

REPUBLIC OF KENYA



REPORT DATE: 15 MAR 2023

DAY.

TABLED
BY:

Hon. Samuel Chapkongwa, MP

on behalf of Majority Leader

CLERK-AT
THE-TABLE:

Christine Ndlovu

OF

THE AUDITOR-GENERAL

ON

**OL' LESSOS TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OL'LESSOS TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2021

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

**OL'LESSOS TECHNICAL TRAINING INSTITUTE
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I. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

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

The Institute currently has over 5,000 students studying enrolled in various programmes such as Diplomas, Artisan, Craft and other flexible blended courses. It has increasingly become the centre of attraction to a large number of KCSE graduates seeking for necessary skills required in the job market. The impact of the Institute has been felt within Nandi County and beyond. The gradual growth over the last two years, has led to a witnessed positive socio-economic impact to the surrounding community.

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

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(b) Principal Activities

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

Vision

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

Mission

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

Core Values

- To Uphold Transparency, Accountability and Integrity.
- To observe time and timeliness in service delivery.
- To promote teamwork in pursuit of excellence.
- To embrace unity in diversity.
- To uphold equality, effectiveness and efficiency in service delivery.
- To encourage innovation, creativity and incubation.
- Encourage gender equity in student enrolment and staff establishment.
- To uphold spirituality.

STRATEGIC GOALS

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

QUALITY POLICY

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

(c) Key Management

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

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

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Dr. Rosebella Chukwu, PhD
2.	Deputy Principal Administration	Mrs. Patricia Tarus
3	Deputy Principal Academics	Mr. Patrick K Tororei
4	Registrar	Mrs. Hellen Biwott
5	Dean of Students	Mr. Ben Yego
6	Finance Officer	CPA. Violah Chelimo

(e) Fiduciary Oversight Arrangements

Finance & General Purposes Committee Activities

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

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

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

Audit Risk and Governance Committee Activities

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

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- (i) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic;
- (ii) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top;
- (iii) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud;
- (iv) Reviewing current and pending corporate governance related litigation or regulatory proceedings to which the institution is party;
- (v) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas;
- (vi) Ensuring the internal auditor's access to the audit committee, encouraging communication beyond scheduled committee meetings;
- (vii) Reviewing internal audit plans, reports and significant findings; and
- (viii) Establishing a direct reporting relationship with the external auditors.

Education, Research and Human Resource Committee Activities

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

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

Senior Management Activities

The main purpose of the senior management team is to:

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

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Specifically the Senior Management Team:

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

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KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(f) Institute Headquarters

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

Branch:

Kapsabet Town Campus

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

(g) Institute Contacts

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

(h) Institute 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 (Transnational Bank)

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

(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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II. THE COUNCIL/BOARD OF GOVERNORS

No	NAME POSITION AND PHOTO	QUALIFICATION
1.	 <p>Prof. Daniel K. Tarus Chairman D.O.B: 22nd April, 1974</p>	<p>PhD (Finance), MBA (Finance), BCom (Accounting), CPA (K), CPS (K) Prof. Tarus is a Professor of Finance at Moi University, Department of Accounting & Finance and acting Deputy Vice Chancellor in charge of Finance. He has held several administrative positions at the University including being a Director of Privately Sponsored Students' Programme. He has sound knowledge in Finance, Accounting and Management, having taught for more than 20 years in the University. He is currently the Chairman of the Audit Committee in the Ministry of Interior and Coordination of National Government and Member of the Audit Committee in the National Treasury & Planning. He sits in the Boards of other institutions.</p>
2.	 <p>Dr. Rosebella C. Chukwu, Ph.D Principal/ Secretary D.O.B: 11th November, 1966</p>	<p>Doctor of Philosophy in Disaster Management and Humanitarian Assistance from Masinde Muliro University of Science and Technology MBA Degree from European Business School Cambridge-England. Bachelor of Arts (BA) from Panjab University Chandigarh India.</p>
3.	 <p>Mr. Samwel Kiraka Member D.O.B: 26th July, 1968</p>	<p>Bsc. International Business Administration, Certified Public Accountant (Kenya) Certified Professional Mediator (USA) Mr. Kiraka has over 25 years' experience in the banking and financial services sector having worked with Equity Bank, Gulf African Bank, ABC Bank Group, Britam Insurance, UAP OLD Mutual Group and is the CEO of EGM Securities Ltd. He has served in the All Saints' Cathedral Diocese and Parish in various leadership positions over the last 18 years.</p>
4.	 <p>Bishop. Dr. Paul Korir Member D.O.B: 20th March, 1967</p>	<p>Doctor of Ministry (DMin), 2017 Asbury Theological Seminary, KY, USA. Master of Arts (MATS) in ASBURY Theological Seminary USA, Bachelor of Divinity - Limuru Campus, Dip.in Theology St. Paul School of Divinity Kapsabet. Bishop Korir is the leader of the Anglican Church of Kenya, Kapsabet Diocese</p>
5.	 <p>Mr. David Kiplagat Rono</p>	<p>Bachelor of Education Technology Moi University, 1989-1992 Mr. Rono has 22 years' experience in publishing. He has done several training in management hence providing him unlimited knowledge in management practices</p>

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	<p>Member D.O.B: 6th July, 1966</p>	
6.	 <p>Dr. Tereza Akinyi Okoth Ph.D Member D.O.B: 23rd April, 1977</p>	<p>Doctor of Education Degree in Curriculum Studies from the University of South Africa, Pretoria. Master's Degree in Teacher Education from the Aga Khan University, Institute of Education Development-East Africa in Dar es Salaam. Dr. Okoth is currently a lecturer at Masinde Muliro University of Science and Technology in the Department of Curriculum and Instructional Technology</p>
7.	 <p>Mr. Gichuru Mutulili Member County Tvet Director D.O.B: 3rd September, 1966</p>	<p>MBA in Management Information System, B.Ed. Arts Currently the Director TVET Uasin Gishu Nandi, and Elgeyo Marakwet Region. Has experience in Public service in Education ISQ training, Performance Management, Project Management, Financial Management, and Procurement Management.</p>
8.	 <p>Dr. Maryanne F. Ong'udi Member D.O.B: 7th December, 1992</p>	<p>Bachelor of Pharmacy (BPharm) - University of Nairobi. Certificate in Policy Formulation and Analysis in Healthcare - Coventry University. Dr. Ong'udi is a pharmacist, passionate about patient centered care and creating practical solutions to healthcare problems, to create access. She has a keen interest in leadership, mentorship, business, health policy and health system strengthening with a focus on augmenting Patient Centered Care outcomes.</p>
9.	 <p>Dr. Paul Kipng'etich Lagat Member D.O.B: 7th March, 1981</p>	<p>Bachelor of Medicine and Bachelor School of Medicine. Currently County Chief Officer Health- Medical Services, in the County Government of Nandi. Has worked as a Senior Medical Officer in private sector and government hospitals with vast experience in Accident and Emergency departments, critical care department-ICU/HDU including Medical evacuation via ground and air ambulance as well as Hospital management.</p>

III. CHAIRMAN'S STATEMENT

I take this opportunity to present the Annual Report and Financial Statements for the year ended 30th June, 2021 for this great Institute.

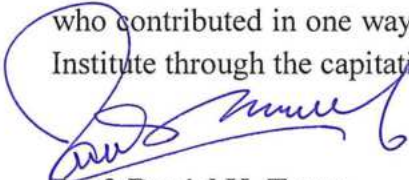
During the financial year ending June, 2021, the Institute remained focused on its mission to provide Technical and Vocational Education and Training and Research that promotes creativity, innovation and incubation to meet local, regional and global dynamic socio-economic and environmental challenges.

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

The Board of Governors was appointed at a time when the country and the world at large were under Covid-19 pandemic. The pandemic led to the disruptions of all academic activities at the Institute. Inauguration of the new board was done on 6th October, 2020 and capacity building and orientation of the Board members on 17th to 19th February, 2021 at the Institute. The Board and Management made various strides to ensure there's continuity in operations, including implementation of Ministry of Health protocols.

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

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



Prof. Daniel K. Tarus
Chairman Board of Governors

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IV.REPORT OF THE PRINCIPAL

I am delighted to present the Institute's results for the year ended 30th June, 2021.

