

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

SOT TECHNICAL TRAINING INSTITUTE

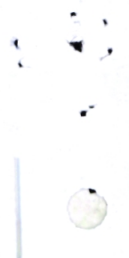
FOR THE YEAR ENDED

30 JUNE, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 20 JUL 2025	DAY: Tuesday
TABLED BY:	Hon. Owen Bata, MP Deputy Leader of Majority Party
CLERK-AT THE-TABLE:	A. Shubuko



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SOT TECHNICAL TRAINING INSTITUTE



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2024**

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

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30TH JUNE 2024

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KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

The SOT TECHNICAL TRAINING INSTITUTE was established under the TVET Act on 30th June 2015. The Institute is domiciled in Kenya and has a branch in Embu in Bomet East Constituency. The institute is under the Ministry of Education. The institute has eight departments namely;

- (a) Business department
- (b) Information communication technology department
- (c) Liberal studies department
- (d) Applied sciences department
- (e) Institutional management
- (f) Building & civil engineering department
- (g) Electrical & electronics engineering department
- (h) Automotive & mechanical engineering department

(b) Principal Activities

The principal activity of the institute is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act and others.

(c) Mission

To provide technical, industrial, vocational, and entrepreneurial training that promotes innovation and creativity to meet global socio-economic and environmental challenges.

(d) Vision

A centre of excellence for technical, industrial, vocational and entrepreneurial training.

(e) Philosophy Statement

Sot Technical Training Institute envisions itself as an exceptional, innovative and unparalleled technical institute that provides an educated and superior workforce that makes a positive impact on the economic development of its service delivery county and the entire country.

(f) Key Management

The institution’s day-to-day management is under the following key organs:

- Board of governors
- Principal
- Deputy principal – Administration
- Deputy principal - Academics

(g) Fiduciary Management

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

No.	Designation	Name
1.	Principal	MR ROBERT K. CHERES
2.	Deputy Principal - Administration	MR WESLEY SANG
3.	Deputy Principal - Academic	MR NANCY ATAMBA
4.	Registrar	MRS PERIS MUMBI MAHUGU
5.	Dean of students	MR. KENNEDY MACHUKA

KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(h) Institute Address

Sot Technical Training Institute,
P.O. Box 665,
Bomet, KENYA
Silibwet-Merigi Road

(i) SOT TTI Contacts

Telephone: (254) 0707 042 067
E-mail 1: sottechnicaltraininginstitute@gmail.com
E-mail 2: info@sotinstitute.ac.ke
Website: www.sotinstitute.ac.ke

(j) SOT TTI Bankers

1. National Bank of Kenya.
Bomet Branch,
P.O. Box 539-20400
Bomet, Kenya
2. Equity Bank
Bomet Branch
P.O. Box 475-20400
Bomet.

(k) Independent Auditors



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

(l) Principal Legal Adviser





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

THE BOARD OF GOVERNORS

<p>1. Michael Kipkirui Cheruiyot</p> 	<p>MA-project planning & mgt -UON & Bsc- Ind-Technology Egerton University Mechanical Engineering consultant Date of Birth-23/08/1983 Work experience 9 Years</p>
<p>2. Albert Ariku Ekodoi</p> 	<p>Masters of Business Administration, CPAK, CPSK Finance and accounts manager Kenya leather development council Date of Birth-01/09/1975 Work experience 25 Years Committee member institute of internal Auditors of Kenya</p>
<p>3. Dr. Beatrice motari moyenche</p> 	<p>PHD project planning and management (monitoring and Evaluation option) Masters in project management Entrepreneur Date of Birth-27/09/1971 Work experience 28 Years</p>
<p>4. Joyce chivo</p> 	<p>BA community development from Integrated Daystar University. Community officer Date of Birth-01/01/1975 Work experience 15 Years</p>
<p>5. Sheila silantoi</p> 	<p>BSC Biomedical-University of East African Baraton Biomedical and counsellor. Date of Birth-12/04/1979 Work experience 10 Years</p>
<p>6. Lilian Osir</p> 	<p>BSC Chemical and processing Engineering - Moi University Production Supervisor Proto Energy Ltd Date of Birth-22/05/1991 Work experience 10 Years</p>
<p>7. Jonah Langat</p> 	<p>Master of science in computer science. Lecturer. Date of Birth:27/11/1957 Work experience: Over 20 years</p>
<p>8. Beatrice chebet</p> 	<p>Bsc in water and Environmental Engineering from Egerton university. Director water and Irrigation in Bomet county. Date of Birth:18/12/1976 Work Experience:25 years in water sector</p>

<p>9.Kipkoech Peter Cheruiyot</p>		<p>M.Ed in planning and Economics of Education County Director TVET Date of Birth:08/08/1972 Work experience:28years</p>
<p>10.Mr Robert K. Cheres</p>		<p>MSC in Applied mathematics – Kenyatta University Principal – SOT TTI Work experience 30 Years</p>

MANAGEMENT TEAM

1. Mr Robert K. Cheres		Principal/ BOG Secretary
2. Mr wesley sang		Deputy Administration
3. Ms Nancy Atamba		Deputy academics
4. Mrs Peris Mahugu		Registrar

BOARD OF GOVERNORS SUB-COMMITTEES

a) FINANCE AND HUMAN RESOURCES COMMITTEE

Mr.Albert A. Ekodoi	Chairman
Ms. Lilian Osir	Member

b) AUDIT AND RISK COMMITTEE

Mr. Jonah Langat	Chairperson
Ms.Silantoi sheila	Member
Ms.Joyce chivo	Member

c) EDUCATION AND HUMAN RESOURCE COMMITTEE

Ms. Beatrice Motari	Chairperson
Ms.Silantoi sheila	Member

CHAIRMAN'S STATEMENT

I am pleased to report that Sot Technical Training Institute has continued to perform well and to produce exemplary results in Kenya National Examinations Council and NITA. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risk associated with the Institution and our outlook.

ECONOMIC FOCUS

In order to ensure efficient and effectiveness in the provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, Bottom-Up Economic Transformation Agenda and Sustainable Development Goals.

We thank the Government for providing state-of-the-art Training equipment that have helped increase the quality of Training and to enable us align our graduates with regional and global opportunities and innovations.

REVIEW OF THE SECTOR AND CHANGES

During the year, we have witnessed increase in Students enrolment because of vigorous marketing and new funding model that supports very many vulnerable students.

