

REPUBLIC OF KENYA



REPORT

OF

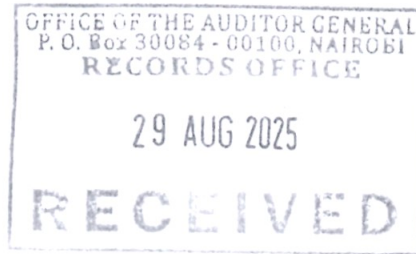
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 APR 2026	DAY. Tuesday
TABLED BY:	ADW. Naomi Waqo, CBS, MP (Deputy Majority Whip)
CLERK-AT-THE-TABLE:	Inzofu Mwale, HSC

THE AUDITOR-GENERAL

ON

OL'LESSOS NATIONAL POLYTECHNIC

FOR THE YEAR ENDED
30 JUNE, 2025



OLLESSOS NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2025

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

The Ollessos National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

GC	Governing Council
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KUCCPS	Kenya Universities and Colleges Central Placement Service
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
ONP	Ollessos National Polytechnic

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The inception and growth of The Ollessos National Polytechnic (ONP) dates back to 1975 when the members of local community pooled together and raised funds for the purpose of establishing Technical secondary school. However, the idea of a Technical Secondary School changed to a Technical Institute through an Act of Parliament and eventually, the Institute admitted its second lot of trainees in 1982. The Polytechnic is publicly registered under the Ministry of Education, State Department of Vocational and Technical Training and strategically located in a serene learning environment accessible at all times from all directions. It is located along Kapsabet – Lessos – Nabkoi – Nakuru Road in Nandi County, 27 Kilometres from Kapsabet Town and 1 km from Lessos market. It has a branch at Kapsabet Town.

The Polytechnic is ISO 9001:2015 Certified and offers various accredited programmes that are market driven. Over time, it has experienced a steady growth both in trainee enrolments and infrastructural facilities, a manifestation of management commitment in ensuring that the Polytechnic plays a vital role in the realization of the Kenya Vision 2030, Sustainable Development Goals (SDG) and in the achievement of the Big Four Agenda.

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

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

The Polytechnic currently has over 10,000 trainees enrolled in various programmes such as Diplomas, Artisan, Craft and other flexible blended courses. It has increasingly become the centre of attraction to a large number of KCSE graduates seeking skills required in the job market. The impact of the Polytechnic has been felt within Nandi County and beyond. The gradual growth over the last two years, has led to a witnessed positive socio-economic impact to the surrounding community.

ONP's participation in public exhibitions and research, linkages with other Institutions and outreach programmes have ensured its position in technological advancement and innovation. All the departments have also undertaken ICT integrations in training programmes to take advantage of ICT and adopt modern approaches to successful curriculum implementation. Being an ISO 9001:2015, the Polytechnic intends to be a World class training facility. The future expectations of the Community and other strategic stakeholders of Technical and Vocational Education and Training (TVET) are to see the Polytechnic Become a National polytechnic.

(b) Principal Activities

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

Vision

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

Mission

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

Core Values

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

Strategic Goals

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

Quality Policy

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

(c) Key Management

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

- Council of Governors
- Principal (Accounting Officer)
- The management team.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

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

Key Entity Information and Management (Continued)

(c) Fiduciary Oversight Arrangements

Finance and Resource Mobilisation Committee Activities

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

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

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

Audit, Risk and Governance Committee Activities

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

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

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

Education, Research and Human Resource Committee Activities

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

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

Senior Management Activities

The main purpose of the Senior Management Team is to:

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

Specifically, the Senior Management Team:

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

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

(f) Entity Headquarters

Ollessos National Polytechnic,
P.O. Box 210,
LESSOS- 30302,
Kapsabet - Nabkoi Road,
Kapsabet, KENYA.

Branch:

Kapsabet Town Campus
Ollessos National Polytechnic,
P.O. Box 210,
LESSOS- 30302,
Kapsabet - Nabkoi Road,
Kapsabet, KENYA.

(g) Entity Contacts

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

(h) Entity Bankers

National Bank of Kenya
Kapsabet Branch,
P.O. Box 34 – 30300,
Kapsabet, KENYA.

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

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

Key Entity Information and Management (Continued)

(i) Independent Auditors





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

(j) Principal Legal Adviser





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

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3.The Governing Council




No.	NAME POSITION AND PHOTO	QUALIFICATION
1.	 <p>M/s Margaret C. Koech Chairperson</p>	<p>D.O.B 1969 MSc in International Hotel Management - The University of Buckingham Bachelor of Education - Kenyatta University (Kenya).</p> <p>Executive member of the council</p>
2.	 <p>Mr Wesley K. Yegon Senior Principal/ Secretary GC</p>	<p>D.O.B 1969 MBA in Strategic Management from Moi University BBM (Accounting Option) Moi University</p>
3.	 <p>Dr. Seraphine Jepkosgei Member</p>	<p>D.O.B 1975 MPhil. Literature Moi university M.A Literature Moi university B.ED Arts Moi university.</p> <p>Executive member of the council</p>
4.		<p>D.O.B 1963 PhD in Theology Diocesan Bishop ACK Diocese of Eldoret 2003-2011- Lecturer Maseno University Board of Education Chairman Anglican Church of Kenya Council Member Moi University National Church Council, Chairman North Rift Board Member Mosoriot Teachers Training College</p>

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	Rt. Rev. Dr Christopher K. Rutto Member	Executive member of the council
5.	 Mr. Martin Mungai Member	D.O.B 1983 Bachelor of Commerce (BCom. (Finance)) MSc degree in Financial Economics. Executive member of the council
6.	 Mr. Joakim Mulaa Member	D.O.B 1988 Msc software engineering JKUAT BSc. Computer Science and technology Executive member of the council
7.	 M/s. Priscilla Muthoni Wanyiri PS Alternate representative	D.O.B 1977 Master of Arts, (Public Policy and Administration) Kenyatta University Bachelor of Arts (Economics and Geography) university of Nairobi. Non-Executive member of the council
8.	 Dr. Daniel Mutai, PhD. P.Eng. Tech. Member	D.O.B 1962 PhD in education communication Technology. Diploma KTTC Higher diploma in Electrical Engineering Executive member of the council

4. Key Management Team

No.	Member	Details
1.	 MR. Wesley K Yegon MBA Financial Accounting; Strategic Management	SENIOR PRINCIPAL
2.	 Mrs. Patricia Tarus Master of Science (Animal Ecology) B.Ed. (Science)	DEPUTY PRINCIPAL IN-CHARGE OF ADMINISTRATION
3.	 Ben K. Yego Mphil. Communication studies B.Ed Arts	DEPUTY PRINCIPAL IN-CHARGE OF ACADEMICS
4.	 Mr Edwin Mutai Post Graduate Education; Msc. Micro-Biology BSc. Biology	REGISTRAR

5.	 <p>Mrs Rose Tenai Bachelor of science Maths/Business Studies; Diploma Technical Education.</p>	DEAN OF TRAINEES
6.	 <p>Degree B.com (Finance) CPA Kipkorir Ngasura CPA-K - Member No.30723</p>	FINANCE OFFICER
7.	 <p>Mrs Naomi Tarus BBM -Supply Chain Diploma in Supply Chain Management KISM Member No. 75430</p>	PROCUREMENT OFFICER

5. Chairperson’s Statement

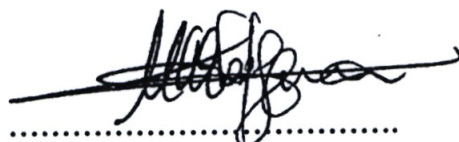
I take this opportunity to present the Annual Report and Financial Statements for the year ended 30th June, 2025 for this great Polytechnic.