During the year under review, the Institute remained on course in implementation of the 2017- 2022 Strategic plan guided by the determination to focus its attention on the improvement of training through intensified use of Information and Communication Technologies (ICTs) and adopting curricula which are responsive and sensitive to the market needs in a rapidly developing economy, by also improving the research capacity and developing collaborative linkages with Local, National and International Institutions with academic excellence. The purpose of these linkages is to initiate infrastructural facilities and programmes; and at the same time produce competitive graduates who will drive the Government's 'Big Four' agenda for sustainable development of the society.

During the year, the Institute put in place the necessary Internal Controls on resources to ensure that we meet the targets of revenue collection and cost control. The Institute's revenue increased by 10% (Kes.42, 826,820) from Kes. 262,725,994 in FY2019/2020 to Kes.293,299,333 The Institute had projected to receive Ksh.180, 000,000 with a projected enrolment of 6,000 students. However, Kes. 122,810,000 which was 32% of the target. This shortfall was due to the emergency of Covid 19 which interrupted the academic program for the year as the institute was closed for two quarters. Among the key achievements during the period were hospitality centre commissioned and the launching of Institute's instant hand sanitizer on 13th November, 2020.

Education, Training and Research:

In response to the implementation of the Competency Based Education and Training, the Institute managed to roll out seven (7) CBET Programmes which include:

- a) Masonry Level 4;
- b) ICT Technician Level 4;
- c) Automotive Technician Level 4;
- d) Electrical Installation Level 4;
- e) Beauty Therapy Level 4;
- f) Hair Dressing Level 4; and
- g) Food & Beverage (Culinary Arts) Level 4.

On Collaboration and linkages, the Institute is collaborating with the following institutions;

- (i) Nandi Hills Sub-County Hospital – The linkage period is five and relates to enhancement of training in Medical Laboratory, Health Records, Medical Engineering and Nutrition and Dietetics.
- (ii) Timnel Investments - The collaboration period runs for one year and covers Automotive and Mechanical Engineering courses.
- (iii) KALRO, Kericho: The collaboration period runs for two years and Research and Development, Trainees attachment and Trainers Skills Upgrading
- (iv) Colleges Institute Canada: The collaboration period runs for five years and Research and Innovation. Currently focusing on improved *jikos* and fortification of foods;
- (v) Hospitality Leaders Association (Nandi County Chapter): The collaboration period runs for two year and covers Hospitality courses.

On research, the Institute won an Applied Research Funded Project worth Ksh 6,775,645.00 by CICAN-SITVES. CICAN stands for Colleges Institutes Canada while SITVES stands for Supporting Innovation in the Technical and Vocational Education Sector. The research focus on development of Improved Household and Community Multipurpose Cooking Stoves/Jikos for industrial production and production of fortified food. It also deals with Food Fortification to address Food and Nutritional Security Gaps among special and vulnerable groups.

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The Institute recorded decreased enrolment during the year due to the disruption of the programs by the covid-19 pandemic. None the less it is worthy to note that enrolment of female trainees for SET courses increased.

Presidential Directives

Regarding the Presidential directives under performance contracting, the Institute achieved the following milestones:

- (i) On 1st May, 2018, H.E the president directed that training and continuous professional development and assessment of drivers be carried out at TVET institutions under the revised and updated Driving School Curriculum. On this directive, the Institute commenced Driving School Curriculum in the month of June 2021;
- (ii) On 7th June 2020 His Excellency the President directed the Ministry of Education to ensure Covid-19 preventive measures are put in place to enable reopening of higher learning institutions. The Institute began putting in place measures to enable reopening of institution by availing Face Masks •Physical distancing signage • Installing Hand wash water points • Producing sanitizers • Producing Hand wash gel •Procuring Thermo guns • Procuring Motorized Pumps;
- (iii) On sustaining Reforms in the Administration of National Examinations. His Excellency the President on 20th December 2017 directed the Ministry of Education and the Kenya National Examinations Council (KNEC) to sustain the reforms instituted in the administration of National Examinations in the recent years. The Institute endeavored to deliver credible exam results;
- (iv) On accelerated attainment of 10% National tree cover by 2022 as directed on 30th June 2016, H.E the President directed that 10% of CSR budget to be allocated for tree growing by all Ministries, Department and Agencies (MDAs) towards accelerated attainment of 10% national tree cover and the Institute managed to plant 200 Trees during the fiscal year; and
- (v) On Promotion of Locally Manufactured Textiles by Public Sector Employees, H.E. the president on 2nd July, 2019 directed that Public Sector Employees adopt the habit of wearing locally produced garments at least one occasion every week, preferably Fridays to promote locally manufactured textiles. The Institute procured 50 locally manufactured shirts which are worn by staff.

Conclusion

I take this opportunity to thank the Board, the Top Management and other organs of the Institute for their leadership and commitment to the course of this institution in the FY2020/2021 despite the notable challenges. I thank all our trainees who remained calm to ensure smooth running of the Institute's programs. My appreciation also goes out to the entire staff for their steady commitment that realized the progress recorded in the year ended 30th June, 2021. Finally, I particularly appreciate the support of the National Government and other stakeholders in fulfilling their commitments to our Institute and we assure you of our continued cooperation and prudent utilization of resources bestowed on us.

Thank you very much. God bless.

For **Dr. Rosebella C. Chukwu, PhD**
PRINCIPAL/SECRETARY TO BOG



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V. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Ol'lessos Technical Training Institute has nine strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY2017- FY2022. These strategic pillars are as follows:

PILLAR	THEME
<i>Pillar 1</i>	Infrastructure Development
<i>Pillar 2</i>	Technology and ICT Infrastructure
<i>Pillar 3</i>	Corporate Governance
<i>Pillar 4</i>	Collaboration and Linkages
<i>Pillar 5</i>	Resource Mobilization and Funding
<i>Pillar 6</i>	Human Resource Management
<i>Pillar 7</i>	Research, Innovation and Development
<i>Pillar 8</i>	Communication and Public Relations (Recognition)
<i>Pillar 9</i>	Access and Equity
<i>Pillar 10</i>	Competitive Edge

Ol'lessos Technical Training Institute develops its annual work plans based on the above nine pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2020/2021 period for its nine strategic pillars, as indicated in the diagram below:

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

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Pillar 3: RESEARCH AND DEVELOPMENT (R&D)	Institutionalize effective research and development	Research and development infrastructure	Develop mechanisms for R&D collaboration among TVET institutions. Promote the use of research results in technology development and transfer Develop R&D infrastructure.	To be implemented as per colleges and institutes Canada.
Pillar 4: COLLABORATION AND LINKAGES	Enhance collaboration and linkages	Development partners on board Mentorship	Establish collaborations and linkages Strengthen existing collaboration and linkages Establish benchmarks and joint cooperation networks with international TVET institutions	To be implemented as per colleges and institutes Canada.
Pillar 5: COMPETITIVENESS	Enhance competitiveness	Increased students' numbers	Strengthen existing competitiveness benchmarks Establish new competitiveness benchmarks	Student numbers have continued to increase
Pillar 6: INSTITUTIONAL GOVERNANCE	Improve institutional corporate governance Develop and Implement M&E Systems	Constant review of courses offered Improved result based management in the training system Improved budget accuracy level	Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS, Alcohol and drug abuse and health and safety, and environment) Embrace results based management in the training system Develop and implement M&E systems Fast track institutional expenditure review	New courses being offered Improved budget accuracy
Pillar 7: HUMAN RESOURCE	Harness Human resource	Increased number of staff to match the increasing number of students	Increase staff at PSC and BoG levels Develop competencies in staff	New BoG staff have been employed
	Improve and sustain relevance of skills		Ensure quality assurance and standards Promote innovativeness in ST&I 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 funding increase	New development partners	Increase GoK funding	There are development partners funding

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

VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance comprises rules, procedures, regulations and processes through which the Institute is directed. It involves balancing the interests of the Institute in order to achieve long-term strategic objectives of the Institute.

The roles and functions of the Board members are clearly defined and include giving the overall oversight of management and giving the strategic direction of the Institute. The Board members defines the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Board members develops short and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals. The Board members also spearheads the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board members provides oversight to the Institute's top management and has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively.

Ol'lessos Technical Training Institute Board members operates in compliance with the Mwongozo code that offers corporate governance framework for all state corporations. The members of Board have duly undergone training under this code.

The Board members prepares an annual almanac showing the schedule of meetings planned for each year. During the year, the Institute Board members held regular quarterly meetings, while special meetings were called when necessary.

The Board is headed by the Chairman and is composed of nine members inclusive of the Principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings.