RISK MANAGEMENT

The Technical Training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. SOT T.T.I has developed an enterprise-risk management policy and framework to ensure that our activities are aligned with our strategic plan and objectives. The Board of management regularly reviews risks identified such as, competition, information credit and operations risks on how they are being mitigated by various risk owners. This include rigorous marketing to ensure we have more students as compared to competitors.

OPERATION AND MANAGEMENT

In the Spirit to Excel in Scientific and Technological Innovations, we endeavour to be a centre of Excellence in science, Technological Trainings and Innovations thereby producing competent graduates capable of integrating the acquired skills in innovative nation building in line with the Bottom-Up Economic Transformation Agenda; Food Security, Affordable Housing, universal health care and manufacturing.

OUTLOOK

I am indebted to the Board of Management for providing supportive and complementary role while making progressive decisions towards directing this great Institution. I am impressed with their wealth of knowledge and experience in many different business and operational settings. I strongly assure all our Stakeholders that SOT T.T.I shall remain committed and will deliver exceptional services and opportunities consistent to needs of the Students, Government and the wider community without compromising the principles of corporate governance, ethics and sustainability.

Going forward SOT T.T.I is committed to working closely in collaboration with other Technical Vocational Training Institutions, Technical Trainers colleges, Universities, other institutions of Higher learning and partners, to ensure that our students continue to receive Competency Based Training.

With successful transition due to government capitation and new funding model ,the youth who are unemployed without technical skill but meeting minimum requirements for various courses have taken the advantage.

As I conclude, I would like to reiterate that Sot Technical Training Institute is highly committed to prudent financial management as per the public finance management Act.

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MICHAEL KIPKIRUI CHERUIYOT
CHAIRMAN OF THE GOVERNING BOARD

30th September 2024

REPORT OF THE PRINCIPAL

It is clear truth that Sot Technical Training Institute has just opened its first chapter of its existence and I believe that it is surely going to be one of Bomet's greatest success stories, one that will leave an impression for decades to come. This is purely based on faith in God who holds the universe and therein for we know Him as the only source of our success and prosperity.

Our Aspirations

Not only are we aspiring to become the largest training institute in Bomet but also the most relevant, vibrant, accessible and the most affordable postsecondary choice in Bomet county and the entire country. Our role is to be the county's leading workforce training provider, and to be at the center stage in revitalizing our economy. As Bomet stands ready to lead the nation, Sot TTI stands ready to lead the way.

Building a Stronger County

Sot Technical Training Institute is inspired by the opportunity we have to help build a stronger Bomet county, and optimistic about the future. Our theme for 2023/2024 FY '**Accelerating Greatness 2024**' reflects this optimism and details the ambitious goals we have in the coming YEAR. Our true benchmark, however, is the stories of those we serve: our students, the innovative Kenyan companies we partner with to improve workforce skills, and the organizations that share our common vision for the future of our country's economy. Collectively, these stories demonstrate the incalculable, unmatched power that education/Training has to Change Lives and the opportunity we all have to make Bomet county and Kenya as a nation Great. We encourage you to follow our progress at Sot TTI Accelerating Greatness.

Success of Each Student

The success of each student who enrolls at Sot TTI is the primary focus of our Institute's administration and staff. We strive to welcome all students in a way that positions them for success, guides them through their progress in a way that helps them overcome obstacles along the way, and keeps them focused on completion in a way that encourages them to excel. Whether their goal is a career, transfer to University, or just the satisfaction of attaining a college diploma or certificate, Sot TTI is committed to giving them every opportunity to thrive and giving them the skills they need to Make Bomet and Kenya Great.

Accelerating Greatness 2024

At the centre of **Accelerating Greatness 2024** are four strategies that will guide our resource allocation and decision-making process:

1. Ensuring that students achieve their educational goals
2. Ensuring that workforce from the institute are globally competitive
3. Ensuring an adequate and sustainable human resource base
4. Ensuring attainment of our vision through well-thought global networking and linkages.

Relevant Training

Today's business environment is more competitive than ever. As a result, Bomet county and Kenya at large needs a world-class workforce to help businesses succeed and to recruit and retain jobs. In serving as the fuel that drives Bomet's and Kenya's economic engine, Sot TTI works with employers to determine what skills they need from their employees, while also providing training that meets a variety of needs - everything from customized training and short-term flexible certification programs to National Diploma that result in jobs where people are needed most and that transfer to universities. By ensuring that our classes and training are relevant to every rung on the career ladder, Sot TTI is helping Bomet county keep pace with the global economy.

Quality and Efficiency

At Sot TTI, we believe quality and efficiency are inexorably linked. In order to provide those, we serve with unmatched programs, products, and services, it is imperative that we eliminate waste, red tape, and the types of duplicated efforts that conceal best practices. As we aspire to be a large institute with a complex mission, Sot TTI must leverage technology and be agile enough to adapt to a variety of needs, while ensuring an optimal deployment of resources. The degree to which we are a good steward of these resources is not; therefore, just a measure of our efficiency but also a measure of quality. We shall therefore endeavor in integrating information communication technology in both training and our management system. We therefore intent to procure a new ERP system by the close of the financial Year.

Projects undertaken

Major infrastructural developments;

The college just began construction of main gate offices and ablution blocks

Conclusion

At Sot TTI, your thirst for training is our business. Every person in our institution is important and there is space for everybody. We value you all.

WELCOME

SIGN.....

ROBERT CHERES

PRINCIPAL

REVIEW OF SOTTECHNICALTRAININGINSTITUTE'SPERFOMANCE FOR FY 2023/2024

Sot Technical Training Institute has 9 strategic pillars and objectives within its Strategic Plan for period January 2022 to December 2027. These strategic pillars are as follows:

1. HUMAN RESOURCE
2. STUDENTS
3. PHYSICAL INFRASTRUCTRE
4. ACCESSIBILITY
5. WATER
6. EQUIPMENT
7. FINANCIAL RESOURCES
8. ICT INTEGRATION