During the financial year ending June, 2025, the Polytechnic remained focused on its mission to provide Technical and Vocational Education and Training and Research that promotes creativity, innovation and incubation to meet local, regional and global dynamic socio-economic and environmental challenges.

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

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

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



.....
MARGARATE C KOECH
CHAIRPERSON/GOVERNING COUNCIL

6. Report of the Senior Principal

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

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

HIGHLIGHTS OF FY 2024 -2025 PERFORMANCE

The performance of the Polytechnic for the year 2024-2025 are set out in pages 1-5.

Trainees Enrolment

We closed the year with a total population of over 10,000 trainees. This increase is attributed to the marketing and promotion activities carried out by the Polytechnic.

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

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

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

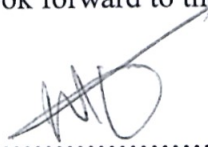
One of the major challenges we faced as a polytechnic is the reduction of trainee capitation from the National government and delayed remittance of the same. Each trainee was to receive capitation of Kshs 30,000 per quarter but the government instead released Kshs 13,000 for the whole year resulting in a deficit Kshs 17,000. This adversely affected our performance and budget projections.

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

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as well as the cooperation of the entire staff and our trainees that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

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


.....
WESLEY YEGON (MR)
SENIOR PRINCIPAL/SECRETARY GOVERNING COUNCIL

SENIOR PRINCIPAL
OLLESSOS NATIONAL POLYTECHNIC
P. O. Box 210
OLLESSOS

Date:

7. Statement of Performance against Predetermined Objectives

The Ollessos national Polytechnic has eight strategic pillars and objectives within current Strategic Plan for the FY2022- FY2027. These strategic pillars are as follows:

PILLAR	THEME
Pillar 1	Infrastructure Development
Pillar 2	Technology and ICT Infrastructure
Pillar 3	Research and Development (R&D)
Pillar 4	Collaboration and Linkages
Pillar 5	Competitiveness
Pillar 6	Institutional Governance
Pillar 7	Human Resource
Pillar 8	Financial Resources

The Ollessos National Polytechnic develops its annual work plans based on the above eight pillars. Assessment of the council’s performance against its annual work plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the FY 2024/2025 period for its eight strategic pillars, as indicated in the diagram below:

STRATEGIC PILLAR	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: INFRASTRUCTURE	Improving and increasing physical facilities	Completion of buildings under construction, Successfully complete the projects for institutions being mentored	Develop a framework for improving and increasing physical facilities Improve TVET equipment, information and communication systems	Various blocks have been constructed including classrooms and hospitality.
Pillar 2: TECHNOLOGY AND ICT INFRASTRUCTURE	Promote effective application of ICT	Complete ICT infrastructures, Installation of Management Information System ICT courses	Develop adequate ICT capacity and infrastructure Institutionalized Management Information System (MIS) Promote the use of ICT in Curriculum delivery and management systems	ICT courses are being offered in the institution MIS is in the process of being installed

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	Enhance Equipment and Technology	Institution incubator and use of modern equipment and Technology	Develop institution incubator Promote use of modern equipment and Technology	To be implemented
Pillar 3: RESEARCH AND DEVELOPMENT (R&D)	Institutionalize effective research and development	Research and development infrastructure	Develop mechanisms for R&D collaboration among TVET institutions. Promote the use of research results in technology development and transfer Develop R&D infrastructure.	To be implemented as per colleges and institutes Canada.
Pillar 4: COLLABORATION AND LINKAGES	Enhance collaboration and linkages	Development partners on board Mentorship	Establish collaborations and linkages Strengthen existing collaboration and linkages Establish benchmarks and joint cooperation networks with international TVET institutions	To be implemented as Per colleges and institutes Canada.
Pillar 5: COMPETITIVENESS	Enhance competitiveness	Increased trainees' numbers	Strengthen existing competitiveness benchmarks Establish new competitiveness benchmarks	Trainee numbers have continued to increase
Pillar 6: INSTITUTIONAL GOVERNANCE	Improve institutional corporate governance Develop and Implement M&E Systems	Constant review of courses offered Improved result based management in the training system Improved budget accuracy level	Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS, Alcohol and drug abuse and health and safety, and environment) Embrace results based management in the training system Develop and implement M&E systems	New courses being offered Improved budget accuracy

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

8. Corporate Governance Statement

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

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

(i) The Council charter.

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

(ii) Governing Council Appointment and Composition.

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

The membership of the Governing Council comprises of;

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

Some of the roles of the Governing Council include:

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

(iii) Council Diversity

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

(iv) Separation of Powers

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

(v) Council's Effectiveness

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

(vi) Council Evaluation

The council has put in place evaluation system to ensure that the council achieves its objective. The council evaluation is scheduled to take place in the year 2024/2025.

(vii) Sitting Allowances of the Governing Council

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

(viii) Conflict of Interest

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

(ix) Committees of the Governing Council:

The Polytechnic has a total of three committees which are;

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

9. Management Discussion and Analysis

SECTION A:

(a) The council’s Performance

Revenue

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

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

During the year, revenue of Ksh. 96,460,000 was received from the national government as capitation, rendering services Ksh.481,444,778 from Tuition, 1,767,531 from sale of goods, Kshs 1,487,558 from interest income and kshs 2,712,959 from other incomes generated internally. The polytechnic’s total revenue increased by 63%.

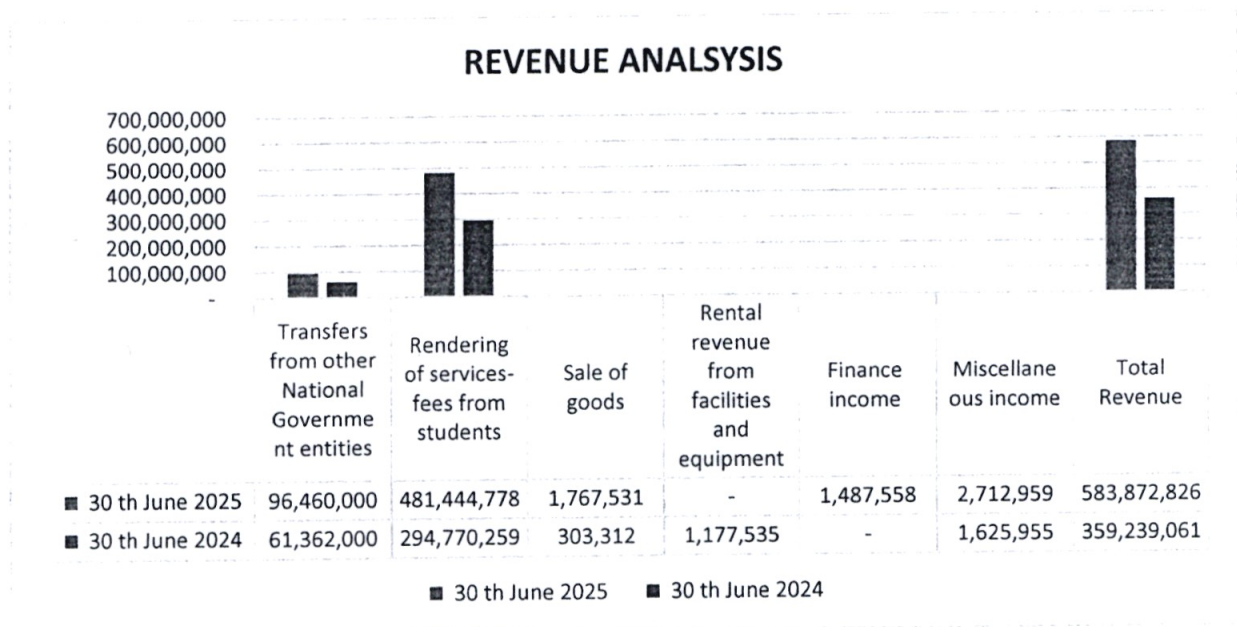


Fig. 1. The polytechnic’s Comparative Revenue Analysis for the periods ending 30th June 2024 and 30th June 2025.