The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

(a) The Institute's Performance

Revenue

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

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

During the year, revenue of Kes. 122,810,000 was expected from the national government as capitation, Kes 63,578,607 from the Ministry of Gender and Youth Affairs for NYS students, Kes. 98,541,823 from Tuition and other fees for rendering of services, Kes. 6,775,645 as research grant from CICAN and Kes. 1,493,258 from other incomes. . The Institute's revenue increased by 12% (Kes. 30,473,339) from Kes. 262,725,994 to Kes. 293,199,333. The increase was attributed to capitation for increased enrolment and the research grant.

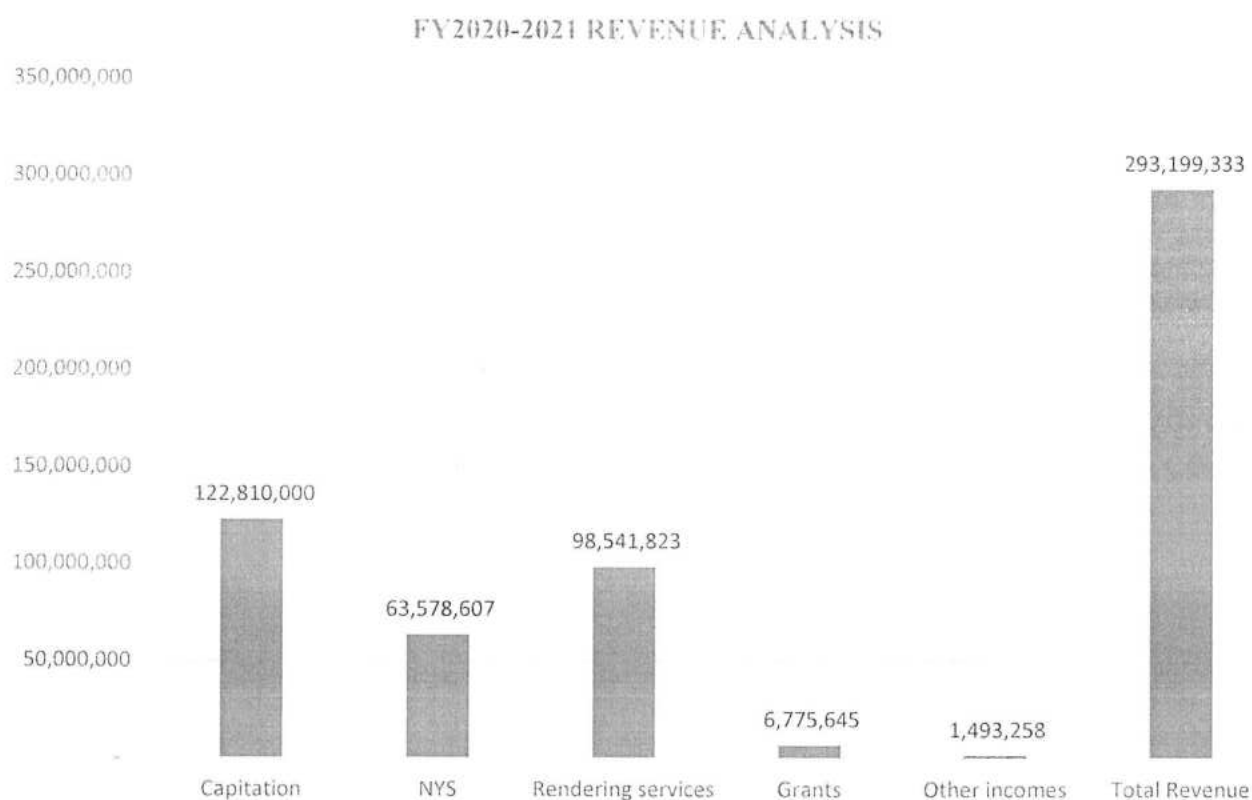


Fig. 1. The Institute's Revenue source for FY2020/2021

Expenditure

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

The overall expenditure for the period increased by 29% (Ksh. 66,360,107 to Ksh. 293,743,691 from Ksh. 227,383,585. The major repairs maintenance and improvement activities that were undertaken increased the expenditure by the recorded amount.

**OL'LESSOS TECHNICAL TRAINING INSTITUTE
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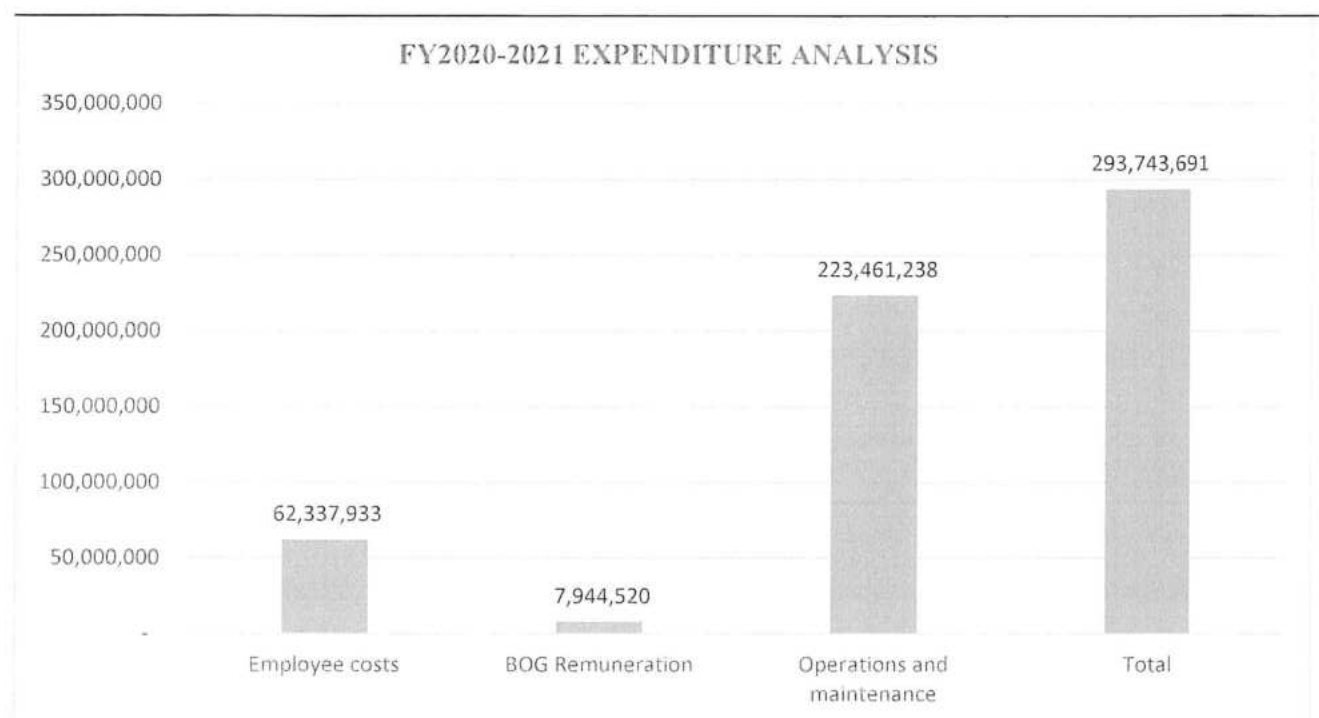


Fig. 2. The Institute's Expenditure Analysis for FY2020/2021

The variance was attributed to the major repair, maintenance and improvement works on the Institute's property that was done during the year. The major works included the following.

- ✓ Renovation of the Tuition Block (Re-roofing, re-ceiling, repainting, fixing of terrazzo floors and plumbing works)
- ✓ Renovation of the Administration Block (Re-roofing, re-ceiling, repainting, fixing of terrazzo floors and plumbing works)
- ✓ Renovation and Expansion of Ablution Block in the Tuition area
- ✓ Renovation of the Hostels (Re-roofing, re-ceiling, repainting, fixing of terrazzo floors and plumbing works)
- ✓ Renovation of the Dining Hall & Kitchen (Re-roofing, re-ceiling, repainting, fixing of terrazzo floors and plumbing works)
- ✓ Construction of Multi-Purpose Hall.
- ✓ Construction of Kitchen Store/Research Workshop
- ✓ Migration from the use of MIS system to ERP system that has such modules as Integrated Financial Management, Student Management, Procurement & Stores, Human Resource & Payroll, Examination and Asset Management.
- ✓ Paving of Walkways with Cabros

(b) The Institute's Compliance with Statutory Requirements

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

(c) Material Arrears in Statutory/Financial Obligations.