Sot Technical Training Institute develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a ANNUAL basis. The Sot Technical Training Institute achieved its performance targets set for the FY 2023/2024 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Human Resource	<ul style="list-style-type: none"> ❖ Harness Human resource ❖ To upgrade the skills of Teaching and Non-Teaching staff 	<ul style="list-style-type: none"> ❖ Increased number of staff to match the increasing number of students ❖ Effective trainings carried out on teaching and non – teaching staff 	<ul style="list-style-type: none"> ❖ Write letters to Ministry of Education requesting for trainers in all areas of training. ❖ Make visits to Ministry of Education State Department of TVET to request for more trainers. ❖ Recruit BOG staff ❖ Train the Non-Teaching and teaching staff 	<ul style="list-style-type: none"> ❖ New BOG and PSC trainers have been employed ❖ Several trainings conducted on staff.
Pillar 2: Students	<ul style="list-style-type: none"> ❖ To increase student enrolment ❖ Increase the number of courses 	<ul style="list-style-type: none"> ❖ Increased number of trainees 	<ul style="list-style-type: none"> ❖ To introduce more market driven courses ❖ To market and to do publicity for the institute ❖ To participate in sports and recreational activities. ❖ To undertake corporate social responsibility to the community ❖ 	<ul style="list-style-type: none"> ❖ There is increase in student numbers ❖ New courses introducing e.g. Health sciences

Pillar 3: Physical Infrastructure	To provide the physical infrastructure in the Institute	<ul style="list-style-type: none"> ❖ Increased Teaching Infrastructure ❖ Increased support Infrastructure 	<ul style="list-style-type: none"> ❖ To construct workshops for training purposes ❖ To equip training workshops ❖ To equip the existing library ❖ To construct a Female hostel ❖ To purchase land for expansion ❖ To construct a recreational Centre. 	construction of food and Beverage complex is ongoing first phase is complete. -Additional Land has been donated by primary for expansion.
Pillar 4: Accessibility	To improve the road-network within the Institution	<ul style="list-style-type: none"> ❖ Construct civil works within the institute 	<ul style="list-style-type: none"> ❖ To construct access roads within the institute ❖ To construct parking bays 	Institution's roads have been improved including placing of slabs.
Pillar 5: Water	To provide adequate and sustainable water supply for the Institute	<ul style="list-style-type: none"> ➤ Construct civil works within the institute 	<ul style="list-style-type: none"> ❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks ❖ To Construct water storage tank ❖ Procure more water tanks 	<ul style="list-style-type: none"> ❖ More water tanks have been procured
Pillar 6: Equipment	<ul style="list-style-type: none"> ❖ To provide adequate training equipment for various courses. 	<ul style="list-style-type: none"> ❖ To provide training equipment 	<ul style="list-style-type: none"> ❖ To procure more training equipment for various courses ❖ Establish more workshops 	<ul style="list-style-type: none"> ❖ More training equipment for various courses. ❖ More workshops has been constructed to gap the shortage.

<p>Pillar8: Financial Resources</p>	<ul style="list-style-type: none"> ❖ Diversify sources and increase funding 	<ul style="list-style-type: none"> ❖ Establishment of Public-Private Partnerships ❖ lobby the Government for more funding ❖ Establishment of production unit in the Institute 	<ul style="list-style-type: none"> ❖ Establish Short-Term courses ❖ Offer Conference facilities ❖ Identify the relevant industries in the private sector ❖ Negotiate partnership agreements with the identified industries ❖ Write funding proposals and budgets to the government for more funding 	<ul style="list-style-type: none"> ❖ To establish adequate source funding for the Institutes projects (IGA)
<p>Pillar 9: ICT Integration</p>	<ul style="list-style-type: none"> ❖ To integrate ICT in management and training in the institution 	<ul style="list-style-type: none"> ❖ Establishment of a Management Information System ❖ integrated ICT in curriculum delivery 	<ul style="list-style-type: none"> ❖ Install the MIS Software and hardware ❖ Train the staff on MIS ❖ Procure desktop computers, laptops and LCDs. ❖ Procure the training software ❖ Procure and install LAN 	<ul style="list-style-type: none"> ❖ Most Objectives achieved

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

During the year under review, the board of governance held meetings.

The remunerations for the board of governance are in form of sitting allowances, which are in line with the industry allowances.

Succession plan

The board of governors' term is still active.

MANAGEMENT DISCUSSION AND ANALYSIS

The Institution is experiencing tremendous growth and the management will have to vigorously pursue additional funding and technical support from the Government agencies and development partners. At the Institution level, activity-based costing method will be adopted both as a tool for activity planning and financial control. This will serve the role of ensuring that the Institution allocates resources based on planned and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan.

To further enhance service delivery through effective financial management, the Institute will concentrate on eliminating wastages.

In this regard, the Institution will lobby and mobilize financial resources for Technical Training, Innovation and Research on Technical fields from the following sources;

i. Government Funding

With regard to Government funding, the Institution will prepare, present and justify proposals as a basis for resource bidding within the Government's budgetary processes. In this regard, the Institution will coordinate with the Ministry of Education to ensure that the respective annual Sector Reports accommodate the needs of this plan

ii. Constituency Development Fund (CDF)

With regard to CDF, the Institution will prepare, present and justify proposals on development projects within the plan. The proposals will be presented to the infrastructure Committee for consideration.

iii. National Science Technology & Innovation Fund

The Institution through the Ministry of Education (MoE) will seek for funding from the Kenya National Science Technology and Innovation Fund on initiatives in the Institution that are ST&I based. This will be in line with the objective of the foundation, which is to secure adequate local and international funding in support of national Science Technology & Innovation competitiveness in Kenya.

iv. Donors (Development Partners)

The Institute currently has a working relationship with development partners across the country and will continuously seek collaborations with like-minded institutions within and outside the country. The Institution as part of its national linkages will engage the support of development partners to fill in the resource gap between the resources allocated by the government through recurrent and development allocations as well as grants.

v. County Government of Bomet

Sot Technical Training Institute is within Bomet County. The institution can benefit from the County Government through County bursaries to students and also through partnerships and collaborations.

Risks and Opportunities facing Sot Technical Training Institute

Major Challenges

The following key challenges may hinder the full realization of the Sot Technical Training Institute mandate if not addressed in this strategic plan.