Expenditure

The polytechnic’s expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the council of governor’s costs, and miscellaneous expenses.

The overall expenditure for the period increased by 7%.

EXPENDITURE ANALYSIS

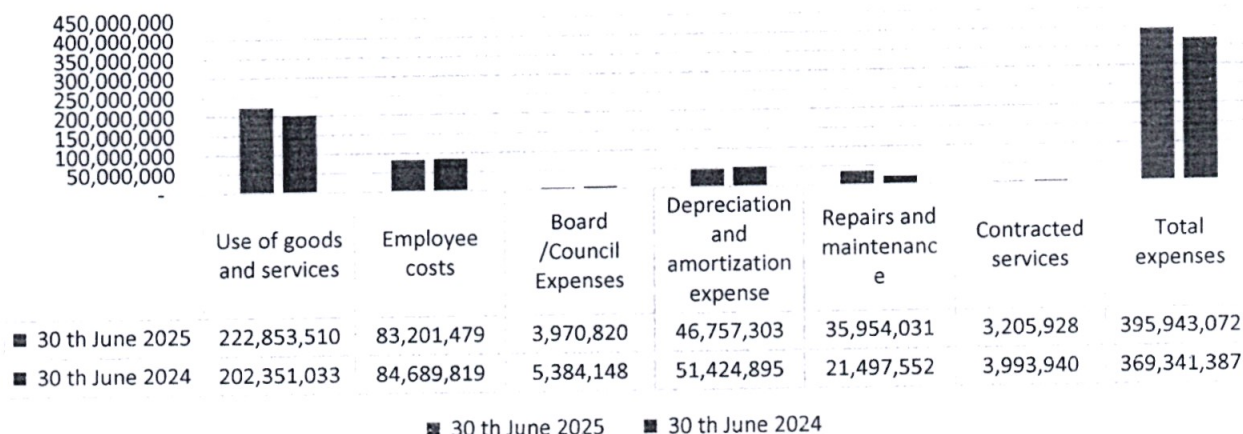


Fig. 2. The polytechnic's Comparative Expenditure Analysis for the periods ending 30th June 2025 and 30th June 2024.

(b) The polytechnic's Compliance with Statutory Requirements

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

(c) Material Arrears in Statutory/Financial Obligations.

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

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

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

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

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

No.	PROPOSED PROJECTS	SOURCE OF FUNDS
1	Excavation of field for drainage	Internal generated

(f) Major Challenges and Risks Facing the polytechnic.

The following are the major challenges facing the polytechnic.

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

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

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

10. Environmental And Sustainability Reporting Statement

The Ollessos National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

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

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

Social: the Polytechnic 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 council of governance has plans to undertake an environmental sustainability audit and develop an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

Environmental performance

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

Employee welfare

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

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

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

Policies Guiding the Polytechnic’s Hiring Process

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. Financial resources are considered before effecting the strategy
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	The Polytechnic observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The Polytechnic offers equal employment opportunities to officers living with disability. The Polytechnic also offers rights and privileges as provided in the PWDs Act and Council employment policies

Market place practices

Responsible Supply Chain and Supplier relations

The Polytechnic 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.

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

Corporate Social Responsibility / Community Engagements

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

Employee welfare

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

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

11. Report of the Governing Council

The Council members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Ollessos National Polytechnic affairs.

Principal activities

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

Results

The results of the Polytechnic for the year ended June 30th, 2025 are set out on pages 1-5.

Governing Council

The members of the Council who served during the year are shown on page viii-x.

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

By Order of the Council



.....
Senior Principal/Secretary of the governing Council

Date.....

12. Statement of Governing Council' Responsibilities

Section 83 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial period and the operating results of the Polytechnic for that period. The council members are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The council members are also responsible for safeguarding the assets of the Polytechnic.

The council members are responsible for the preparation and presentation of the Polytechnic's financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial period ended on 30th June 2025. 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 Polytechnic; (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 Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 schedule 2 of the Technical and Vocational Education and Training Act, 2013. The council members are of the opinion that the Polytechnic's financial statements give a true and fair view of the state of Polytechnic's transactions during the period ended 30th June 2025, and of the Polytechnic's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Polytechnic, which have been relied upon in the preparation of the Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the Polytechnic 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 Polytechnic's financial statements were approved by the Council on 29/6/2025 and signed on its behalf by:

Signature.....
Name..... Margaret C. Koehn

Signature.....
Name..... W. J. Jago

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OL'LESSOS NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ol'lessos National Polytechnic set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ol'lessos National Polytechnic as at 30 June, 2025 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 Section 81 subsection 2(f) of the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act of 2013.

Basis for Qualified Opinion

1. Inaccuracies in Presentation and Disclosure in Financial Statements

1.1 Presentation of the Financial Statements

Review of the financial statements submitted for audit revealed that they were not prepared in accordance with the reporting template provided by the Public Sector Accounting Standards Board (PSASB) for the financial year 2024/2025. The following anomalies were noted:

- i. Appendix 1 on implementation status of Auditor General's report does not cover all issues raised in the Auditor General's report for the year 2023-2024.
- ii. The table on projects implemented by the Polytechnic under Appendix II on page 39 has not been filled with any information on project implemented by the Institution.
- iii. Inter entity confirmation letter under Appendix III to the financial statements was not signed by Head of Accounts Department at the State Department of Technical and Vocational Education Training (disbursing entity).

1.2 Inaccuracy and Disclosure in the Financial Statements

Review of the financial statements revealed the following inaccuracies:

- i. Note 24 to the financial statements reflects Kshs.3,967,098 as the comparative balance for Intangible asset whereas the re-casted balance reflects Kshs.8,020,394 resulting to a variance of Kshs.4,053,296.
- ii. Note 25 to the financial statements has omitted comparative balance of Kshs.984,000. In addition, the classification of the biological assets has not been done as per the template i.e., Trees, animals and others.

- iii. Inter entity confirmation letter under Appendix III to the financial statements on page 40 reflects Kshs.170,337,721 as confirmed amounts received by the institution whereas statement of cashflow reflects Kshs.111,460,000 as amount received from the National Government resulting to a variance of Kshs.58,877,721.
- iv. Inter entity confirmation letter under Appendix III to the financial statements on page 40 reflects Kshs.10,000,000 as confirmed amounts received by the institution as development grants, however, the statement of changes in net assets reflects Nil balance for capital grants received during the year.