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

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

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

S/N O	PROJECT NAME	CONTRACTOR'S NAME	CONTRACT SUM	TOTAL PAYMENTS MADE	EVENTUAL COST OF PROJECTS	STATUS	COMPLE TION RATE	REMARK S
1.	Laying Of Cabbros And Drainages Phase Ii	Micoline Builders Ltd	5,331,235	5,331,235	5,331,235	Complete	100%	Project within Budget
2.	Laying Of Paving Blocks And Drainage Works Phase Iii	Micoline Builders Ltd	1,721,900	1,610,000	1,610,000	On Going	95%	Project within Budget
3.	Painting Works Phase Ii	Glowin Construction Company	1,515,000	1,515,000	1,515,000	Complete	100%	Project within Budget
4	Painting Works Phase Iii	Glowin Construction Company	5,567,184	5,567,184	5,567,184	Complete	100%	Project within Budget
5	Terrazzo Works Phase Ii	Best Modern Terrazzo	4,444,818	4,444,818	4,444,818	Complete	100%	Project within Budget
6	Terrazzo And Tiling Works Phase Iii	Best Modern Terrazzo	1,280,260	1,000,000	1,000,000	On Going	90%	Project within Budget
7	Re-Roofing Of Tuition Block	Okebe Contractors	765,000	765,000	765,000	Complete	100%	Project within Budget
8	Re-Roofing Of Hostel Block	Okebe Contractors	1,130,000	1,130,000	1,130,000	Complete	100%	Project within Budget
9	Removal And Fixing Of Ceiling Boards At Tuition Block And Hostels	Okebe Contractors	920,000	920,000	920,000	Complete	100%	Project within Budget
10	Kitchen Fire Wood Stores	Samagxs General Ltd	3,909,820	2,760,000	2,760,000	Ongoing	90%	Project within Budget
11	Hospitality Annex	Eldo – Rotsa Const. Co. Ltd.	122,227,574	None	Yet to be determined	Ongoing	10%	Project within Budget
12	Isms	Maair Consulting Limited	1,577,600	None	Yet to be determined	Ongoing	10%	Project within Budget
13	Perimeter Wall, Auto Garage, Main Gate And Associated Works.	Miliki Development Co. Ltd	58,351,581	None	yet to be determined	Ongoing	10%	Yet to be determined

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

S/N O	PROJECT NAME	JUSTIFICATION	SOURCE OF FUNDS	ACTION	PROPOSED BUDGET ESTIMATE
1.	Re – roofing, painting. Plumbing repairs, Terrazzo works on floors and ceiling replacement at Applied science block, students' residence blocks (3No) and staff residence block (1No)	Water leakage through the tiles damaging ceiling boards.	Internal	Proposal submitted to the Board Finance Committee	9,000,000.00
2.	Car Park shed	To avoid damage to parked institute and visitors' vehicles	Internal	Proposal submitted to the Board Finance Committee	800,000.00
3.	Farm store	Lack of storage facilities for farm operations.	Internal	Proposal submitted to the Finance committee	500,000.00
4.	Building and Civil Engineering Complex	Lack of enough workshops and classrooms	GoK	Proposal, Public participation held, NEMA certification	To be determined
5.	Mechanical Engineering Workshop Phase 2	More room required in the workshops and expected equipment form government	Internal	Phase 1 complete	5,000,000.00
6.	Equipment for Building and Civil Engineering workshops	Increase in student population in the department	Internal	Quotations sought form suppliers	5,000,000.00

(f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Interruption of the Institute's academic program by the COVID-19 pandemic	Offering online learning.
2	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
3	Delayed disbursement of sponsorship fee for NYS servicemen/women.	Making formal follow-ups including, writing letters and visiting the NYS Regional Offices
4	Infrastructure limitation due increased student population.	Constructed temporary lecture halls, writing and submitting proposals to the Ministry of Education for Development Grants and encouraging the locals to construct accommodation facilities for the trainees.

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

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

VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

Sustainability strategy and profile

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

Profit:

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

Social:

The institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment:

The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

Environmental performance

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

Employee welfare

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

We integrate the principles of social responsibility into our core mandate internally by exhibiting the 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 Institute by becoming involved in our local community.
Enhanced community	<ul style="list-style-type: none"> • Focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	<ul style="list-style-type: none"> • Promoting initiatives that support staff and their families, beyond the provision of employment. • Promoting initiatives that recognize the contribution of the students to the community.

Market place practices

Responsible Supply Chain and Supplier Relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

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

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

Corporate Social Responsibility / Community Engagements

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

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IX. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Ol'lessos Technical Training Institute affairs.

Principal activities

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

Results

The results of the institute for the year ended June 30, 2021 are set out on page one.

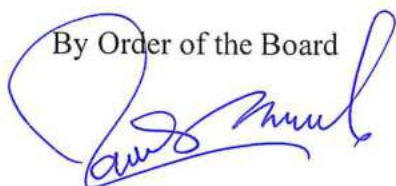
BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 8. During the year the Chairman, Eng. Absalom Kosgei retired and Prof. Daniel Tarus was appointed with effect from February 2021 to Chair the Board. During the same period Dr. Paul Lagat was appointed to replace Mr. Simion Kiplang'at who did not turn up for appointment.

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board









**Prof. Daniel K. Tarus
Chairman Board of Governors**

Date:

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X. MANAGEMENT TEAM

No.	Member of Management	Details
1.	 Dr. Rosebella C. Chukwu, PhD. Doctor of Philosophy in Disaster Management and Humanitarian Assistance, Masinde Muliro University of Science and Technology. MBA, European Business School Cambridge-England. Bachelor of Arts (BA), Panjab University Chandigarh India.	PRINCIPAL
2.	 Mrs. Patricia Tarus Master of Science (Animal Ecology) B.Ed. (Science)	DEPUTY PRINCIPAL IN – CHARGE OF ADMINISTRATION
3.	 Mr. Patrick Kipkemboi Tororei Master of Education (Technology Ed) B.Ed. (Technology Education)	DEPUTY PRINCIPAL IN – CHARGE OF ACADEMICS
4.	 Mrs. Hellen Chepkwony MSc - Kisii University, BeD.- Moi University	REGISTRAR
5.	 Mr. Ben K. Yego BeD. Arts, Moi University	DEAN OF STUDENTS
6.	 CPA. Violah Chelimo BCOM - Banking and Finance CPA-K - Member No.22812 HND - Human Resource Management	FINANCE OFFICER

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XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the Board members to prepare financial statements in respect of that institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year/period and the operating results of the institute for that year/period. The Board members are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board members are also responsible for safeguarding the assets of the institute.

The Board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013 – entities should quote applicable legislation as indicated under). The Board members are of the opinion that the institute's financial statements give a true and fair view of the state of institute's transactions during the financial year ended June 30, 2021, and of the institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The institute's financial statements were approved by the Board on **25th September, 2021** and signed on its behalf by:

Name Prof. Daniel K. Tams
Signature [Signature]

Chairperson of the Board

Name Wesley K. Teguh (Mr)
Signature [Signature]


Accounting Officer/Principal

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON OL' LESSOS TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ol' Lessos Technical Training Institute set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ol' Lessos Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.220,236,935 as disclosed in Note 18 to the financial statements. Examination of records provided revealed that the Institute operated eleven (11) bank accounts, three of which had nil balances. However, bank confirmation certificate and bank statements for one bank account with a nil balance held at Elburgon Technical Training Institute were not provided for audit. In addition, the Institute did not maintain a register of bank accounts.

In the circumstances, the accuracy, validity and completeness of the cash and cash equivalents could not be confirmed.

2. Lack of Ownership Documents and Valuation of Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.268,499,616 which includes motor vehicles balance of Kshs.14,340,375 as disclosed in Note 24 to the financial statements. The motor vehicles balance includes one (1) Motor Cycle whose logbook is not in the name of the Institute

Further, basis of the value of assets included in the property, plant and equipment was not provided and the Institute did not maintain an asset register.