- Capacity to cope with global trends in technology
- Inadequate research, technology and incubation.
- Inadequate integration of Information Communication Technology in Training programmes offered in the institution.
- Inadequate land for future expansion.
- Inadequate staff and skills capacity
- Inadequate and low technologically relevant training materials/equipment
- Inadequate reference materials
- Lack of consistent tapped water supply
- Inadequate trainers
- Inadequate furniture for offices and trainees

Sot Technical Training Institute compliance with statutory requirements

Sot Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Key projects and investment decisions

The projects under consideration in the FY 2023/2024 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Completion rate	Timeline
1	Construction of main gate ablution blocks	SOT TTI	3,000,000	100%	-
2	Construction of parking shade	SOT TTI	4,500,000	100%	-
3	Construction of Dairy unit	SOT TTI	4,500,000	10%	-
4	Purchase of Double cabin motor vehicle	SOT TTI	7,000,000	100%	-

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile

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

Profit: The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it 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.

2. Employee welfare

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

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our

training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	Optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	Focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	Promoting initiatives that support staff and their families, beyond the provision of employment. Promoting initiatives that recognize the contribution of the students to the community.

a) Policies guiding hiring process

The following are the Sot Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally.
2	Human Resource Manual	Regularly	This largely depends on availability of funds 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	Sot Technical Training 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

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Sot 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

The institute offered its facilities to be used by community when holding a meeting .

REPORT OF THE BOARD OF GOVERNORS

The Board of Governors submit their report together with the audited financial statements for the year ended 30th June, 2025 which show the state of the Institute's affairs.

Principal activities

The principal activity of the institute is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act and others.

Results

The results of the Institute for the year ended 30th June,2024 are set out on page 1.

BOARD OF GOVERNORS

- 1. The members of the Board of Governors who served during the year are shown on page vi

Auditors

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

By Order of the Board

Sign.....

MR ROBERT K. CHERES

Institute's BOG Secretary

Date: 30th September 2024

STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the board of governors 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 of governors 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 of governors are also responsible for safeguarding the assets of the Institute.

The board of governors 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 June 30, 2024. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Institute;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The board of governors 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 Board of Governors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial Year ended June 30, 2024, and of the Institute's financial position as at that date. The board of governors 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 of governors 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 of Governors on 30th September 2024 and signed on its behalf by:



Chairperson of the Board
MICHAEL KIPKIRUI CHERUIYOT



Accounting officer/Principal
ROBERT CHERES

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sot Technical Training Institute set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net

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

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

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

Basis for Qualified Opinion

1. Non-Disclosure of Revenue from Non-Exchange Transactions

The statement of financial performance reflects transfer from the National Government amount of Kshs.72,453,801, which includes capitation of Kshs.66,486,279 as disclosed in Note 6 to the financial statements. However, review of financial records revealed that the institution received capitation grants totaling Kshs.53,114,663 after the year end which relates to allocation for the financial year under review. The amount was not disclosed as income in the statement of financial performance and receivables in the statement of financial position as stipulated in IPSAS 23..

In the circumstance the accuracy and completeness of transfer from the National Government Kshs.72,453,801 could not be confirmed.

2. Unsupported Use of Goods and Services

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects use of goods and services amount of Kshs.98,373,950. However, the supporting schedules include payments totalling to Kshs.57,248,313 which do not indicate the payment voucher numbers and the payees. The expenditure is therefore inadequately supported.

In the circumstance, the propriety of the use of goods and service amount of Kshs.57,248,313 could not be confirmed.

3. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.126,158,942, which includes student debtors of Kshs.125,673,040 as disclosed in Note 15 to the financial statements. The debtors increased by Kshs.32,998,525 or 35% from the previous year's balance of Kshs.92,674,515. However, the supporting documents including detailed student debtor schedules, individual account

statements, aging analysis and reconciliations with the student billing system records were not provided for audit review.

Further, the receivables include staff advances totaling Kshs.485,902 which has remained outstanding for more than two years and has not been recovered from the beneficiaries' salaries. The management has not explained the failure to recover the debt.

In addition, Note 15 to the financial statements has not been presented in the recommended format.

In the circumstance, the accuracy and completeness of receivables from exchange transactions balance of Kshs.126,158,942 could not be confirmed.

4. Unsupported Inventory

The statement of financial position reflects an inventory balance of Kshs.43,514,868 as at 30 June, 2024. However, the balance has not been supported with a note to the financial statements. Further, supporting documents including inventory schedules, stock-taking reports and detailed ledger records were not provided for audit review.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.43,514,868 could not be confirmed.

5. Unsupported Refundable Deposit from Customers

The statement of financial position and as disclosed in Note 20 to the financial statements reflects refundable deposits from customers balance of Kshs.3,358,030 being students caution money. However, a separate bank account was not maintained for the student deposits and the balance could not be confirmed from the bank balance.

Further Note 20 to the financial statements is not prepared as per the recommended format.

In the circumstance, the accuracy, completeness and existence of refundable deposits from customers of Kshs.3,358,030 could not be confirmed.

6. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.42,826,078. The balance increased from Kshs.40,714,512 in the previous year by Kshs 2,111,566. However, movement schedules showing the details of the increase were not provided for audit review. Further, the fees paid in advance, HELB control account, CDF account Capitation control account, KNEC and CDACC examination and Other sponsors balances of 28,805,150, (601,254), 639,779, 2,473,170, 2,454,961 and 87,750 were not supported with ledgers and schedules.

The fees paid in advance of Kshs.28,805,150 has remained the same for a period of two financial years and the same was not explained. The ledger detailing student name,

registration number, amount billed, amount received, date received, period/related academic year and the closing balance was also not provided for audit review.

In addition, the trade and other payables from exchange transactions balance includes Kshs.9,066,523 being general creditors balance. The balance increased from the previous year balance of Kshs.81,803 by Kshs.8,984,720. However, the creditors' movement schedules reflect opening balance of Kshs 236, 950, resulting to unreconciled variance of Kshs.155,147 for the opening balance. Further, the movement schedule did not indicate the additions and payments made during the year.

In the circumstance, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.42,826,078 could not be confirmed.

7. Management of Capitation

The statement of financial performance reflects transfers from National Government of Kshs.72,453,801. The amount includes capitation grants of Kshs.67,453,801 as disclosed in Note 6 to the financial statements. However, the anomalies indicated below were revealed during the audit.

(a) Accuracy of Capitation Grants

Review of capitation and scholarship records revealed variance between the expected capitation amount as per the number of eligible trainees validated by Kenya Universities and Colleges Central Placement Service (KUCCPS) and actual amount paid by the Ministry. The details are noted below.

