022-2023

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

Description	30-Jun-23		30-Jun-22	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	15,559,903	25%	47,122,500	100 %
Between 1- 2 years	47,122,500	75%	-	0 %
<b>Total (a+b)</b>	<b>62,682,403</b>	<b>100%</b>	<b>47,122,500</b>	<b>100%</b>

**22. Inventories**

INVENTORIES	30-Jun-23	30-Jun-22
	Kshs	Kshs
Consumable stores	475,040	805,790
Maintenance stores	131,820	14,000
Health unit stores	850,000	500,360
Electrical stores	55,000	488,950
Cleaning materials stores	34,640	45,480
Catering stores	437,600	1,185,700
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,984,100</b>	<b>3,040,280</b>

**Inventory has been recognized at the lower of cost and net realizable value.**

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**23. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Library books	WIP	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 <sup>th</sup> June 2022		5%	25%	12.5%	30%	12.5%	20%	0	
	370,000,000	511,296,275	33,210,000	20,124,500	25,500,250	23,856,670	-	-	983,987,695
Additions	-	50,124,569	-	6,475,154	9,951,759	695,316	1,221,394	16,147,356	84,615,548
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	13,063,832	-	13,063,832
At 30 <sup>th</sup> June 2023	370,000,000	561,420,844	33,210,000	26,599,654	35,452,009	24,551,986	14,285,226	16,147,356	1,081,667,075
<b>Depreciation And Impairment</b>									
At 1 July 2022	-	-	-	-	-	-	-	-	-
Depreciation	-	27,437,510	8,302,500	2,730,034	8,763,550	3,004,356	2,857,045	-	53,094,995
At 30 <sup>th</sup> Jun 2023	-	27,437,510	8,302,500	2,730,034	8,763,550	3,004,356	2,857,045	-	53,094,995
<b>Net Book Values</b>									
At 30 <sup>th</sup> Jun 2022	370,000,000	511,296,275	33,210,000	20,124,500	25,500,250	23,856,670	-	-	983,987,695
At 30 <sup>th</sup> Jun 2023	370,000,000	533,983,334	24,907,500	23,869,620	26,688,459	21,547,630	11,428,181	16,147,356	1,028,572,080

[Work in progress (WIP) relates to construction of the hospitality complex.]

N/B: Depreciation rate

Buildings	5%
Library books	20%
Motor vehicle	25%
Furniture and fittings	12.5%
Computers	30%
Plant and equipment:	12.5%

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**Valuation**

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

**31 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	370,000,000	-	370,000,000
Buildings	561,420,844	27,437,510	533,983,334
Plant And equipment	24,551,986	3,004,356	21,547,630
Motor Vehicles including Motorcycles	33,210,000	8,302,500	24,907,500
Computers and Related Equipment	35,452,009	8,763,550	26,688,459
Office Equipment, Furniture, And Fittings	26,599,654	2,730,034	23,869,620
Library books	14,285,226	2,857,045	11,428,181
<b>Total</b>	<b>1,065,519,719</b>	<b>53,094,995</b>	<b>1,012,424,724</b>

**24. Intangible Assets**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	9,810,000	9,810,000
Additions	2,177,492	-
<b>At end of the year</b>	<b>11,987,492</b>	<b>9,810,000</b>
Additions–internal development	-	-
<b>At end of the year</b>	<b>11,987,492</b>	<b>9,810,000</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	1,962,000	-
<b>At end of the year</b>	<b>10,025,492</b>	<b>9,810,000</b>
Impairment loss	-	-
<b>At end of the year</b>	<b>10,025,492</b>	<b>9,810,000</b>
<b>NBV</b>	<b>10,025,492</b>	<b>9,810,000</b>