In these circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.268,499,616 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 Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.440,741,632 and Kshs.293,199,333 respectively resulting to an under-funding of Kshs.147,542,299 or 33% of the budget. Similarly, the Institute expended Kshs.281,284,288 against an approved budget of Kshs.440,741,632 resulting to an under-expenditure of Kshs.159,457,344 or 36% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Law on Ethnic Composition

Review of the employee records revealed that the Institute had one hundred and ninety nine (199) employees, out of whom one hundred and eighty six (186) or 93% were from the same ethnic community. This was contrary to Section 7 of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2022

**OL'LESSOS TECHNICAL TRAINING INSTITUTE
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

		30-Jun-21	30-Jun-20
	Note		
Revenue from non-exchange transactions			
Total transfers from National Government Ministries	6 (a)	122,810,000	105,737,404
Total transfers from Ministries, Departments and Agencies	6 (b)	63,578,607	62,942,345
Transfers from Donors and development partners	7	6,775,645	-
Total revenue from non-exchange transactions		193,164,252	168,679,749
Revenue from exchange transactions			
Rendering of services	8	98,541,823	92,697,385
Sale of goods	9	199,439	211,620
Rental revenue from facilities and equipment	10	787,632	1,104,240
Other income	11	506,187	33,000
Total revenue from exchange transactions		100,035,081	94,046,245
Total revenue		293,199,333	262,725,994
Expenses			
Use of Goods and Services	12	133,192,376	170,948,121
Employee costs	13	62,337,933	37,793,854
Remuneration of Board of Governors	14	7,944,520	3,297,650
Depreciation and amortization expense	15	12,459,403	8,041,435
Repairs and maintenance	16	76,168,198	3,101,124
Grants and subsidies	17	1,552,660	4,201,401
Total expenses		293,655,091	227,383,585
Surplus for the Year		(455,758)	35,342,409

The notes set out on pages 6 to 26 form an integral part of the Annual Financial Statements.

**OL'LESSOS TECHNICAL TRAINING INSTITUTE
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

		30-Jun-21	30-Jun-20
ASSETS	Note		
Current assets			
Cash and cash equivalents	18	220,236,935	301,787,025
Receivables from exchange transactions	19	193,841,733	135,649,198
Receivables from non-exchange transactions	20	44,205,000	-
Inventories	21	2,456,300	4,416,260
Total Current Assets		460,739,969	441,852,483
Non-current assets			
Property ,plant and equipment	24	268,499,616	244,585,652
Intangible assets	25	9,810,000	-
Total non-current assets		278,309,616	244,585,652
TOTAL ASSETS		739,049,585	686,438,135
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	18,307,522	12,644,708
Trade and other payables from non-exchange transactions	23	49,477,871	2,073,478
Total current liabilities		67,785,393	14,718,186
Total liabilities		67,785,393	14,718,186
Net assets			
Reserves		636,377,540	636,377,540
Accumulated surplus		34,886,651	35,342,409
Total net assets		671,264,191	671,719,949
TOTAL NET ASSETS AND LIABILITIES		739,049,585	686,438,135

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:

Chairman of Board of Governors

Date

19 July 2022

Finance Officer

ICPAK No. 22812

Date

19/07/2022

Principal



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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Retained earnings	Capital fund/Reserves	Total
At July 1, 2020	35,342,409	636,377,540	671,719,949
Revaluation gain	-	-	-
Prior Year adjustments on assets	-	-	-
Total comprehensive income	(455,758)	-	(455,758)
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-
At June 30, 2021	34,886,651	636,377,540	671,264,191

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CASH FLOWS

		30-Jun-21	30-Jun-20
	Note		
Cash flows from operating activities			
Receipts			
Transfers from Government National government & other grants	6 (a)	122,810,000	105,737,404
Transfers from other government entities	6 (b)	63,578,607	62,942,345
Research grants	7	6,775,645	
Rendering of services- Fees from students	8	98,541,823	92,697,385
Sale of goods	9	199,439	211,620
Rental revenue from facilities and equipment	10	787,632	1,104,240
Other income	11	506,187	33,000
Total Receipts		293,199,333	262,725,994
Payments			
Use of Goods and Services	12	133,192,376	170,948,121
Employee costs	13	62,337,933	37,793,854
Remuneration of Board of Governors	14	7,944,520	3,297,650
Repairs and maintenance	16	76,168,198	3,101,124
Grants and subsidies	17	1,552,660	4,201,401
Total Payments		281,195,688	219,342,150
Net cash flows from operating activities		12,003,645	43,383,844
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(46,183,367)	(19,757,700)
Decrease in Inventory		1,959,960	(2,044,610)
Decrease in non-current receivables		(102,397,535)	174,552,731
Increase in payables		53,067,207	7,971,363
Net cash flows used in investing activities		(93,553,735)	159,994,784
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(81,550,090)	203,378,628
Cash and cash equivalents at 1 July 2020	19	301,787,024	98,408,397
Cash and cash equivalents at 30 June 2021	19	220,236,935	301,787,024

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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final Budget	Actual	Utilization difference	Change %	Explanation of material variances
	Shs	Shs	Shs	Shs	Shs		
Revenue							
Transfer from National government	180,000,000	-	180,000,000	122,810,000	57,190,000	32%	(a)
Transfers from other levels of Government	-	-	-	63,578,607	(63,578,607)	100%	(b)
Rendering of services and other incomes	260,741,632	-	260,741,632	100,035,081	160,706,551	62%	(c)
Research grants	-	-	-	6,775,645	(6,775,645)	100%	(d)
Total income	440,741,632		440,741,632	293,199,333			
Expenses							
Use of Goods and Services	299,616,561	-	299,616,561	134,833,636	164,782,925	55%	(e)
Personnel emoluments	61,376,640	-	61,376,640	62,337,933	(961,293)	-2%	
Remuneration to Board of Governors	5,833,200	-	5,833,200	7,944,520	(2,111,320)	-36%	(f)
Repairs and maintenance	73,915,231	-	73,915,231	76,168,198	(2,252,967)	-3%	
Total expenses	440,741,632	-	-	281,284,288	159,457,344		
Surplus (Deficit) for the quarter				11,915,045			

Explanation of material variance (Above 10%)

- a) The movement was due to reduced operations as the institute remained closed for quarter three and quarter four due to Covid-19 emergency.
- b) The movement is due to enrolment of NYS trainees that had not been factored in the budget.
- c) The movement was due to reduced operations as the institute remained closed for quarter three and quarter four due to Covid-19 emergency.
- d) The variance was due to the receipt of research grants which had not been budgeted for initially.
- e) The movement was due to reduced operations due to the effects of Covid -19 which led to the grounding of operations in the fourth quarter.
- f) The movement was due to the capacity building training and induction meetings of the new board members who were appointed during the year.

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ol'lessos Technical Training Institute is established by and derives its authority and accountability from Technical Vocational Education and Training Act, 2013. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies.

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.**

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <p>(There was no impact of the amendments to the financial statements of the Institute)</p>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an institute's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>(There was no impact of the amendments to the financial statements of the Institute)</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the institute's financial performance, financial position and cash flows. <p>(There was no impact of the amendments to the financial statements of the Institute)</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The Institute did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Board on July 2020. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the Institute affecting the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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 *(this policy did not affect the Institute during the year under review)*

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 27.5 years.

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

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

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impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a) Financial instruments** (this policy did not affect the Institute during the year under review)

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. Accumulated surpluses relates to surplus brought forward including the current year surplus. Capital reserves on the other hand relates to fixed assets granted by the government and other donor.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an institute pays fixed contributions into a separate institute (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) 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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) 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.

s) Comparative figures

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

t) 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, 2021.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

No provisions were raised. Management shall determine an estimate based on the information available. Additional disclosure of these estimates of provisions shall be included in the next reporting.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

		30-Jun-21	30-Jun-20
6 (a)	TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES		
	Government capitation	122,810,000	95,265,000
	Development grants	-	2,781,597
	Operation grant- Elburgon	-	1,000,000
	Development grants-Elburgon	-	6,690,807
	Total transfers from National Government Ministries	122,810,000	105,737,404
6 (b)	TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES		
	Ministry of Gender and Youth Affairs- NYS	63,578,607	62,942,345
	Total transfers from Ministries, Departments and Agencies	63,578,607	62,942,345
	This relates to revenue accrued from NYS sponsored trainees.		
7	GRANTS FROM DONORS AND DEVELOPMENT PARTNERS		
	Research grant	6,775,645	-
	Total grants from donors and development partners	6,775,645	-
8	RENDERING OF SERVICES		
	Tuition	11,775,365	17,827,257
	ICT	1,678,000	2,540,400
	Library	1,468,250	2,222,850
	Devt fund	4,195,000	6,351,000
	Personal Emoluments	18,558,680	28,096,824
	EW&C	2,517,000	3,810,600
	LT&T	4,195,000	6,351,000
	RMI	1,258,500	1,905,300
	Activity	2,517,000	3,810,600
	Student Union	1,258,500	1,905,300
	Attachment	4,195,000	6,351,000
	Insurance	541,155	819,279
	Medical	1,258,500	1,905,300
	Catering fees	358,459	854,075
	Boarding fees	7,332,000	7,692,000
	Registration fees	221,000	254,600
	Student ID	607,750	-
	Computer packages	36,000	-
	Examination fees	34,570,664	
	Total revenue from the rendering of services	98,541,823	92,697,385