(a) Capitation

Quarters	Number of Eligible Trainees Validated by KUCCPS	Actual Amount Disbursed Per Student	Total Expected Amounts to be Disbursed	Total Actual Amounts Disbursed by the Ministry	Variance
1st (July-Sept)	3924	3,500	13,734,000	10,517,500	3,216,500
2nd (Oct - Dec)	3924	3,500	13,734,000	12,435,500	1,298,500
3rd (Jan-Mar)	3586	4,000	14,344,000	14,212,000	132,000
4 th (April – June)	3586	3,000	10,758,000	10,752,000	6,000
Total			52,570,000	47,917,000	4,653,000

(b) Scholarships

Batches	Actual Scholarship Disbursed	Total Scholarship as per Allocation List	Variance
Batch - 5435,5573,5577	4,152,280	2,050,608	2,101,672

In the circumstance, the accuracy of capitation of Kshs.67,453,801 could not be confirmed.

8. Unconfirmed Cash and Cash Equivalents Balance.

The statement of financial position reflects cash and cash equivalent balance of Kshs.6,974,507 held in three (3) bank accounts and cash on hand as disclosed in Note 14(a) & (b) to the financial statements. However, the following anomalies were noted:

a. Failure to Regularly Update and Maintain the Cash Books

Management did not provide updated cash books for three banks' accounts with balances of Kshs.5,748,349, Kshs.77,175 and Kshs.1,105,407.

b. Improper Management of Cash on Hand

The cash and cash equivalents balance of Kshs.6,974,507 includes cash on hand balance of Kshs.43,575. However, the Institute did not maintain a memorandum cashbook for control and management of the cash held. In addition, frequent spot checks and cash count to confirm that the actual cash on hand tally with the balance recorded was not carried out.

c. Failure to Prepare Monthly Bank Reconciliations.

The management did not provide monthly bank reconciliations statements for two (2) Bank Accounts for audit review contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015.

d. Unsupported Balances

The bank reconciliation statement for operations account reflected a cash book balance of Kshs.5,748,349. However, the balance was not supported by a cash book balance. Further, the bank reconciliation statements for the months of July, 2023 and May, 2024 for the operations account were not provided for audit review. In addition, the certificate of bank balance in respect of a Bank Account was not provided for audit review.

In the circumstance, the accuracy and completeness of cash & cash equivalent balance of Kshs.6,974,507 could not be confirmed.

9. Inaccuracies in the Financial Statements

The following inaccuracies were observed:

(a)The statement of comparison of budget and actual amounts reflects wrongly computed amounts for performance difference in the components noted below.

Description	Final Budget	Actual on Comparable Basis	Recomputed Performance Difference	Reported Performance Difference
Transfers from other Govt entities	54,000,000	71,486,279	17,486,279	17,486,279.00
Other Income	1,750,000	3,837,499	2,087,499	20,087,499
Repairs and maintenance	5,767,500	5,477,744	(289,756)	412,548.00
Capital expenditures	49,534,200	80,077,770	30,543,570	4,525,932.00

(b)The statement of changes in net asset reflects in the total's column surplus for the financial year 2022/2023 and revaluation gain during financial year 2023/2024 balances of Kshs.49,051,511 and Nil instead of Kshs.21,194,748 and 13,653,746 respectively. Thus, the statement does not reflect a true and fair position.

(c) The statement of cash flow includes incorrect entries and cast totals thereby resulting to incorrect cash and cash equivalent closing balance of Kshs.6,974,507 instead of Kshs.7,136,419. Consequently, the cash and cash equivalent closing balance of Kshs.6,974,507 differs with the balance of Kshs. 6,974,507 reflected in the statement of financial position. The two balances should ordinarily tally.

(d) Note 17 to the financial statements, on property, plant and equipment reflects net book value as at 30 June 2024 of Kshs.219,527,984 instead of the correct computed balance of Kshs.208,848,473. The difference has not been reconciled or explained.

In the circumstances, the accuracy of the above stated items in the financial statements could not be determined.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Sot 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.

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 i to xvii which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Chairman Statement, Report of the Principal, Statement of performance against predetermined objectives, Corporate governance statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors Responsibilities .The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and 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 effects 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. Lack of Training Licenses

During the year under review, the board recruited forty- eight (48) members of staff out of which thirty-five (35) were employed as trainers. However, license for twenty-eight (28) trainers out of the thirty-five (35) were not provided to confirm they were registered by Technical and Vocational Education Training Board as required in Section 23(1) of Technical and Vocational Education Training Act, 2013

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

2. Failure to Maintain Memorandum Cash Book

Review of the institution's financial records revealed that the institute did not maintain Memorandum Cashbook for the management of cash advances and petty cash transactions. The management was therefore in contravention of Section 93 (14) and (15) of the Public Finance Management Act (PFMA), 2012. The sections requires the holder of a standing imprest to keep a memorandum cashbook to record all receipts and payments and the balance on hand. The balance on hand shall agree with the cash balance recorded in the cash book, and in the absence of any receipts, the actual cash balances plus the expenses paid shall equal at all times the fixed level of the imprest for which the imprest holder is personally responsible.

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

3. Lack of Imprest Register

Review of operational cashbook and bank statements revealed payments to the employees for official duties undertaken. However, the College did not maintain an imprest register as required by Regulation 93(4)(c) of the Public Finance Management (National Governments) Regulations, 2015, which requires all imprests issued to be registered in the Register.

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

4. Failure to Prepare Human Resource Plan

Review of the personnel records revealed that the Institute had not established a Human Resource Plan contrary to Section B.2 (1) of the Human Resource Policies and Procedures Manual, 2016. Thus, the Institutes human resource goals may not be aligned with the strategic objectives of the organization.

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

5. Ethnic Composition

Review of personnel records revealed that the Board recruited a total of forty-eight (48) members of staff under various cadres as detailed below.

Staff Cadre	Number of Employees	Dominant Community	Percentage Dominant Community (%)
Teaching staff	35	34	97.14
Non-teaching staff	13	13	100
Total	48	47	97.9

However, out of the forty-eight (48) employees recruited, forty-seven (47) or approximately 98% were from the dominant local community. Further, the personnel records shows that the institution had a total of one hundred and ninety-nine (199) employees out of whom one hundred and eighty-nine (189) or approximately 95% were from the dominant local community. This is contrary to Section 7(1) and (2) of the National

Cohesion and Integration Act 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

6. Unexplained Variances in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects variances which exceeds 10% and which have not been explained as indicated below.