In the circumstances, the presentation, accuracy and completeness of the financial statements could not be confirmed.

2. Receivables from Exchange Transactions

2.1 Inaccuracies in Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.507,016,862 which includes student debtors balance of Kshs.504,216,862 and receivables from mentored institute of Kshs.2,800,000 as disclosed in Note 20 to the financial statements. However, review of the ledger provided revealed that the supporting schedules for student debtors amounted to Kshs.683,625,123 and the reported balance in the statement of financial position was Kshs.504,216,862 resulting to an unexplained variance of Kshs.179,408,261.

In the circumstances, the accuracy and completeness of student debtors balance of Kshs.504,216,862 could not be confirmed.

2.2 Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.507,016,862 which includes student debtors balance of Kshs.504,216,862 and receivables from mentoring institute of Kshs.2,800,000 as disclosed in Note 20 to the financial statements. Review of the ageing analysis for the receivables from exchange transactions revealed that Kshs.354,911,034 was owed for less than 1 (one) year, Kshs.60,842,023 had been owed for between 1-2 years, Kshs.40,561,349 had been owed for between 2-3 years and Kshs.50,702,456 related to receivables owed for a period over 3 years. Further, the mentoring institution owing of Kshs.2,800,000 dates back to the year 2002 and was not supported by any documentary evidence. It was not clear which measures the Management had put in place to collect the receivables which had accrued for a period of more than one (1) year. Further, no impairment allowance provisions had been made by the Management on the outstanding debts.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.507,016,862 could not be confirmed.

2.3 Receivables (Debtor's) Control Account

The statement of financial position and Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs.507,016,862 which includes

student debtors balance of Kshs.504,216,862. However, the debtor's movement schedule provided for audit did not indicate the student opening balances. In addition, reconciliation of opening balances and closing balances of student debtors reported in the statement of financial position revealed unreconciled variance of Kshs.12,957,163.

In the circumstances, completeness and accuracy of the student's debtors balance of Kshs.504,216,862 could not be confirmed.

3. Inaccuracies in Rendering of Services – Fees from Students

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.487,412,826 which includes revenue generated from rendering of services – fees from students of Kshs.481,444,778 as disclosed in Note 7 to the financial statements. During the year under review, the institution transitioned from using Optimum ERP system to Dynamics 365 Business Central ERP system in March 2025. However, review of supporting schedules and system data extracted from the Enterprise Resource Planning (ERP) system revealed unreconciled variances as summarized in the table below:

Description	Amount as per the Financial Statements and Ledgers (Kshs)	Amounts as per System Generated Data (Kshs)	Variance (Kshs)
Tuition	233,565,313	86,654,058	146,911,255
ICT	1,870,800	2,279,968	(409,168)
Library	1,636,950	1,950,216	(313,266)
Devt fund	4,677,000	-	4,677,000
Personal Emoluments	98,212,969	33,864,068	64,348,902
EW&C	26,576,218	4,216,923	22,359,295
LT&T	28,447,018	4,760,543	23,686,475
RMI	21,007,797	3,260,680	17,747,117
Activity and Sports	30,097,480	8,288,240	21,809,240
Student Union	4,605,300	3,018,300	1,587,000
Attachment	4,677,000	4,776,660	(99,660)
Medical & Insurance	14,044,933	1,871,430	12,173,503
Tveta Fee	2,668,500	616,500	2,052,000
Registration Fees	2,668,500	631,000	2,037,500
Boarding Fees	3,649,500	1,560,000	2,089,500
Student ID	2,668,500	733,250	1,935,250
Examination Fees	-	7,370,085	(7,370,085)
Practical Fees	-	1,145,602	(1,145,602)
Computer Packages	371,000	-	371,000
Graduation Fees	-	-	-
Total	481,444,778	166,997,523	314,447,255

In the circumstances, the accuracy and completeness of rendering of services – fees from students amount of Kshs.481,444,778 could not be confirmed.

4. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 26 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.99,241,024. However, the balance was not supported with a movement schedule showing opening balance, additional creditors, payments made to creditors during the year to arrive at the closing balance at the end of the financial year. In addition, the balance of Kshs.76,603,670 in respect of trade creditors was not supported with a detailed schedule indicating invoice number, date, description and amount to confirm delivery of goods and services.

In the circumstance, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.99,241,024 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.745,535,044 and Kshs.325,069,857 resulting into under-realization of Kshs.420,465,187 or 56% of the budget. Similarly, the Polytechnic incurred total expenditure of Kshs.375,389,535 against an actual receipt of Kshs.325,069,857 resulting into an over-expenditure of Kshs.(50,319,678) or 15.% of the actual receipts.

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

My report is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under report on Financial Statements, Report on Lawfulness and Effectiveness in the use of Public

Resources and Report on effectiveness of Internal Controls, Risk management and Governance. However, they remain unresolved. See **Appendix I**

Other Information

Management is responsible for the other information set out on page iii to xxix which comprise of Key Entity Information and Management, The Governing Council, Key Management Team, Chairperson's statement, Report of the Senior Principal, Statement of Performance against Pre-determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Governing Council and Statement of Governing Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Procurement through Framework Agreements

Examination of procurement documents revealed that the Polytechnic procured goods and services through framework agreement contracts for three years. However, the following unsatisfactory matters in respect of the framework agreements were noted;

- i. The agreements were for three years and no value for money assessment was undertaken annually to determine whether the terms designated in the framework agreement remain competitive as required for agreements exceeding one year. This was contrary to Section 114(2) of the Public Procurement and Asset Disposal Act, 2015.

- ii. There were no quarterly reports detailing analysis of items procured through framework agreement and this was contrary to section 114(6) of the Public Procurement and Asset Disposal Act, 2015.
- iii. The criteria to have a minimum of seven (7) alternative suppliers or contractors for framework agreements was not met contrary to Section 114(1)(c) of the Public Procurement and Asset Disposal Act, 2015.
- iv. Categories with only one supplier were not subjected to a mini-competition. This was contrary to Regulation 101 (2) of the Public Procurement and Asset Disposal Regulations, 2020 that provides that a procuring entity shall not use a framework agreement in such a way as to prevent, restrict or distort competition.

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

2. Stalled Projects

Physical verification exercise conducted in the Month of October 2025 revealed that the following two (2) projects had stalled and the contractor was not on site;

Project Name	Contract Sum	Audit Observation
Completion of Hospitality Annex	Main Contract - Kshs.63,882,234 Mechanical, Electrical and CCTV and Structure Cabling - Kshs.38,379,255	<ul style="list-style-type: none"> - Commencement Date 19, August, 2024 – Completion Date 28 April, 2025 (36 weeks) - Amount Paid Kshs.10,000,670 - Roofing is not complete. - Finishes not done. - Performance Bond expired on 26/8/2025 and has not been renewed - Contractor not on site. - Completion at 50%
Construction and completion of Tuition & Applied Sciences Block	Main Contract Kshs.559,867,525 Electrical Works – Kshs.27,976,650 Mechanical Works Kshs.6,331,741 Plumbing and Drainage Kshs.25,371,050	<ul style="list-style-type: none"> - Commencement Date 07 October, 2024 – Completion Date 25 October, 2027 (159 weeks) - Amount Paid Kshs.63,362,700 (for Certificate 1 -4) - The project is at slab level. The contractor has charged interest of Kshs.2,400,049 for late payment - The contractor is not on site - Completion at 10%.