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9	SALE OF GOODS		
	Sale of farm produce	199,439	211,620
	Total Sale of goods	199,439	211,620
10	HIRE OF FACILITIES AND EQUIPMENT		
	Hire of facilities	787,632	1,104,240
	Total rental revenue from facilities and equipment	787,632	1,104,240
	This relates to income from hire of school van		
11	OTHER INCOME		
	Sale of tenders	-	33,000
	Other income	506,187	-
	Total other incomes	506,187	33,000
	This relates to revenue from disposals of old newspapers		
12	Use of Goods and Services		
	Teaching and learning materials	6,329,071	-
	Industrial attachment costs	3,077,056	-
	Boarding equipment and stores	2,833,900	7,078,305
	Electricity	2,775,447	4,390,826
	Posters	283,350	-
	Security	8,925,871	-
	Professional and consultancy services	290,000	-
	Subscriptions	667,000	-
	Advertising & institute Publicity	1,572,216	1,416,510
	Examination fees	37,641,064	18,672,524
	Graduation expenses	-	1,982,340
	Research and innovation	5,462,473	3,509,032
	Performance contracting expenses	1,590,499	1,528,104
	Catering expenses	14,534,930	5,677,930
	Activity and sports	241,730	2,146,355
	Airtime	928,500	-
	Local Transport & Travelling	15,678,504	-
	Farm inputs	964,979	-
	Fuel, oil and lubricants	2,546,272	-
	Cleaning expenses	2,404,003	-
	Insurance	946,859	541,204
	Licenses and permits	27,000	-
	Postage	12,535	-
	Printing and stationery	3,337,753	-
	Hire of facilities	503,100	20,000
	Student council expenses	3,261,300	-
	Rent expenses	1,612,400	-
	Skills development levies	119,600	59,348,125

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	ICT and Internet expenses	1,694,250	910,720
	Training expenses	8,508,972	10,430,033
	Medical expenses	1,647,041	-
	Social contributions	3,000	-
	General expenses	2,771,700	53,296,114
	Total use of goods	133,192,376	170,948,121
13	EMPLOYEE COSTS		
	Salaries and Wages	59,983,365	37,793,854
	Employee related costs	891,214	-
	Gratuity	955,344	-
	Benevolent expenses	309,580	-
	Leave allowances	198,430	-
	Total employee costs	62,337,933	37,793,854
14	REMUNERATION OF BOARD OF GOVERNORS		
	Directors emoluments	7,944,520	3,297,650
	Total director emoluments	7,944,520	3,297,650
15	DEPRECIATION AND ARMOTIZATION EXPENSES		
	Property, plant and equipment	12,459,403	8,041,435
	Intangible assets	-	-
	Investment property carried at cost	-	-
	Total depreciation and amortization	12,459,403	8,041,435
16	REPAIRS AND MAINTENANCE		
	Property	73,349,994	1,984,314
	Equipment	393,244	170,950
	Motor vehicle	2,424,961	945,860
	Total repairs and maintenance	76,168,198	3,101,124
17	RELATED PARTY EXPENSES		
	Mentoring expenses- Elburgon	1,552,660	-
	Total grants and subsidies	1,552,660	4,201,401
18	CASH AND CASH EQUIVALENTS		
	Kenya Commercial Bank	18,915,362	35,145,678
	National Bank of Kenya- Current	161,077,723	220,473,672
	National Bank of Kenya- Project	7,847,984	7,852,184
	National Bank of Kenya - Savings	1,337,772	1,343,028
	National Bank	-	59,638
	Transnational Bank Ltd	3,000,128	1,409,294
	Transnational Bank Ltd	706,172	931,164
	Transnational Bank Ltd	24,143,999	3,076,356
	Transnational Bank Ltd	3,207,795	24,139,891
	Kenya Commercial Bank- Town Campus	-	33,379
	Equity Bank - Elburgon TVC	-	7,322,740
	Total cash and cash equivalents	220,236,935	301,787,025

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(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial Institution	Account number	2020-2021 KShs	2019-2020 KShs
a) Current account			
Kenya Commercial Bank	1114032425	18,915,362	35,145,678
National Bank of Kenya- Current a/c	01021055648800	161,077,723	220,473,672
National Bank of Kenya- Project a/c	0101056510300	7,847,984	7,852,184
National Bank of Kenya- Savings a/c	01241055648800	1,337,772	1,343,028
National bank		-	59,638
Transnational Bank ltd	91075001	3,000,128	1,409,294
Transnational Bank ltd	91075002	706,172	931,164
Transnational Bank ltd	91075003	24,143,999	3,076,356
Transnational Bank ltd	91075004	3,207,795	24,139,891
Kenya Commercial Bank-Town campus	1140235214	-	33,379
Equity Bank –Elburgon TVC	920265390871	-	7,322,740
Sub- total		220,236,935	301,787,025
b) On - call deposits			
Sub- total		0	0
c) Fixed deposits account			
Sub- total		0	0
d) Staff car loan/ mortgage			
Sub- total		0	0
e) Others(specify)			
Sub- total		0	0
Grand total		220,236,935	301,787,025

		30-Jun-21	30-Jun-20
19	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Student debtors	191,945,778	135,649,198
	Staff advances	1,895,955	-
	Total receivables from exchange transactions	193,841,733	135,649,198
20	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Current receivables		
	Receivables- Government Capitation	44,205,000	-
	Total receivables from non-exchange transaction	44,205,000	-

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21	INVENTORIES		
	Consumable stores	129,540	640,350
	Maintenance stores	1,853,670	1,271,400
	Health unit stores	75,000	700,250
	Electrical stores	205,200	850,000
	Cleaning materials stores	155,330	122,800
	Catering stores	37,560	831,460
	Total inventories at the lower of cost and net realizable value	2,456,300	4,416,260
22	Trade and other payables from exchange transactions		
	Trade payables	12,130,522	6,110,451
	Fees paid in advance	-	-
	Caution money	6,177,000	1,462,257
	Other refundable deposits	-	5,072,000
	Accruals		
	Total trade and other payables	18,307,522	12,644,708
23	Trade and other payables from non-exchange transactions		
	Ministry of Gender and Youth Affairs- NYS	49,477,870.99	2,073,478
	Total Trade and other payables from non-exchange transactions	49,477,870.99	2,073,478

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24. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital WIP	Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost									
At 1 July 2020	185,000,000	-	14,620,500	6,315,741	3,280,200	6,019,201	29,350,010	244,585,652	
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
At 30 th June 2021	185,000,000	-	14,620,500	6,315,741	3,280,200	6,019,201	29,350,010	244,585,652	
Additions	-	9,750,804	4,500,000	5,191,050	13,645,887	3,285,626	-	36,373,367	
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	29,350,010	-	-	-	-	- 29,350,010	-	-
At 30 th June 2021	185,000,000	39,100,814	19,120,500	11,506,791	16,926,087	9,304,827	-	280,959,019	
Depreciation and impairment									
At 1 July 2020	-	-	4,873,500	902,249	1,405,800	859,886	-	8,041,435	
Depreciation	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	4,873,500	902,249	1,405,800	859,886	-	8,041,435	
Depreciation	-	-	4,780,125	1,438,349	5,077,826	1,163,103	-	12,459,403	
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30 th June 2021	-	-	9,653,625	2,340,598	6,483,626	2,022,989	-	20,500,838	
Net book values									
At 30 th June 2021	185,000,000	39,100,814	14,340,375	10,068,442	11,848,261	8,141,724	-	268,499,616	
At 30 th June 2020	185,000,000	-	14,620,500	6,315,741	3,280,200	6,019,201	29,350,010	244,585,652	

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25. INTANGIBLE ASSETS

25	Description	2020-2021	2019-2020
		KShs	KShs
	Cost		
	At beginning of the year	-	-
	Additions	9,810,000	-
	At end of the year	9,810,000	-
	Additions—internal development	-	-
	At end of the year	9,810,000	-
	Amortization and impairment		
	At beginning of the year	-	-
	Amortization		-
	At end of the year	9,810,000	-
	Impairment loss	-	-
	At end of the year	9,810,000	-
	NBV	9,810,000	-

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Valuation –No valuation was done on the PPES during the year under review.