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**23. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Library books	WIP	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 <sup>th</sup> June 2022		5%	25%	12.5%	30%	12.5%	20%	0	
	370,000,000	511,296,275	33,210,000	20,124,500	25,500,250	23,856,670	-	-	983,987,695
Additions	-	50,124,569	-	6,475,154	9,951,759	695,316	1,221,394	16,147,356	84,615,548
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	13,063,832	-	13,063,832
At 30 <sup>th</sup> June 2023	370,000,000	561,420,844	33,210,000	26,599,654	35,452,009	24,551,986	14,285,226	16,147,356	1,081,667,075
Depreciation And Impairment									
At 1 July 2022	-	-	-	-	-	-	-	-	-
Depreciation	-	27,437,510	8,302,500	2,730,034	8,763,550	3,004,356	2,857,045	-	53,094,995
At 30 <sup>th</sup> Jun 2023	-	27,437,510	8,302,500	2,730,034	8,763,550	3,004,356	2,857,045	-	53,094,995
Net Book Values									
At 30 <sup>th</sup> Jun 2022	370,000,000	511,296,275	33,210,000	20,124,500	25,500,250	23,856,670	-	-	983,987,695
At 30 <sup>th</sup> Jun 2023	370,000,000	533,983,334	24,907,500	23,869,620	26,688,459	21,547,630	11,428,181	16,147,356	1,028,572,080

*[Work in progress (WIP) relates to construction of the hospitality complex.]*

N/B: Depreciation rate

Buildings	5%
Library books	20%
Motor vehicle	25%
Furniture and fittings	12.5%
Computers	30%
Plant and equipment:	12.5%

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**Valuation**

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

**31 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	370,000,000	-	370,000,000
Buildings	561,420,844	27,437,510	533,983,334
Plant And equipment	24,551,986	3,004,356	21,547,630
Motor Vehicles including Motorcycles	33,210,000	8,302,500	24,907,500
Computers and Related Equipment	35,452,009	8,763,550	26,688,459
Office Equipment, Furniture, And Fittings	26,599,654	2,730,034	23,869,620
Library books	14,285,226	2,857,045	11,428,181
<b>Total</b>	<b>1,065,519,719</b>	<b>53,094,995</b>	<b>1,012,424,724</b>

**24. Intangible Assets**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	9,810,000	9,810,000
Additions	2,177,492	-
<b>At end of the year</b>	<b>11,987,492</b>	<b>9,810,000</b>
Additions–internal development	-	-
<b>At end of the year</b>	<b>11,987,492</b>	<b>9,810,000</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	1,962,000	-
<b>At end of the year</b>	<b>10,025,492</b>	<b>9,810,000</b>
Impairment loss	-	-
<b>At end of the year</b>	<b>10,025,492</b>	<b>9,810,000</b>
<b>NBV</b>	<b>10,025,492</b>	<b>9,810,000</b>

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Amortization has been provided on the Kshs. 9,810,000 at 20%. The addition of Kshs 2,177,492 has not been amortized as it still work-in-progress.

**25. 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
Loss on disposal			(215,500)
<b>Total biological assets</b>			<b>984,000</b>

The values stated are as per the last valuation of 30.06.2022. The institute is engaging service of a professional to value the animals which have been born since the last valuation.

**26. Trade and Other Payables**

Trade and other payables from exchange transactions	30-Jun-23	30-Jun-22
	Kshs	Kshs
Trade payables	10,533,263	14,662,808
KUCCPS	2,823,180	583,500
Advance payments	199,526	-
<b>TOTALS</b>	<b>13,555,969</b>	<b>15,246,308</b>

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	13,555,969	100%	15,246,308	100%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total (to tie to totals above)</b>	<b>13,555,969</b>	<b>100%</b>	<b>15,246,308</b>	<b>100%</b>

Trade payable relates to supplier invoice outstanding at the close of the financial year which were under 60 days. KUCCPS relates to fees collected for KUCCPS trainees yet to be disbursed to the KUCCPS.

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**27. Refundable Deposits from Customers/Trainees**

Description	30-Jun-23		30-Jun-22	
	Kshs		Kshs	
Retention monies	8,779,150		-	
Caution money	9,779,117		8,129,000	
<b>Total Deposits</b>	<b>18,558,267</b>		<b>8,129,000</b>	
<b>Ageing analysis:</b>	<b>30-Jun-23</b>	<b>% of the Total</b>	<b>30-Jun-22</b>	<b>% of the Total</b>
Under one year	10,426,267	56%	1,952,000	24%
1-2 years	1,955,000	11%	4,714,743	58%
2-3 years	4,714,743	25%	1,462,257	18%
Over 3 years	1,462,257	8%	-	0%
<b>Total (to tie to totals deposits above)</b>	<b>18,558,267</b>	<b>100%</b>	<b>8,129,000</b>	<b>100%</b>