In the circumstances, the citizens were denied services and also project costs are likely to escalate and value for money may not be realized from the projects.

3. Delayed Completion of the Proposed Dairy Unit

The Polytechnic awarded tender No. (OTTI number OTTI/FC/2023-2024/054 to a local Company for proposed construction of a dairy unit being the lowest evaluated bidder in April 2024 at contract sum of Kshs.2,990,760. The Institute (as the employer) entered into a contract with the Company for the execution of the works on 24 May, 2024 for a contract period of 4 months.

The project commenced on 10 June 2024 and an amount of Kshs.2,250,000 has already been paid to the contractor as part payment for the construction of the Dairy Unit. However, the following unsatisfactory issues were noted:

- i. Incomplete finishing works, including an improperly sloped floor that hinders effective water drainage, unpainted interior and exterior surfaces, missing restraining mechanisms on gates, and exposed external metal components that remain unpainted and unsecured.
- ii. Site Verification of the project in October 2025 revealed that the contractor was not present on site, and no active works were ongoing.
- iii. Pending Plumbing Works Testing. - Although plumbing installations have been completed, they have not been tested for functionality and compliance with required standards before commissioning.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Integrity of Financial Reporting Data in the Polytechnic's ERP System

Review of the information system revealed that the Polytechnic relies on an Enterprise Resource Planning (ERP) System supplied by a local vendor. The system integrates core

operational functions such as finance, human resources, student management, procurement, and academics into a single, centralized platform resulting into enhanced operational efficiency, data accuracy, and better decision-making. Further, it was noted that the ERP system was procured by the institute on 28 April, 2023 through a contract between the Polytechnic and a local firm through a tender for upgrading, testing, training, commissioning and maintenance of Enterprise Resource Planning (ERP) System at a total contract sum of Kshs.4,930,000 payable in installment upon successful completion of deliverables defined both in the contract and tender document. However, the following observations were made:-

- The Institute did not develop a contract management framework with clearly defined service level agreements (SLAs), periodic performance reviews, dispute resolution and escalation mechanisms for non-compliance.
- There was no contract provision safeguarding institutional data ownership, access rights, and transition assistance in case of disputes or vendor disengagement.
- A technical feasibility study to assess the possibility of migrating to an alternative ERP platform, engaging a different service provider for system support, and leveraging government-recommended or open-source ERP solutions was not conducted.

In the circumstances, effectiveness and management of the Polytechnic's ERP system could not be confirmed.

2. Weak Information Communication Technology (ICT) Internal Controls

Review of Information Communication Technology (ICT) environment revealed the following anomalies;

- i. The Polytechnic did not have in place an ICT strategic plan to provide a roadmap for ICT activities and projects.
- ii. The entity had not developed a comprehensive Disaster Recovery Plan and Information Security Management Framework
- iii. The Polytechnic did not have in place an IT Strategy Committee and IT Steering Committee. Further no evidence was provided to indicate that the ICT Policy Committee held regular meetings to oversee the implementation of the ICT policy and advice on ICT initiatives. In the circumstances, the effectiveness of the committee could not be confirmed.

Members of staff carry out official communication using their personal emails which may result to breach of information confidentiality and data integrity.

- iv. There were no CCTV cameras installed at the server room for surveillance and physical access to the facility was not effectively controlled as no biometric access control had been installed at the entrance of the server room.

In the circumstances, the effective implementation of ICT initiatives could not be confirmed.

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

Responsibilities of the Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Auditor-General

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 of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

Appendix I Unresolved Prior Year Audit Matters

No.	Report on the Financial Statements
1	Variance in Revenue from Rendering of Services-Students Fees
2	Under declared rental revenue from facilities and equipment
3	Inaccuracies in Current Receivables from Exchange Transactions Balance
4	Unsupported Inventories Balance
5	Inaccuracies in Property, Plant and Equipment Balance
6	Lack of Motor Vehicle Ownership Documents
7	Unsupported Intangible Assets Balance
8	Unsupported Biological Assets Balance
9	Unsupported Internet and ICT expenses
	Report on Lawfulness and Effectiveness In the Use Of Public Resources
1	Flawed Procurement Process of ERP system
2	Non-Compliance with Law on Staff Ethnic Composition
3	Non-compliance with law on Ethnic Composition
4	Failure to Conduct Governance Audit and Board Evaluation
5	Delayed completion of proposed dairy unit
6	Breach of data protection provisions
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Lack of an Approved Inventory Management System
2	Deficiencies in Internal Audit Department and Audit committee
3	Lack of Management Policy on Trade and Other payables
4	Weak information and Communication Technology(ICT) Controls
5	Failure to Maintain An Updated Imprest Register

The Ol'lessos National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

14. Statement of Financial Performance for The Year Ended 30 June 2025

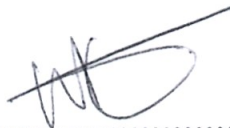
Description	Notes	30-Jun-25	30-Jun-24
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	96,460,000	61,362,000
		96,460,000	61,362,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	481,444,778	294,770,259
Sale of goods	8	1,767,531	303,312
Revenue from facilities and equipment	9	-	1,177,535
Finance income	10	1,487,558	-
Miscellaneous income	11	2,712,959	1,625,955
		487,412,826	297,877,061
Revenue from Exchange transactions			
Total Revenue		583,872,826	359,239,061
Expenses			
Use of goods and services	12	222,853,510	202,351,033
Employee costs	13	83,201,479	84,689,819
Council Expenses	14	3,970,820	5,384,148
Depreciation and amortization expense	15	46,757,303	51,424,895
Repairs and maintenance	16	35,954,031	21,497,552
Contracted services	17	3,205,928	3,993,940
		395,943,072	369,341,386
Total Expenses			
Other Gains/(Losses)			
Gain/ Loss on fair value of biological assets	18	(349,000)	-
		(349,000)	-
Total Other Gains/(Losses)			
Net surplus/(deficit) for the year		187,580,754	(10,102,325)

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



Chairperson of Council

Date



Senior Principal

Date



Finance Officer

ICPAK No 30723

Date

FINANCE OFFICER
THE OLLESSOS NATIONAL
POLYTECHNIC

The Ollessos National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

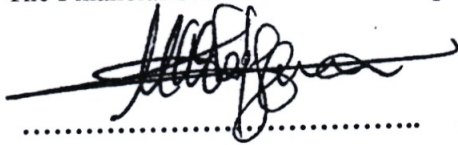
15. Statement of Financial Position As At 30th June 2025

Description	Notes	30-Jun-25	30-Jun-24
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	19	33,239,919	68,559,597
Current portion of receivables from exchange transactions	20	507,016,862	236,744,288
Receivables from non-exchange transactions	21	62,682,403	62,682,403
Inventories	22	2,039,726	2,051,355
Total Current Assets		604,978,910	370,037,643
Non-Current Assets			
Long term receivables from exchange transactions	27(b)	-	
Property, plant, and equipment	23	1,071,076,444	1,031,204,358
Intangible assets	24	8,256,315	8,020,394
Biological Assets	25	635,000	984,000
Total Non-Current Assets		1,079,967,759	1,040,208,752
Total Assets (A)		1,684,946,670	1,410,246,395
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	26	99,241,024	32,254,503
Refundable deposits from customers	27	41,860,545	21,727,545
Total Current Liabilities		141,101,569	53,982,048
Non-Current Liabilities			
Non-Current Provisions		-	-
Total non- current liabilities		-	-
Total Liabilities (B)		141,101,569	53,982,048
Net Assets (A-B)		1,543,845,101	1,356,264,347
Represented By:			
Revaluation Reserves		1,317,791,362	1,317,791,361
Accumulated Surplus		226,053,739	38,472,985
Capital Fund		-	-
Net Assets		1,543,845,101	1,356,264,346