(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:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	185,000,000	0.00	185,000,000
Buildings	0.00	0.00	0.00
Plant and machinery	0.00	0.00	0.00
Motor vehicles, including motorcycles	0.00	0.00	0.00
Computers and related equipment	0.00	0.00	0.00
Office equipment, furniture, and fittings	0.00	0.00	0.00
Total	0.00	0.00	0.00

6. EVENTS AFTER THE REPORTING PERIOD

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

7. ULTIMATE AND HOLDING INSTITUTE

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

8. CURRENCY

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

**OL'LESSOS TECHNICAL TRAINING INSTITUTE
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1.1	Presentation of Financial Statements was not done correctly neither was it signed.	The report has also been properly formatted and correctly signed.	Resolved	
4.1.2	Comparison of the statement of financial performance and the statement of comparison of budget and actual amounts for the year ended 30 June 2019 revealed unexplained or unreconciled variances	Agreed with the observations. Adjustments and reconciliations have been done and changes have been effected in the amended financial statements and agrees with the provided schedules.	Resolved	
4.1.3	Comparison of the financial statements figures with supporting schedules revealed variances which were not reconciled or explained	Agreed with the observations. Adjustments and reconciliations have been done and changes have been effected in the amended financial statements and agrees with the provided schedules.	Resolved	
4.2	Rendering services-fees from students figure vary with supporting documents figure of Kshs.173,811,226 resulting to a variance of Kshs.21,099,331 which has not been explained or reconciled. Further, 452	Agreed with the observation. The student fees has been properly accrued and effected in the amended financial statements. We have also initiated a process of cleaning up the student debtors as some of the debts date back to 2009. This will help us arrive at the correct balances of student debtors.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	students as shown in Appendix I had not been invoiced.			
4.3	Expenditure on Skills Development Levies and training materials not supported with air tickets/vehicle work tickets/bus tickets, invitation letters, work tickets, event programs/timetables, air tickets, passports, boarding pass and attendance register and salaries and wages wrongly charged to Skills development levies and training materials	Observation well noted. The expenses have been properly charged and changes reflected in the amended statements. The travel and accommodation expense has been adequately supported as per provided schedules.	Resolved	
4.4.1	Expenditure on Examinations and Subscriptions; payment of facilitation fee was not approved and the signed list of beneficiaries was not availed for audit verification;	Staff facilitation during Knec examinations expense and token of appreciation have been fully supported as per the provided schedules.	Resolved	
4.4.2	Payment of token of appreciation money was not approved and supported by any documentary evidence including SRC circulars and other relevant correspondences;	Staff facilitation during Knec examinations expense and token of appreciation have been fully supported as per the provided schedules.	Resolved	
4.4.3	Supply of Tents, chairs and VIP Toilets during Graduation	The expenditure of Ksh.116, 000 has been properly charged to graduation expenses and	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Ceremony. The expenditure was not supported with procurement records including quotation, tender evaluation and award minutes, letter of award and a signed contract. Further, Ms Bochat Enterprises was not prequalified to supply such services. The expenditure of Ksh.116, 000 for Ms Bochat wrongly included in the examination and subscriptions of Kshs.18, 788,524.	effected in the amended financial statements. We can confirm that Ms Bochat Enterprises were in the list of prequalified suppliers in that period. However, there was an oversight in that the supplies were acquired by the ad hoc graduation committee which bypassed the procurement function. We have since put in mechanisms to avert such occurrences in the future and that going forward procurement function must be incorporated in such committees to ensure that public procurement regulations are followed.		
4.5.1	Irregular expenditure on training Available information indicate that the institute has no training committee and no training needs assessment was done to identify the training needs. The training expenses of Kshs.23,794,430 include boarding expenses of Kshs.4,588,305; graduation expenses of Kshs.1,866,340; ICT expenses of Kshs.910,720 and research expenses of Kshs.3,509,032 all totalling to	Due to the emergency of Covid-19 pandemic the management met and broadly discussed on the effects of the pandemic and way forward. Based on the assessment and need to continue operations in compliance with the MOH protocols, there was a need to train both the staff and trainees on issues related to Covid-19. The teaching staff were to be trained on the online alternative of rendering services to the trainees. Therefore the management established a committee that assessed the needs which brought about the training expense. The other expenses wrongly charged to training expenses have been properly to	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Kshs.10,874,397 which are not training expenses in nature.	boarding, graduation, ICT and research expenses and reflected in amended financial statements.		
4.5.2	Lease of hostels expenditure lacked procurement records such as advertisement, tender evaluation minutes, valuation reports, tender award, tender acceptance, land title deeds and contract/lease agreements were not availed for audit verification	The lease of hostels expenditure has been adequately supported by the provided procurement records. The leasing went through the normal process of procurement. The expense has been properly charged to boarding expenses.	Resolved	
4.6.1	Activity and sports expenses of Kshs.2, 146,355 whose payment vouchers were not availed for audit verification	The payment vouchers for activity and sports expenses are provided and properly supported.	Resolved	
4.6.2	Catering expenses expenditure of Kshs.5, 677,930 whose payment vouchers were not availed for audit verification.	The catering expenses supporting documents are provided.	Resolved	
4.6.3	Expenditure of Kshs.4,201,401 incurred on the construction of two storey twin workshop classrooms and offices at Kiptaragon Technical Training Institute in Kuresoi South, Nakuru County, an institute	The operational grants (expenses) relates to Kiptaragon Technical training institute which is an Institute that we are mentoring thus related to Ol'lessos Technical Training Institute. The expenditure has been charged accordingly.	Resolved	

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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)
	being mentored by Ol'Lessos Technical Training Institute. The expenditure is not related to the institute and is not properly charged.			
4.6.4	Expenditure of Kshs.16, 510,000 incurred on the purchase of two motor vehicles which is a capital expenditure not properly charged to other expenses. Further, procurement records such as tender advertisement, tender evaluation, award tender acceptance and inspection and acceptance reports were not availed for audit verification.	The purchase of the Motor vehicles has been properly charged to capital expense. The adjustment has been made and changes effected in the amended financial statements. The procurement records supporting the expenditure are provided.	Resolved	
4.6.5	Performance contract expenses of Kshs.1, 528, 103.65 payment vouchers were not availed for audit verification. Kshs.1,392, 153.40 relating to salaries for non-teaching staff for the month of May 2020 paid on 28th May 2020 through payment voucher number MA29250 vide cheque number	Payment vouchers PV3605, PV3604 and PV0495 have been provided to support the performance contract expenses. Performance contract expenses of Ksh.1, 392, 153.40 has been properly classified and charged to salaries expenses and changes reflected in the amended financial statements.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.7.1	002288 which is not a proper charge. Staff establishment of ninety-two (92) member of staff out of which 84 representing (91 %) as shown below of whom are from the same ethnic community which is contrary to the provisions of Section 7 (1) & (2) of the National Cohesion and Integration Act, 2008.	Agreed with the observation. The Board and management is in the process of having reviewing the Human Resource Policy to employ 30% of the staff to be non-locals. This can be confirmed in the next financial year audit on recruitment of staff of the institution.	Not Resolved	
4.7.2	17 members of staff were paid basic salaries below the basic minimum Monthly wages against the provisions of first schedule of the Regulation of Wages (General) (Amendment) Order, 2018 which provide that basic minimum monthly wages (Exclusive of Housing Allowance) is Kshs.13, 572.90	Observation agreed to and well noted. The board of governors and management have initiated a process of reviewing the salaries of the affected staff to comply with the law and is committed to ensuring that the Regulation of Wages (General) (Amendment) is adhered to at all times.		
4.7.3	Flouting of a Third Basic Rule on Payment of Salaries	Observation well noted. This was caused by a lapse of information flow between the HR and the accounts office. To this end the management has established an elaborate mechanism to ensure that The a	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.7.4	Casual employees engaged for a period of more than three months contrary to Section 37 and Section 35 (1) (c) of the Employment Act ,2007. Further, sixty eight employees were employed on contract terms renewable every term were paid Kshs.1, 036,704. However, were not renewed as stipulated in the terms of contract. The expenditure also include travel, motor car, accommodation, subsistence and other allowances of Kshs.666,391 which are not employee costs.	Third Rule is complied with and to avoid future occurrence of the same lapses. Observation well noted. However, we would like to bring to your attention that the Board of Governors had expired and the issues could not have been addressed until the board was in place. Upon the installation of the new board the issues of casual employees and contract employees will be addressed promptly. (This has since been addressed). The L.T&T reported under salaries has been correctly charged and effected in the amended financial statements.	Resolved	
4.8	Board of Governors invitation letters for meetings, attendance register, meeting minutes and schedule of meetings were not availed for audit verification. Appointment letters for 4 Members of board of Governors namely James Maina, Peter Wekesa, Michael	Observation noted. We would like to confirm that a file is provided containing invitation letters for meetings, attendance register, board meetings and schedule of board meeting. The appointment letters of the mentioned board members are also provided.	Resolved	