**28. Employee Benefit Obligations**

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

**29. Cash generated from operations.**

Details	30 Jun 2023	30 Jun 2022
	Kshs	Kshs
Surplus/(deficit) for the year before tax	(85,663,566)	99,440,825
<b>Adjusted for:</b>		
Depreciation	53,094,995	25,439,038
<b>Working Capital Adjustments</b>		
Decrease in Inventory	1,056,180	(583,980)
Increase in current receivables	(30,161,244)	7,468,022
Increase in payables	680,225	(36,313,883)
<b>Net Cash Flow from Operating Activities</b>	<b>(60,993,410)</b>	<b>95,450,022</b>

**30. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable

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levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**Notes to the Financial Statements (Continued)**

**(i) Credit risk**

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	183,456,211	183,456,211	-	-
Receivables from non-exchange transactions	47,122,500	47,122,500	-	-
Bank balances	241,784,231	241,784,231	-	-
<b>Total</b>	<b>472,362,942</b>	<b>472,362,942</b>	-	-
<b>At 30 June 2023</b>				
Receivables from exchange transactions	198,057,559	198,057,559	-	-
Receivables from non-exchange transactions	62,682,403	62,682,403	-	-
Bank balances	96,175,273	96,175,273	-	-
<b>Total</b>	<b>356,915,235</b>	<b>356,915,235</b>	-	-

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

The entity has no significant concentration of credit risk.

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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.

**Notes to the Financial Statements (Continued)**

**(ii) Liquidity risk management**

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

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

**(iii) Market risk**

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

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

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

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

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

<b>Description</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
Retained Earnings	48,575,310	134,238,876
Capital Reserve	1,317,791,362	1,304,727,530
<b>Total Funds</b>	<b>1,366,366,672</b>	<b>1,438,966,406</b>
Total Borrowings	-	-

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**31. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

**32. Events After the Reporting Period**

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

**33. Ultimate And Holding Entity**

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

**34. Currency**

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

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**19. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Unsupported Expenditure on Fuels. Oil And Lubricants.	The management have already sourced supplier who is compliant with tax ETR receipts.	The issue has been Resolved.	Already resolved.
OAG/CRRO/OL,LTTI/2021-2022-1064-23/28	Non-compliance to employees diversity	The management have improved in absorbing Kenyans from other diversity.	Improved	continuous
	Long outstanding student debtors	Have introduced fee collection cards that have reduced students' debtors.	Not fully resolved	continuous



.....  
**Name**  
**Accounting Officer**

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Principal

Date:..... 22/09/2022.....

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**Appendix II: Projects Implemented by Ol'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)

**Status of Projects completion**

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Hospitality annex	122,227,574	36,000,000	40%	20,000,000	122,227,574	A-I-A
2	Tuition block	562,769,626	-	5%	100,000,000	562,769,626	A-I-A
3	Construction Of Rams	4,800,000	-	50%	7,000,000	4,800,000	A-I-A
4	Reading Shades	6,900,000	6,900,000	100%	7,000,000	6,900,000	A-I-A

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Appendix III- Inter-Entity Confirmation Letter**



**OL'LESSOS TECHNICAL TRAINING INSTITUTE**

P.O Box 210 -30302  
Lessos



Tel: 020 2395160 || E-mail: [info@otti.ac.ke](mailto:info@otti.ac.ke) || [ollessostechnical@gmail.com](mailto:ollessostechnical@gmail.com) || Website: [www.otti.ac.ke](http://www.otti.ac.ke)

The Ministry of Education wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 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 ollessos technical training institute] as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Ministry of Education (Kshs) as at 30th June 2023				Amount Received by [Beneficiary Entity] (Kshs) as at 30 <sup>th</sup> June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
DTE/CAP9/36(119)	21/10/2022	26,185,000	-	-	-	26,185,000	
DTE/CAP9/36(119)	30/01/2023	22,048,000	-	-	-	22,048,000	
DTE/CAP9/36(119)	30/06/2023	22,048,000	-	-	-	22,048,000	
Total		70,281,000	=	=	=	70,281,000	

I confirm that the amounts shown above are correct as of the date indicated.  
**Head of Accountants department of beneficiary Entity:**  
 Name Keptkoris Njiru Sign [Signature] Date 22 SEP 2023



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**Appendix IV: Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Reporting on Disaster Management Expenditure**

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