Item Description	Final Budget Amount Kshs.	Actual Amount Kshs.	Variances Kshs.	Percentage
Transfer from National Government	54,000,000	71,486,279	17,486,279	32%
Other Income	1,750,000	3,837,499	2,087,499	119(%)
Capital Expenditure	49,534,200	80,077,770	30,543,570	38%

This is contrary to section 81(2)(iv) of the Public Finance Management Act, 2012 which requires that the Accounting Officer shall provide a statement explaining any variations between the actual expenditure and the sums voted.

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

REPORT 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 effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Fee Payment Policy

Review of the fees records revealed that the College management does not have a formal and documented fee payment policy governing the collection, deadlines, penalties, waivers and recovery processes for student fees. Fee-related decisions are handled on an ad-hoc basis, leading to inconsistencies, financial risks, and potential disputes.

In the circumstances, the internal controls and risk management systems are weak.

2. Staff Under-Establishment

Review of the entity's staff establishment for the year under review revealed that the entity had fifty (50) employees in position or approximately 39% of the approved staff establishment of one hundred and thirty (130) employees. The under-establishment implies under-capacity and poor service delivery to the College fraternity.

In the circumstances, the institution may not achieve its objectives of quality services delivery.

3. Lack of Pre- and Post-Inspections Reports for Repairs and Maintenance

The statement of financial performance reflects repairs and maintenance amount of Kshs.5,477,744 which includes Kshs.1,766,744, incurred on repairs and maintenance of various assets. However, the entity does not conduct mandatory pre-inspections to justify repair necessary before approving repairs or post-inspections to verify completed maintenance works and to check on compliance with specifications of work to be carried out.

In the circumstances, the internal controls and risk management systems are weak.

4. Inaccuracies in Intangible Assets

The statement of financial position and as disclosed in Note 18 to the financial statements reflects intangible assets balance of Kshs.4,272,000. The balance has remained the same for two consecutive financial years and no explanation was provided for not factoring amortization and annual impairment appropriately. Thus, the records are poorly maintained and updated and have inaccuracies.

In the circumstances, the internal controls systems are weak.

The audit was conducted in accordance with ISSAI 2315 and 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 the those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 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 overall 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 ISSAI 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

17 July, 2025

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2024

I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

	Notes	2023/2024	2022/2023
Revenue from non-exchange transactions			
Transfers from the National Government	6	72,453,801	39,000,000
Total Revenue from non-exchange transactions		72,453,801	39,000,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	151,290,708	92,161,613
Other income	8	3,837,499	3,730,157
Revenue from exchange transactions		155,128,207	95,891,770
Total revenue		227,582,008	134,891,770
Expenses			
Use of goods and services	9	98,373,950	53,636,164
Employee costs	10	43,768,683	40,431,180
Contingent Liability		0	100,000
Board allowances	11	1,887,500	1,816,500
Depreciation charge	12	15,137,511	12,726,198
Repairs and maintenance	13	5,477,744	4,986,980
Total expenses		164,645,388	113,697,022
Net Surplus for the year		62,936,620	21,194,748

The notes set out on pages 6 to 22 form an integral part of the Annual Financial Statements.

.....
 Chairman of Council/Board

.....
 Finance Officer

.....
 Principal

Date 30/09/2024

ICPAK No 27827
 Date 30/09/2024

Date 30/09/2024


SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2024

I. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14a&b	6,974,507	13,283,302
Receivables from exchange transactions	15	126,158,942	92,674,515
Biological assets	16	460,000	460,000
Inventory		43,514,868	30,149,645
Total Current Assets		177,108,317	136,567,462
Non-current assets			
Property and equipment	17	219,527,984	198,446,804
Intangible assets	18	4,272,000	4,272,000
Total Non-current Assets		223,799,984	202,718,804
Total assets		400,908,302	339,286,266
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	42,826,078	40,714,512
Refundable deposits from customers	20	3,358,030	3,294,724
Employee benefit obligation	21	-4,634,123	-1,296,224
Total Current Liabilities		41,549,985	42,713,012
Reserves			
Accumulated surplus		197,376,237	219,532,617
Capital grants		0	10,323,427
Revenue reserve		161,982,080	66,717,210
Total Reserves		359,358,317	296,573,254
Total Liabilities and Reserves		400,908,302	339,286,266

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 Chairman of Council/Board

.....

 Finance Officer

.....

 Principal

Date 30/09/2024

ICPAK No 27827
 Date 30/09/2024

Date 30/9/2024

II. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2024

	Accumulated surplus	Revenue reserve	Total
Balance c/d as at July 1, 2022	113,244,869	148,328,334	261,573,203
Revaluation gain	0	0	0
Surplus for the Year	21,194,748	0	49,051,511
Balance c/d as at June 30, 2023	134,439,617	148,328,334	282,767,951
Balance b/f as at July 1, 2023	134,439,617	148,328,334	282,767,951
Revaluation gain	0	13,653,746	0
Surplus for the Year	62,936,620	0	62,936,620
Development funds utilized during the Year	0	0	0
Development grants received during the Year	0	0	0
Balance c/d as at June 30, 2024	197,376,237	161,982,080	359,358,317

III. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025
STATEMENT OF CASH FLOWS

		2023/2024	2022/2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	22	29,911,101	(9,077,446)
Cash flows from investing activities			
Purchase of property and equipment	17	(36,208,337)	(15,929,952)
Other WIP			
Purchase of biological assets			
Purchase of intangible assets			
cash flows used in investing activities			
Net cash flows used in investing activities		(36,111,737)	(15,929,952)
Cash flows from financing activities			(25,007,398)
Increase in development deposits		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		(6,297,235)	(25,007,398)
Cash and cash equivalents at start of Year		13,283,302	25,653,397
Cash and cash equivalents at end of Year	15	6,974,507	13,283,302

IV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

	Original budget	Final budget	Actual comparable base	Performance difference	Utilisation percentage
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
Revenue	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Gov't entities Gov't grants	54,000,000	54,000,000	72,453,801	18,453,801	134%
Public contributions and donations CDF	0	0	0	0	0%
Rendering of services- Fees from students	155,239,500	155,239,500	151,290,708	(3,948,792)	97%
Other income	1,750,000	1,750,000	3,837,499	2,087,499	219%
Total income	210,989,500	210,989,500	227,582,008	16,592,508	107%
Development grants	0	0	0	0	
Total income	210,989,500	210,989,500	227,582,008	16,592,508	107%
Expenses					
Compensation of employees	54,258,300	54,258,300	43,768,683	10,489,617	81%
Use of Goods and services	97,888,500	97,888,500	98,373,950	(485,450)	101%
Repairs and maintenance	5,767,500	5,767,500	5,477,744	289,756	95%
Remuneration of directors	3,541,000	3,541,000	1,887,500	1,653,500	53%
Total expenditure	161,455,300	161,455,300	149,507,877	11,947,423	93%
Capital expenditure	49,534,200	49,534,200	36,208,337	13,325,863	73%
Total expenditure	210,989,500	210,989,500	185,716,214	25,273,286	88%

Budget notes

1. The difference between statement of performance and budget is difference is accounting methods.

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V. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sot Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number **TVETA/PUBLIC/ TVC/0029/2016R1**

The Institute's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act and others.