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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)
	Rugut, and Florence Akumu were also not availed for Audit verification. Further, approved rates of board allowances and payment vouchers in support of Ksh.426, 150 expenditure on remuneration of directors were not availed for audit verification			
4.9.1	Undisclosed Bank Accounts: two bank accounts numbers 01129593928000 and 901434001 held in Cooperative bank and Trans National banks respectively whose bank balances were not disclosed or included in the list of bank accounts presented for audit. Further, a detailed breakdown of each bank account/cash book and the balances making up the cash and cash equivalent was not disclosed in note 16 to the financial statements.	The bank balances have been disclosed in the amended financials and adequately supported.	Resolved	
4.9.2	No document including the board of survey report and appointment letters for the	There was no active board at the end of the financial year, however, management has	Resolved	

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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)
	members was availed to support the cash balance of Kshs.312,459.	committed to conduct board of survey in the subsequent financial years.		
4.9.3	Unsupported bank balances	The balances have been supported.	Resolved	
4.9.4	Non-Disclosure of Un-Surrendered Imprests. No documentary evidence was availed to show that the management had attempted or initiated the process of recovering the long outstanding imprests as required in law	Management has implemented an imprest system on the new ERR to track all the imprest. Demand letters were issued to recover the outstanding imprest and the imprest policy clause has been included in the financial management policy.	Resolved	
4.9.5	Variances between the Financial Statements and the Supporting Schedules	The variances have been reconciled and reflected in the amended financial statements.	Resolved	
4.9.6	Failure to avail list of all un-presented cheques for all bank accounts operated by the entity for audit verification	We acknowledge that there were gaps in terms of bank reconciliations but they have since been addressed and going forward bank reconciliations will be done monthly.	Resolved	
4.9.7	Lack of Maintaining a Petty Cashbook	We acknowledge that petty cash was not been maintained at the time of audit. Program expenditures were incurred as per need only. The observation has been acted upon accordingly.	Resolved	
4.9.7	Direct Expensing of Imprests instead of issuing it inform of an imprest which can be	We have put in mechanisms as outlined in the finance manual and procedures to manage imprest.	Resolved	

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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)
	surrendered after the funds have been used			
4.10	Aging analysis of the debtors was not availed for audit verification. Some he debts dates back in the year 2009. Further, there is no policy on provision for doubtful debts.	Observation is well noted. We have passed journal entries to correct the mis-posting of staff advances to student debtors. Further the management has initiated a process of cleaning the student debtor's balances.	Resolved	
4.11	Stock records such store ledgers, bin cards, stock taking instructions, stock taking sheets or any documentary evidence in support of stock taking were not availed for audit verification. Further, the inventories valuation policy not disclosed in the financial statements.	Observation noted. However we would like to confirm that the stock records were in place at the time of audit and the auditors might have missed them out. The inventory valuation policy as disclosed in the financial statement (note 21) is the lower of the net realizable value and cost as required by IPSAS.	Resolved	
4.12.1	5 motor vehicles were not owned by the college since the logbooks had not been transferred.	The process of having the log books transferred to the institution is in progress.	Not Resolved	
4.12.2	Financial statements reflects nil value for land as at 30 June 2020. However, available information indicates that the college sits on 17 Hectares land and no register for land owned	The 185,000,000 was the value of land which was wrongly charged to buildings. We have passed necessary entries to correct that as shown in the amended financial statements. The existing buildings have not been valued and therefore they are not included in the	Ongoing	August 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	by the college was availed for audit verification. Further, note 19 to the financial statements reflects value for buildings of Kshs.185, 000,000 as at 30 June 2020. However, the valuation report for the buildings were not availed for audit verification.	financials. However the management is in the process of doing asset valuation which help in ascertain the value of the institute's assets.		
4.12.3	Issuing completion certificate and handing over certificate for works that had not been completed.	There were oversight lapses at the time of issuing the completion certificate and handing over of the certificate, the board was not inexistence as it had expired. The new board has the taken up the issue and it's considering ratifying the works done at the Hospitality Centre.		
4.13	Fees paid in advance of Kshs.983, 882 as reflected in note 20 to the financial statements where the creditors ledgers, list of creditors and aging analysis in support of fees paid in advance were not provided for audit verification.	The fees paid in advance figure was a posted in error and correct journal entries have been made to correct the error as shown in the amended financial statements.	Resolved	
4.14	Lack of Risk Management Policy	The management has initiated the process of preparing the Risk management Policy which shall be finalized and approved in the FY 2021/2022.	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.15	Lack of IT Strategic plan and back-up data in an off-site location.	The management has since initiated the process of establishing an IT Strategic plan and back-up in an offsite location. The proposal has already been presented for budgeting purposes.	Not Resolved	
4.16	Lack of Independent Internal Audit Function	The process of recruiting an internal auditor was in place before the last board expired but ensuring that the process is completed is was our top priority once the new board is installed. The process has since been completed and a full internal audit function is in place.	Resolved	
4.17	Lack of an Audit committee	The Audit committee was not in place in the time of this audit since the board had expired and appointment of the new board took long than expected.	Resolved	

Accounting Officer

Wesley K Yegon (Mr)

PRINCIPAL/BOG SECRETARY

PRINCIPAL
Signature: _____
OL'LESSOS TECHNICAL TRAINING INSTITUTE
Date: 18/08/2021
P. Box 210-30302, LESSOS
Date: _____

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Status of Projects completion

(Summarise the status of project completion at the end of year, ie total costs incurred, stage which the project is etc)

S/NO	PROJECT NAME	Total project Cost	Total expended to date	Completion % to date	Source of funds
1.	Laying of Cabros and Drainages Phase II	5,331,235	5,331,235	100%	Internal sources
2.	Laying Of Paving Blocks and Drainage Works Phase III	1,721,900	1,610,000	95%	Internal sources
3.	Painting Works Phase III	1,515,000	1,515,000	100%	Internal sources
4	Painting Works Phase III	5,567,184	5,567,184	100%	Internal sources
5	Terrazzo Works Phase III	4,444,818	4,444,818	100%	Internal sources
6	Terrazzo And Tiling Works Phase III	1,280,260	1,000,000	90%	Internal sources
7	Re-Roofing of Tuition Block	765,000	765,000	100%	Internal sources
8	Re-Roofing of Hostel Block	1,130,000	1,130,000	100%	Internal sources
9	Removal And Fixing of Ceiling Boards at Tuition Block and Hostels	920,000	920,000	100%	Internal sources
10	Kitchen Fire Wood Stores	3,909,820	2,760,000	90%	Internal sources
11	Hospitality Annex	122,227,574	None	10%	Internal sources
12	Isms	1,577,600	None	10%	Internal sources
13	Perimeter Wall, Auto Garage, Main Gate and Associated Works.	58,351,581	None	10%	Internal sources

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education - CAPITATION	0.00	CAPITATION	110,360,000	78,105,000	0.00	0.00	32,255,000	0.00	110,360,000
NGO	0.00	Student fees sponsorship	78,500	78,500	0.00	0.00	0.00	0.00	78,500
NYS	0.00	Servicemen/women fees sponsorship	110,983,000	110,983,000	0.00	0.00	0.00	0.00	110,983,000
NGCDF	0.00	Student fees sponsorship	9,438,750	9,438,750	0.00	0.00	0.00	0.00	9,438,750
HELB		Student Loans	45,313,400	45,313,400	0.00	0.00	0.00	0.00	45,313,400
Total			276,173,650	243,918,650	0.00	0.00	32,255,000	0.00	276,173,650

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