**The Ollessos National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

FINANCE OFFICER
THE OLLESSOS NATIONAL
POLYTECHNIC

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



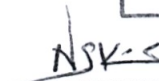
.....
Chairperson of Council

Date



.....
Senior Principal

Date



.....
Finance Officer

ICPAK No 30723

Date

16. Statement of Changes in Net Asset for the Year Ended 30 June 2025

	Revaluation reserve	Accumulated Fund	Total
	Kshs	Kshs	Kshs
At July 1, 2023	1,317,791,362	48,575,310	1,366,366,672
Revaluation gain	-	-	-
Surplus/(deficit) for the year	-	(10,102,325)	(10,102,325)
Capital grants received during the year	-	-	-
At June 30, 2024	1,317,791,362	38,472,985	1,356,264,347
At July 1, 2024	1,317,791,362	38,472,985	1,356,264,347
Revaluation gain	-	-	-
Surplus/(deficit) for the year	-	187,580,754	187,580,754
Capital grants received during the year	-	-	-
At June 30, 2025	1,317,791,362	226,053,739	1,543,845,101

The Ol'lessos National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

17. Statement of Cash Flows For The Year Ended 30 June 2025

Description	Note	30-Jun-25	30-Jun-24
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		111,460,000	61,362,000
Rendering of services- fees from students		224,129,367	254,208,315
Sale of goods		1,767,531	303,312
Rental revenue from facilities and equipment		-	1,177,535
Finance income			-
Miscellaneous income		2,712,959	1,625,955
Total Receipts		340,069,857	318,677,117
Payments			
Use of goods and services		193,016,507	198,584,259
Employee costs		76,744,331	84,689,819
Council Expenses		3,970,820	5,384,148
Repairs and maintenance		30,327,213	21,497,552
Contracted services		3,205,928	3,993,940
Grants and subsidies		-	-
Total Payments		307,264,799	314,149,719
Net Cash Flows from operating activities		32,805,058	4,527,398
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(68,124,736)	(32,143,074)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(68,124,736)	(32,143,074)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		(35,319,678)	(27,615,676)
Cash and Cash equivalents at 1 JULY	19	68,559,597	96,175,273
Cash and Cash equivalents at 30 JUNE	19	33,239,919	68,559,597

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget (A)	Actual to Date (B)	Performance Variance ©		
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100	
Budget carryovers from the previous year*	-	-	-	-	-	-	
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers from other National Governments	244,500,000	-	244,500,000	96,460,000	181,265,000	39%	(a)
Rendering of services- fees from students	487,305,044	-	487,305,044	224,129,367	229,950,677	46%	(b)
Other Incomes	13,730,000	-	13,730,000	4,480,490	7,449,510	33%	(c)
Total Income	745,535,044	-	745,535,044	325,069,857	420,465,187		
Expenses					-		
Use of goods and services	395,023,725	-	395,023,725	193,016,507	205,861,492	49%	(e)
Employee costs	119,001,250	-	119,001,250	76,744,331	42,256,919	64%	(f)
council Expenses	7,864,407	-	7,864,407	3,970,820	3,893,587	50%	(g)
Repairs and maintenance	19,500,000	-	19,500,000	30,327,213	(10,827,213)	-44%	(h)
Contracted services	3,288,536	-	3,999,726	3,205,928	793,798	80%	(i)
Total Payments	544,677,917	-	544,677,917	307,264,799	241,267,392	56%	(j)
Capital Expenditure	200,857,127	-	200,857,127	68,124,736	151,277,391	40%	(k)
Surplus For the Period	-	-	-	(50,319,678)			

(Budget notes)

- (a) The underperformance was due to non-remittance of capitation of Kshs 17,000. The budgeted capitation per trainee was Kshs 30,000 but the Government released Kshs 13,000 only per trainee hence the under-performance.
- (b) The underperformance was due to delayed disbursement for HELB funds for trainees to cover for their fees.

Budget reconciliations

DESCRIPTION OF ITEMS	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	(50,319,678)
Mentee institution receipts (Elburgon TVC)	15,000,000
Cash and Equivalents (30.06.2024)	68,559,597
Closing Cash and Cash Equivalent as per the statement of Cash flows	33,239,919

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There are no new standards in the year ended 30th June 2025

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

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

The Ol'lessos National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Measurement	<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>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard we see all revenues now recognized under one standard as opposed to the classification as exchange and non-exchange.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

Polytechnic did not early adopt any new or amended standards in year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the council on 22 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

The Ol'lessos National Polytechnic creates and maintains reserves in terms of specific requirements. The Polytechnic maintains capital reserves.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers from other National Government entities

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	85,960,000	61,362,000
Operational Grant	500,000	-
Development grants	10,000,000	-
Other Grants	-	-
Total Government Grants and Subsidies	96,460,000	61,362,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	86,460,000	-	10,000,000	96,460,000	61,362,000
Total	86,460,000	-	10,000,000	96,460,000	61,362,000

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7. Rendering of Services

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Tuition	233,565,313	103,080,683
ICT	1,870,800	3,640,600
Library	1,636,950	3,185,525
Development fund	4,677,000	9,101,500
Personal Emoluments	98,212,969	67,177,853
EW&C	26,576,218	13,712,994
LT&T	28,447,018	17,353,594
RMI	21,007,797	9,536,494
Activity	30,097,480	17,665,899
Student Union	4,605,300	9,843,900
Attachment	4,677,000	11,793,994
Medical and student Insurance	14,044,933	6,909,783
Tveta fee	2,668,500	1,898,000
Registration fees	2,668,500	1,898,000
Boarding fees	3,649,500	5,637,649
Student ID	2,668,500	1,965,200
Examination fees	-	8,157,709
Practical fees	-	1,300,363
Computer packages	371,000	342,520
Graduation fees	-	568,000
Total Revenue from The Rendering of Services	481,444,778	294,770,259

8. Sale of Goods

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Catering income	1,767,531	303,312
Total Revenue from Sale of Goods	1,767,531	303,312

This relates to catering income from hospitality and catering sections

9. Revenue from facilities and equipment

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Centre fee	-	1,177,535
Total	-	1,177,535

10. Finance Income

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Interest Income from Fixed deposit	1,487,558	-
Total finance income	1,487,558	-

This relates to interest receivable from a call account held at The National Bank of Kenya as at 30th June 2025

11. Miscellaneous Income

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Driving School	2,629,000	1,573,000
Library fines and damages	-	29,825
Disposals	83,959	12,600
Sale of practical project food	-	10,530
Total other income	2,712,959	1,625,955

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12. Use of Goods and Services