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, 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 Sot Technical Training Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

There are no new standards and interpretations issued in the Financial Year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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> <p><i>There is no impact of standard to be entity</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There is no impact of standard to be entity</i></p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>There is no impact of standard to be entity</i></p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>There is no impact of standard to be entity</i></p>

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Standard	Effective date and impact:
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p align="center"><i>There is no impact of standard to be entity</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p align="center"><i>There is no impact of standard to be entity</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p align="center"><i>There is no impact of standard to be entity</i></p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2024.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

The Sot TTI recognizes student capitation under other government grants because the amount is not payable by the students.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

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

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the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Board on 29 May 2024

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information (Continued)

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 under section 13 of Financial Provisions of TVET ACT No. 29 of 2013 of these financial statements.

c) Property, plant and equipment

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

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

	<u>Rate %</u>
Buildings	2
Plant and machinery	20
Motor vehicles	25
Library books	10
Furniture and fittings	12.5
Transformer	10
Computer equipment	30

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

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

which are estimated to be 5 year.

Nature and purpose of reserves

a. Accumulated surpluses

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

b. Capital reserves

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

e) Changes in accounting policies and estimates

Sot TTI recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The changes in accounting policy that took place during the Year is the adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurately and fairly state the position and performance than the cash basis.

f) Employee benefits

Retirement benefit plans

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

g) Related parties

Sot TTI regards a related party as a person or an Institute with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Deputy Administration and Academics, Registrar and Dean of students. The government of Kenya through the ministry of education is also related party to the Sot TTI.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Cash and cash equivalents

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

i) Biological assets

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

j) Comparative figures

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

k) 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, 2025

**SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
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5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

Useful lives and residual values

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

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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2023/2024	2022-2023
	Kshs	KShs
Unconditional grants		
Operational grant	-	39,000,000
Capitation	67,453,801	0
Development grants	5,000,000	39,000,000
Total government grants and subsidies	72,453,801	39,000,000

6a) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Institute sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the YEAR	2023-2024
			KShs	KShs	KShs
State Department of vocational and technical training institutions	72,453,801	-	-	72,453,801	72,453,801
Total	72,453,801	-	-	72,453,801	72,453,801

7 RENDERING OF SERVICES-FEE FROM STUDENTS

Description	2023/2024	2022/2023
	Kshs	KShs
Tuition fees	66,022,358	10,677,517
Examination	5,088,960	4,715,790
Activity fees	9,485,848	1,300,900
Registration fees	49,605	886,400

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Project	13,149,693	34,785,591
Medical	730,705	1,202,430
Local transport and travel	9,638,541	4,033,395
Personal emolument	38,386,651	20,799,610
Industrial attachment	3,704,876	5,544,000
Administrative	2,237,531	3,488,570
Electricity water and conservancy	920,410	1,308,500
Repairs and maintenance	1,222,660	2,162,610
SOTTISO(student council)	652,870	1,256,300
Total Rendering of Services	151,290,708	92,161,613

8 OTHER INCOME

Description	2023/2024	2022/2023
	Kshs	Kshs
Tractor Hire revenues	159,350	230,200
Bus Hire revenues	425,000	433,400
Tents	212,100	303,200
Library photocopy	40,268	54,987
F&B production	103,814	145,730
Other income generating activities	2,889,717	2,550,910
Greenhouse proceeds	7,250	11,730
Total other income	3,837,499	3,730,157

9 USE OF GOODS AND SERVICES

Description	2023/2024	2022/2023
	Kshs	Kshs
Electricity, fuel, water and conservation	10,471,194	5,561,734
Activity	3,633,900	3,373,570
Examination	2,232,950	557,700
Medical	532,493	24,627
Student council	1,411,326	2,332,860
Industrial attachment	1,544,550	1,569,910
Tuition expenses	53,171,624	30,623,410
Registration	15,050.00	9,750
Administration expenses	6,482,079	2,837,226
Income generating activity	1,235,854	278,814
Local transport and travelling expenses	14,802,990	6,422,398
CCTV installations	2,793,550.00	0
Bank charges	46,390.00	44,165
Total good and services	98,373,950	53,636,164

10 EMPLOYEE COSTS

	2023/2024	2022/2023
	Kshs	Kshs
Basic salary	35,166,188	32,339,808

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Medical allowances, travelling house allowances and NHIF and NSSF expenses	8,602,495	11,859,456
Leave allowance	0	298,000
Overtime allowance	0	17,944
Employee costs	43,768,683	44,515,208

11 BOARD ALLOWANCES

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman Allowance	625,000	184,400
Other members allowances	1,262,500	1,632,100
Total board allowances	1,887,500	1,816,500

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	15,137,511	11,658,198
Total depreciation	15,137,511	11,658,198

13 REPAIRS AND MAINTENANCE

Description	2023/2024	2022/2023
	Kshs	Kshs
Repairs and maintenance	5,477,744	4,986,980
Total repairs and maintenance	5,477,744	4,986,980

14 a) CASH AND CASH EQUIVALENTS

Description	2023/2024	2022/2023
	KShs	KShs
Development account	77,175	77,175
Operational account	5,748,349	12,901,507
Equity Bank account	1,105,407	122,411
Cash in hand	43,575	182,208
Total cash and cash equivalents	6,974,506	13,283,301

14(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2023/2024	2022/2023
		KShs	KShs
a) Current account			
National bank	01020067454900	5,748,349	11,732,371

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Sub- total			11,732,371
b) Development			
National bank	01020101644900	77,175	77,175
Sub- total			77,175
c)Equity account			
Equity account	1220273358126	1,105,407	120,411
Cash on hand		43,575	187,296
Grand total		6,974,506	12,117,253

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2023/2024	2022/2023
	KShs	KShs
Current receivables		
Student debtors	125,673,040	92,674,515
Staff advances	485,902	485,902
Total receivables	126,158,942	93,160,417

16 BIOLOGICAL ASSETS

Description	2023/2024	2022/2023
	KShs	KShs
Cattles (4 Heifers and 3 calves)	460,000	460,000
Total biological assets	460,000	460,000

SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PROPERTY, PLANT AND EQUIPMENT

The valuation report has been incorporated in the movement schedule therefore, the net book values has been reported.