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Activity	4,229,021	7,278,646
Administration expenses	1,387,200	3,399,934
Advertisement	2,417,831	2,243,298
Catering expenses	12,733,546	15,124,130
Boarding expenses and store	744,000	93,170
Cleaning expense	4,636,062	3,531,092
Computer packages	77,200	137,600
Electricity water and conservancy	3,618,413	5,015,049
Examination expenses	40,756,120	38,208,310
Farm expenses	293,253	176,070
Fuel	5,321,876	9,599,530
Airtime expenses	1,670,400	808,000
Hire charges	632,469	1,957,250
Graduation expenses	7,438,925	1,500,907
Industrial attachment	4,593,635	4,481,480
Internet expense	2,911,833	8,242,372
ISO Audit and sensitization cost	-	468,220
Motor insurance	1,478,878	1,152,744
Bank charges	95,352	113,104
Library	982,758	-
Medical expenses	2,674,236	3,957,781
Performance contracting expenses	1,490,984	1,496,541
Postage	7,725	30,325
Practical expenses	42,897,850	15,896,639
Research and innovation expenses	13,581,022	7,091,814
Student unions expenses	7,682,200	5,331,190
Professional Consultancy	2,613,700	2,142,700
Teaching and learning materials	19,902,795	31,466,380
Training	1,322,631	440,240
Travelling and accommodation	34,661,595	30,853,117
Gender mainstreaming		32,200
Guidance and Counselling		81,200
Total good and services	222,853,510	202,351,033

13. Employee Costs

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Salaries and wages	48,526,741	45,794,164
PAYE	2,606,802	2,572,248
NHIF	1,985,491	2,291,350
NSSF	7,886,770	7,234,638
Staff welfare	870,354	5,916,067
OTTI Sacco	9,031,594	5,114,306
HELB	394,084	461,848
ACK Diocese	47,432	207,480
Access Bank (Loan deductions)	4,209,167	7,308,544
NITA	18,600	-
Benevolent expenses	458,500	915,775
Pension	5,415,141	4,755,622
Housing levy	1,750,803	2,117,777
Employee Costs	83,201,479	84,689,819

14. Council Expenses

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Council Expenses	3,970,820	5,384,148
Total	3,970,820	5,384,148

15. Depreciation and Amortization expense

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Property, plant and equipment	43,973,186	49,419,796
Intangible assets	2,064,079	2,005,098
Total depreciation and amortization	46,037,265	51,424,895

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16. Repairs and Maintenance

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Property	29,337,152	9,266,849
Equipment and machinery	1,300,722	2,521,878
Motor Vehicles	5,316,157	2,824,619
Furniture and fittings	-	2,400,000
Computers and accessories	-	4,484,206
Total Repairs and Maintenance	35,954,031	21,497,552

17. Contracted Services

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Security services	3,205,928	3,993,940
Total contracted services	3,205,928	3,993,940

18. Loss/gain on biological asset

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Fair value arising from biological assets	(349,000)	-
Total Gain	(349,000)	-

This relates to financial loss due to death of farm animals

19. Cash and Cash Equivalents

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Current Account	20,873,829	18,364,452
Call Account	11,500,000	50,000,000
Cash at hand	866,090	195,145
Total Cash and Cash Equivalents	33,239,919	68,559,597

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

Financial Institution	Account number	30-Jun-25	30-Jun-24
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1114032425	13,590,695	4,358,665
National Bank of Kenya- Current	01021055648800	2,742,361	4,144,181
National Bank of Kenya- Project	01021056510300	907,843	7,917,178
National Bank of Kenya - Savings	01241055648800	474,746	483,386
Access bank plc	0110110000003	2,365,348	670,177
Access bank plc	0110230000821	728,561	728,201
Access bank plc- savings	0190200000164	64,275	62,664
Sub- Total		20,873,829	18,364,452
b) Fixed Deposits Account			
National Bank of Kenya	7717173441	11,500,000	50,000,000
Kenya Commercial Bank		-	-
Sub- Total		11,500,000	50,000,000
c) Cash			
Cash in Hand		866,090	195,145
Sub- Total		866,090	195,145
Grand Total		33,239,919	68,559,597

20. Receivables from Exchange transactions

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Current Receivables		
Fixed deposit Interest receivables		
Receivables from Mentoring Institute	2,800,000	2,800,000
Student Debtors	504,216,862	233,944,288
Total Current Receivables	507,016,862	236,744,288

20 (b) Ageing Analysis of Receivables from Exchange transactions

Description	30-Jun-25		30-Jun-24	
	Kshs	% of the total	Kshs	% of the total
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	354,911,034	70%	185,244,120	78%
Between 1- 2 years	60,842,023	12%	20,653,180	9%
Between 2-3 years	40,561,349	8%	18,399,461	7%
Over 3 years	50,702,456	10%	12,447,527	6%
Total (a+b)	507,016,862	100%	236,744,288	100%

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21. Receivables from Non-Exchange transactions

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Current Receivables		
Capitation Grants*	47,122,500	47,122,500
NYS Receivables	15,559,903	15,559,903
Less: Impairment Allowance	-	-
Total Current Receivables	62,682,403	62,682,403

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

Description	30-Jun-25		30-Jun-24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	7,627,500	14%
Between 1- 2 years	-	%	47,122,500	86%
Between 2-3 years	15,559,903	25%	-	-
Over 3 years	47,122,500	75%	-	-
Total	62,682,403	100%	54,750,000	100%

22. Inventories

Description	30-Jun-25	30-Jun-24
	Kshs	Kshs
Consumable stores	1,108,100	995,405
Maintenance stores	-	-
Health Unit stores	511,426	350,000
Electrical stores	348,500	337,000
Cleaning Materials stores	71,700	58,290
Catering stores	-	310,660
Total Inventories at lower of Cost and Net Realizable Value	2,039,726	2,051,355

Detailed disclosure on inventories

Description	30-Jun-25 Kshs	30-Jun-24 Kshs
Opening balance	2,051,355	-
Additional Inventory in the year	(11,629)	-
Closing balance	2,039,726	-

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23. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Library books	WIP	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
		5%	25%	12.50%	33.3%	12.50%	20%	0	
At 30th June 2024	370,000,000	533,983,334	24,907,500	24,417,615	28,208,209	21,547,630	11,428,181	66,131,685	1,080,624,154
Additions	-	-	775,227	-	2,073,610	2,746,000	-	78,970,474	84,565,311
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2025	370,000,000	533,983,334	25,682,727	24,417,615	30,281,819	24,293,630	11,428,181	145,102,159	1,165,189,465
	-	-	-	-	-	-	-	-	-
Depreciation And Impairment									-
At 1 July 2024	-	26,699,167	6,226,875	3,052,202	8,462,463	2,693,454	2,285,636	-	49,419,796
Depreciation	-	25,364,208	4,863,963	2,670,677	7,265,846	2,700,022	1,828,509	-	44,693,225
At 30th Jun 2025	-	52,063,375	11,090,838	5,722,879	15,728,308	5,393,476	4,114,145	-	94,113,021
Net Book Values									-
At 30th Jun 2024	370,000,000	507,284,167	18,680,625	21,365,413	19,745,746	18,854,176	9,142,545	66,131,685	1,031,204,358
At 30th Jun 2025	370,000,000	481,919,959	14,591,889	18,694,736	14,553,511	18,900,154	7,314,036	145,102,159	1,071,076,444

This relates to civil constructions ongoing in the Polytechnic

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Notes to the Financial Statements (Continued)