	Land	Buildings	Furniture and fittings	Library	Computers	Motor vehicles	Plant and equipment	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs
		2%	12.5%		30%	25%	20%	
At 30 th June 2022	22,000,000	130,640,000	6,156,100	0	7,291,350	13,700,000	13,319,600	193,107,050
Additions	0	0	1,156,950	542,070	1,617,350	5,317,900	7,569,882	16,204,152
At 30 th June 2023	22,000,000	130,640,000	7,313,050	542,070	8,908,700	19,017,900	20,889,482	209,311,202
Additions	0	14,051,684	1,034,647	6,030	4,300,796	7,288,440	9,526,740	36,208,337
At 30 th June 2024	22,000,000	144,691,684	8,347,697	548,100	13,209,496	26,306,340	30,416,222	245,519,539
Depreciation and impairment								
At 30 th June 2022	0	0	0	0	0	0	0	-
Depreciation	0	2,612,800	769,773	0	2,187,405	3,425,000	2,663,220	11,658,198
At 30 th June 2023	0	2,612,800	769,773	0	2,187,405	3,425,000	2,663,220	11,658,198
Depreciation	0	2,646,431	780,289	1,206	2,606,237	5,345,335	3,759,219	15,137,511
At 30 th June 2024		5,259,231	1,550,062	1,206	4,793,642	8,770,335	6,422,439	26,796,915
Net book values								
At 30 th June 2024	22,000,000	139,432,453	6,797,635	546,894	8,351,854	17,536,005	24,077,783	219,527,984
At 30 th June 2023	22,000,000	128,027,200	6,543,277	542,070	6,721,295	15,592,900	18,226,262	197,653,004
At 30 th June 2022	22,000,000	130,640,000	6,156,100	0	7,291,350	13,700,000	13,319,600	193,107,050

**SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 INTANGIBLE ASSETS

Description	2023/2024	2022/2023
	KShs	KShs
Management information system	272,000	272,000
ERP system	4,000,000	4,000,000
Total intangible assets	4,272,000	4,272,000

19 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2023/2024	2022/2023
	KShs	KShs
Fees paid in advance	28,805,150	28,805,150
General Creditors	9,066,523	81,803
Helb Control A/C	-601,254	6,199,919
CDF Account	639,779	3,790,525
Capitation C/A	2,473,170	2,163,170
KNEC and CDACC examination	2,354,961	-398,730
County government	0	0
Public trustee	0	0
Other sponsors	87,750	72,675
Total trade and other payables	42,826,079	40,714,512

20 REFUNDABLE DEPOSITS FROM STUDENTS (CAUTION MONEY)

Description	2023/2024	2022/2023
	KShs	KShs
Caution money	3,358,030	3,294,724
Total deposits	3,358,030	3,294,724

21 EMPLOYEE BENEFIT OBLIGATION

The obligation reported in the financial Year related to unpaid salaries totalling to kshs. (4,634,123).Financial Year closed before the payments were made.

22 CASHFLOW FROM OPERATING ACTIVITIES

	2023/2024	2022/2023
Surplus for the Year	62,936,620	21,194,748
Adjusted for:	0	0
Depreciation	15,137,511	12,726,198
Inventory	(13,365,223)	-19,180,449
Increase in receivables	33,501,927	-41,859,874
Increase in total current liabilities	(1,295,878)	17,941,931
Contingent Liabilities	0	100,000
Net cash flow from operating activities	29,911,101	(9,077,446)

**SOT TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR
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23 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2024			
Receivables from exchange transactions	126,158,942	-	126,158,942
Bank balances	6,974,507	6,974,507	
Total	133,133,449	6,974,507	

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2023			
Receivables from exchange transactions	92,674,515		92,674,515
Bank balances	13,283,302	13,283,302	
Total	105,957,817	105,957,817	

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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 institute potentially irrecoverable amounts.

The Institute has significant concentration of credit risk on amounts due from students

The board of governors sets the institute’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	42,826,078	42,826,078
Caution money	-	-	3,358,030	3,358,030
Total			46,184,108	46,184,108

24 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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25 EVENTS AFTER THE REPORTING PERIOD

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

26 ULTIMATE AND HOLDING ENTITY

The Institute is a State Corporation under the Ministry of Education State Department of vocational and technical training institutions. Its ultimate parent is the Government of Kenya.

27 CURRENCY

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Negative employee benefit obligation and General creditors	Prepaid salaries and NSSF contribution	-We are analysing the erroneous posting that resulted in the inaccuracy.	Not resolved	By September 2024

Accounting Officer
Name: ROBERT CHERES
PRINCIPAL

Signature.....
Date..... 30/9/2024

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THE PERIOD ENDED 30TH JUNE 2024**

APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE

Projects

Status of Projects completion

	Project	Total project Cost	Completion % to date	Sources of funds
1	Construction of main gate ablution blocks	3,000,000	100%	GOK and internal
2	Construction of parking shade	4,500,000	100%	GOK and internal
3	Construction of Dairy unit	4,500,000	10%	GOK and internal
4	Purchase of Double cabin motor vehicle	7,000,000	100%	GOK and internal

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	SOT TECHNICAL TRAINING INSTITUTE		
	Break down of Transfers from the State Department of Education			
	FY 23/24			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Development grants	10 th July 2023	5,000,000	Development
	capitation	07 th February 2024	14,212,000	Year 2022/2023
	capitation	23 th January 2024	12,435,500	Year 2022/2023
	GOK Scholarship	20 th February 2024	29,321,279	GOK Scholarship NFM
	GOK Scholarship		967,522	GOK Scholarship NFM
			72,453,801	

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

Finance Officer
Sot TTI entity

Head of Accounting Unit
Education Ministry

Sign 

Sign-----