Valuation

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

32 (b) Property, Plant and Equipment at Cost

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

Description	Cost Kshs	Accumulated Depreciation Kshs	NBV Kshs
Land	370,000,000	-	370,000,000
Buildings	533,983,334	52,063,375	507,284,167
Plant And Machinery	24,293,630	5,393,476	18,900,154
Motor Vehicles including Motorcycles	25,682,727	11,090,838	14,591,889
Computers and Related Equipment	30,281,819	15,728,308	14,553,511
Office Equipment, Furniture, And Fittings	24,417,615	5,722,879	18,694,736
Library books	11,428,181	4,114,145	7,314,036
Total	856,103,972	50,237,950	805,866,022

24. Intangible Assets

Description	30-Jun-25	30-Jun-24
	Kshs 20%	Kshs 20%
Cost		
At beginning of the year	11,987,492	11,987,492
Additions	2,300,000	-
At end of the year	14,287,492	11,987,492
Additions—internal development	-	-
At end of the year	14,287,492	11,987,492
Amortization and impairment		
At beginning of the year	3,967,098	1,962,000
Amortization	2,064,079	2,005,098
At end of the year	6,031,177	3,967,098
Impairment loss	-	-
At end of the year	6,031,177	3,967,098
NBV	8,256,315	3,967,098

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25. Biological Assets

S.no	Names	Amount (Kshs)
1	Chepkorken	70,000
2	Lessos	40,000
3	Pretoria	60,000
4	Lolduga	70,000
5	Chelsey	30,000
6	Tasi	35,000
7	Messy	40,000
8	Pogba (Bull)	30,000
9	Basco (Bull)	35,000
10	lolduga (3)	30,000
11	Lekina (5)	65,000
12	Emdin	35,000
13	Kibabet	30,000
14	Lelkina	65,000
	TOTAL	635,000

26. Trade and Other Payables

Description	30-Jun-25		30-Jun-24	
	Kshs		Kshs	
Trade payables	76,603,670		24,079,797	
Payroll Liabilities	6,656,674		199,526	
KUCCPS	15,980,680		7,975,180	
TOTALS	99,241,024		32,254,503	
Ageing analysis:	30-Jun-25	% of the Total	30-Jun-24	% of the Total
Under one year	76,603,670	77%	24,079,797	75%
1-2 years	22,637,354	23%	8,174,706	25%
Total (to tie to totals above)	99,241,024	100%	32,254,503	100%

27. Refundable Deposits from Customers/Students

Description	30-Jun-25		30-Jun-24	
	Kshs		Kshs	
Retention monies	9,476,895		9,476,895	
Caution money	17,383,650		12,250,650	
Due to Elburgon TVC	15,000,000		-	
Total Deposits	41,860,545		21,727,545	
Ageing analysis:	30-Jun-25	% of the Total	30-Jun-24	% of the Total
Under one year	25,604,728	68%	9,476,895	44%
1-2 years	12,250,650	32%	12,250,650	56%
2-3 years	0	25%	0	18%
Over 3 years	0	8%	-	0%
Total (to tie to totals deposits above)	41,860,545	100%	21,727,545	100%

28. Employee Benefit Obligations

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

29. Cash generated from operations.

Surplus for the year before tax	30-Jun-25		30-Jun-24	
	Kshs		Kshs	
Adjusted for:	187,580,754		(10,102,326)	
Depreciation	46,757,303		51,424,895	
Working Capital Adjustments				
Decrease in Inventory	11,629		(67,255)	
Increase in current receivables	(288,664,149)		(54,449,770)	
Increase in payables	87,119,521		17,721,854	
Net Cash Flow from Operating Activities	32,805,058		4,527,398	

30. Financial Risk Management

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

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

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

(i) Credit risk

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

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

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

At 30 June 2024				
Receivables from exchange transactions	236,744,288	236,744,288	-	-
Receivables from non-exchange transactions	62,682,403	62,682,403	-	-
Bank balances	68,559,597	68,559,597	-	-
Total	367,986,288	367,986,288	-	-
At 30 June 2025				
Receivables from exchange transactions	507,016,862	507,016,862	-	-
Receivables from non-exchange transactions	62,682,403	62,682,403	-	-
Bank balances	33,239,919	33,239,919	-	-
Total	602,939,184	602,939,184	-	-

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

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

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's

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short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2024				
Trade Payables	32,254,503	-	-	32,254,503
Total	32,254,503	-	-	32,254,503
At 30 June 2025				
Trade Payables	99,241,024	-	-	99,241,024
Total	99,241,024	-	-	99,241,024

(iii) Market risk

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

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

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

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

iv) Capital Risk Management

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

Description	30-Jun-25	30-Jun-24
Retained Earnings	226,053,739	38,472,985
Capital Reserve	1,317,791,362	1,317,791,362
Total Funds	1,543,845,101	1,356,264,347
Total Borrowings		
Less: Cash and Bank Balances	33,239,919	68,559,597
Net Debt/(Excess Cash and Cash Equivalents)	-	-
Gearing	0%	0%

31. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Governing Council;

32. Events After The Reporting Period

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

33. Ultimate And Holding Entity

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

34. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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


Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/ERO/2023/2024-1-01-1064-60-OTTI/(02)	Unsupported biological asset balance	Used market values but working to get registered valuer.	Resolved	nil
OAG/ERO/2023/2024-1-01-1064-60-OTTI/(02)	Variance in Budgetary control and performance	Delay in government funds	Not resolved	FY 25/26
OAG/ERO/2023/2024-1-01-1064-60-OTTI/(02)	Non- compliance with law on ethnic composition	Working to narrow the gap in subsequent employments	Not resolved	FY 25/26
OAG/ERO/2023/2024-1-01-1064-60-OTTI/(02)	Delayed completion of the proposed dairy unit	Contractor to resume site.	Not resolved	FY 25/26

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue;

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(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.

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Name
Accounting Officer
(Enter title of Head of entity)
Date

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Appendix II: Projects Implemented by Ollessos National Polytechnic

Projects

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

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

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Proposed erection and completion of tuition and applied sciences block project	626,447,526.00	63,362,700	10%	800,000,000	626,447,526.00	GOK/AIA
2	Proposed Hospitality annex project	38,379,255.00	10,000,670	50%	40,000,000	38,379,255.00	GOK/AIA

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Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity **State Department of TVET**

Name of beneficiary entity **Ollessos National polytechnic**

Confirmation of amounts received by Ollessos National Polytechnic as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT25101MJDNQ	11/4/25	500,000			operational
BULK24264646P3	20/9/24	8,008,928.80			Scholarship
BULK24264B9FPX	20/9/24	5,381,838.90			Scholarship
BULK24264Z2QGC	20/9/24	35,435,478.60			Scholarship
BULK24264Y66871	20/9/24	94,064.60			Scholarship
BULK242640KLMC	20/9/24	18,409,000			capitation
BULK2426767R5X	23/9/24	9,870,064.10			Scholarship
BUL24267HBW32	23/9/24	14,316,000			Capitation
BULK2426867155	24/9/24	87,345,.70			Scholarship
BULK250458Z6PX	14/2/25	53,235,000			Capitation
FT25128863ODX	8/5/25		10,000,000		ONP
FT25128Y8XOX	8/5/25		15,000,000		ELBURGON TVC
		145,337,720.7	25,000,000	170,337,720.7	

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

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Head of Accounts Department - Beneficiary Entity:

Name Kipkorir Ngasura. Sign Ngasura Date.....

FINANCE OFFICER
THE OLLESSOS NATIONAL
POLYTECHNIC

Appendix IV: Reporting of Climate Relevant Expenditures

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

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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments