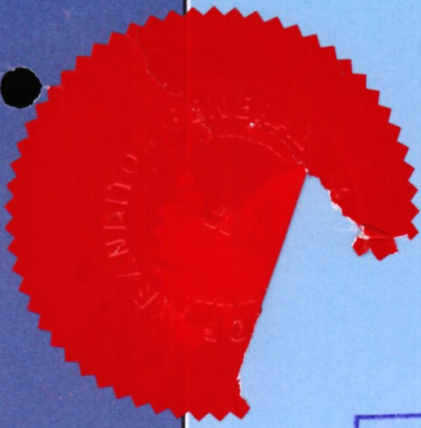
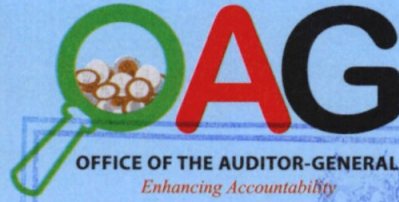


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL <i>Enhancing Accountability</i>	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 MAR 2026	DAY: TUESDAY
TABLED BY:	Hon. Naomi Wago, MP Deputy Majority Whip
CLERK-AT-THE-TABLE:	Indo Atabo

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**OROGARE TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2025**



Orotare Technical and Vocational College)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

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

Orogare Tehnical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical and Vocational College

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Orogare TVC Information and Management

(a) Background information

The Orogare Vocational College was Established under the TVET Act, 2013 section 20(I) on 28/01/2021. The College is domiciled in Kenya, Kisii County, Bobasi constituency and Nyamache sub-county and has no branch in any part of the country for now. The College is under the ministry of Education in the state department of vocational and technical training.

The College offers Diploma in civil Engineering, Building Technology, Electrical Engineering, Fashion and Clothing Technology, Mechanical Engineering, Secretarial Studies, Automotive engineering and Business Management. Craft-Certificate Courses: Building Technology, Carpentry, Electrical and Electronics, ICT, Fashion design and Garment making, Library science, Automotive engineering and Human Resource management. It also offers Artisan Courses in: Masonry, Plumbing, Carpentry, Electrical, Motor vehicle Mechanics, Garment making, Hair dressing and beauty therapy, Automotive engineering and Food and Beverages. Currently the College owns 8 acres of land, where it sits on with a one storey building that is used for both administration and training. The building was constructed by the Kenyan government through the ministry of Education in the plans of initiating vocational Colleges in every constituency as a way of promoting technical education in Kenya.

The day-to-day running of the College is the responsibility of the top management team lead by the principal. There are 36 members of the teaching staff and 12 non-teaching staff to enhance its operations. The College has a student population of 1044 students who are using three workshops available, one computer lab for ICT and Jitume Computer lab that has not been fully equipped. The annual budget for this financial year 2024/2025 is ksh. 45,256,500 with its main financiers being the Government of Kenya through the ministry of Education (capitation, scholarship and grants) and the fees paid by the students. The College's strategic plan, procurement plan, Human resource policy, Academic policy and risk management policy and the annual operations policy are the key factors that enable the College run smoothly its day-to-day operations though not fully implemented. The College also relies heavily on the Kenya constitution, TVET Act of 2013, PFM Act, Mwongozo for its operations.

(b) **Principal Activities**

The principal activity of the College is provision of quality technical skills, knowledge, research and innovation. Increase the enrolment of the students and provide a conducive environment for learning and training.

Vision: To be a centre of excellence in provision of quality technical skills, knowledge, research and innovation.

Mission: To offer demand driven courses to mitigate on challenges of a dynamic society.

(c) **Key Management**

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

- Board of Governors/ Council/ Management etc.
- Accounting officer/ Principal
- Management...;

(d) **Fiduciary Management**

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

SN.	Designation	Name
1.	Principal	Mr. Robinson Kambi
2.	Deputy principal	Md. Jane Obiria- Administration
3.	Deputy principal	Md. Gladys Mutai- Academic
4.	Registrar	Mr. Shadrack Kibet
5.	Dean of students	Mrs. Ann Iyoga
6.	Finance	CPA Millicent Nganga
7.	Procurement	Mr. Micah Mogaka Moranga

Key Orogare TVC Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

(Audit, Finance, Audit & General Purposes committee activities)

The Committee exercises all the powers of BOG in financial matters except in relation to the items which are reserved to BOG in these Standing Orders, on which the Committee shall advise BOG. Terms of Reference The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- To implement and monitor the proposed projects.
- To receive reports from the Principal and the Finance Officer.
- To monitor implementation of the objectives of the Institute.
- To monitor and facilitate the day-to day running of the institute
- To ensure proper safeguarding of the Institute's assets.
- To ensure the proper financial evaluation and control of projects.
- To make recommendations to BOG on the projects to be commenced on order of priority

Management Oversight activities

The Top management is responsible in carrying out the following activities

- Ensure that the learning activities are carried out promptly by providing learning materials
- Formulate policies and procedures that govern the operations of the institute
- Formulate financial policies and controls in management of the institute's finances
- Ensure the working environment is conducive to both the staff and the students
- Present to the BOG the proposed projects for the current financial year in order of priority.

Government oversight activities

The Government of Kenya has its oversight duties which include; provision of funds for development and operations through capitation, scholarship and grants, as well as supervision and regulatory framework that is done through the Office of the Auditor general.

(f) Orogare TVC Headquarters

PO Box 356-402024
Ogembo
Kisii-Kilgoris highway

(g) Orogare TVC Contacts

Telephone: (254)791964600
Email: orogaretv@gmail.com
Website: www.orogaretechnical.ac.ke

(h) Orogare TVC Bankers

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

Kenya Commercial of Kenya
Keroka Branch
P.O Box 394
Keroka, Kenya

(i) Independent Auditors


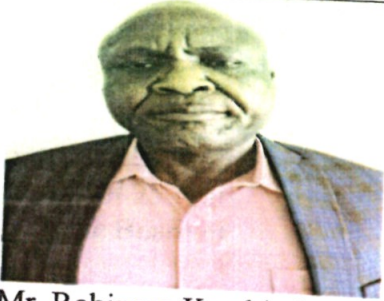



Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

Key Orogare TVC Information and Management (Continued)






(j) Principal Legal Adviser

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





3.The Board of Governors

No.	Member/ Director	Details
1.	 Mr. Jared Otieno - Chairperson	Qualification: MED (Masters degree in Education). Years of Experience: Over 25 Years . He is the Chairperson of the Board of Governors.
2.	 Mr. Robinson Kambi- Secretary of the Board	Qualification: Masters in Commerce Years of Experience: Over 25 years He is the Secretary of the Board of Governors
3.	 Madam Mary Buyaki Matini- member	Qualification: MA (Educational administration planning and Curriculum development. Years of Experience. Over 30 years She is a member of the Audit and Risk Committee
4.	 Madam Gladys Onkundi- Member	Qualification: MBA(Accounting option) and member of the ICPAK.(CPA K) Years of Experience: over 10 years She is the Chairperson of the Audit and Risk Committee
5.	 Mr. Peter Kipkurui Tonui- Member	Qualification: BSC(Mechanical Engineering) Years of Experience: over 17 years A member of the Education, training and Human Resource Development Committee.




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6.	 Mrs. Julie Nyanchama Nyamao - Member	Qualification: PHD – C(Clinical Research) Years of Experience: over 22 years She is the Chairperson of the Education, training and Human Resource Development Committee.
7.	 DR. John Osoro	Qualifications: PHD Holder Years of experience : Over 25 years He is the Regional County Director of Education; he attends all the committee meetings.
8.	 Mrs. Caren Orori- Representative of the county	Qualification: MED (Masters degree in Education). Years of Experience: Over 27 Years She is a member in the finance committee
9.	 Mr. Otieno Benigno Were	Qualification: Masters in Law Years of Experience: over 12 years He is member in the Audit and Risk committee.
10.	 Mr. Simon Ukokhe Egesa	Qualification: PHD – (Human Resource Management) Years of Experience: over 4 years He is the chairperson in the finance committee.

Key Management Team

No.	Member/ Director	Details
1.	 Mr. Robinson Kambi –Principal/Secretary of the BoG	<p><u>RESPONSIBILITY</u> Principal /Secretary to BOG</p> <p>Qualifications: Masters in commerce</p>
2.	 Mrs. Jane Obiria – Deputy Principal Administration	<p><u>RESPONSIBILITY</u> Deputy Principal-Administration</p> <p>Qualifications: Bachelors in Education- Communication skills.</p>
3.	 Mrs. Gladys Mutai – Deputy Principal- Academic	<p><u>RESPONSIBILITY</u> AG. Deputy Principal -Academic</p> <p>Qualifications: Bachelors in Clothing Textile and Interior Design.</p>
4.	 Mr. Shadrack Kibet – AG Registrar	<p><u>RESPONSIBILITY</u> AG. Registrar</p> <p>Qualifications: Bachelors in Civil Engineering</p>

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5.	 <p>Mrs. Ann Iyoga – AG. Dean</p>	<p><u>RESPONSIBILITY</u> AG. Dean</p> <p>Qualifications: Masters in IT Management</p>
6.	 <p>CPA Millicent Nganga</p>	<p><u>RESPONSIBILITY</u> Finance Officer</p> <p>Qualifications: Bachelor of Business management(Finance and Banking), CPA (K) and a Member of ICPAK</p>
7.	 <p>Mr. Micah Morang'a</p>	<p><u>RESPONSIBILITY</u> Procurement Officer</p> <p><u>Qualifications:</u> Diploma in Procurement</p>

4. Chairman's Statement

It's my greatest pleasure to present to you the financial statements of the year 2024-2025. Through the year, and despite the economic, financial and political challenges, we must thank God for the growth we have achieved in the Orogare TVC. We are in the roadmap of ensuring that we be a centre of excellence in provision of quality technical skills, knowledge, research and innovation.

At the end of the last financial year, we managed to develop the Orogare strategic plan running from 2022-2027, Finance policy, Risk management policy, Human resource policy, that will lead us all through and help us achieve our Vision and Mission.

The College managed to enrol 562 more students through marketing and we are planning for more marketing in various platforms so that we increase the numbers. Most of the students are not able to raise school fees due to poor economic standards, therefore leading to financial constraints.

Through the year, the BOG and the Management had proposed projects; Construction of the cabros, Construction of the additional lavalatories for ladies, construction of the classrooms to cater for the increase of students. As at the end of the financial year, most of the projects were underway.

I want to thank the Government of Kenya through the ministry of Education for the continued financial support through capitation, Scholarship and giving guidelines which are leading us. I would also want to appreciate the BOG of Orogare TVC, Management, staff, students and all stakeholders for the cooperation shown through the year

5. Report of the Principal

It's with great pleasure that I present to you the annual financial statements for the 2024-2025 financial year.

The institute had set targets in terms of projects of which others have been completed, others are underway and the rest have not been commenced. The completed ones are;

Marketing of the institute - The target number of new students was 100 but after the marketing, we were able to enrol 632 students.

Construction of ladies lavalatories – The College student enrolment has increased therefore, for better hygiene, the lavalatories were constructed to cater for the increased number

Construction of cabros and classrooms – Due to the increased number of students, the classrooms are necessary to cater for the increased numbers, therefore the college started constructing class rooms which are in progress

The collage is young and there are financial constraints that are really hindering the completion of the proposed projects. These projects are;

Making of more desks for the students

- Construction of the cabros from the College administration block to towards the gate
- Construction of more lecture halls and administration block
- Construction of the College library and pack it up with learning resources.
- Since the institute is young, it is facing quite a number of challenges but, the BOG, management and the students are working together as a team to overcome the challenges and grow all rounds. Some of the challenges are:

Financial constraints - we entirely rely on government capitation, grants and school fees paid by students as our main source of funding to our annual budget. Recently there has been a tremendous increase in the living standards, therefore the students are dealing with the basic needs and are not able to fully raise the school fees. The Government on the other hand scrapped the grants that it was giving and sometimes fail to give capitation leading to struggles to run the school by the BOG and management.

Insufficient infrastructure - To the location of the College, the infrastructure is very poor. Sometimes accessing the school becomes difficult especially during the rainy season. We hope that if these roads are constructed well then accessibility to the school will be easier thus leading to the increase in the enrolment of students.

Low Enrolment of students- the collage is new, even with marketing some people still don't know that it exists, some have not built confidence on it because it's still new, thus leading to the low enrolment numbers. But we hope that with the positive indicators of the surrounding wanting to know more about the College, we anticipate having more students in the future.

Inadequate Trainers and Workshop – The current trainers are not enough to complete the training of students. The Government has deployed few teachers therefore straining them. Due to the financial constraints, the trainers are not able to attend workshops for further training. In collaboration with the BOG, Management and other stakeholders, we belief that going forward, we will grow in terms of development, students' enrolment and staff welfare so that Orogare TVC becomes a centre of excellence in provision of quality technical skills, knowledge, research and innovation.

6. Statement of Performance against Predetermined Objectives

OROGARE TVC has 4 strategic pillars and objectives within current Strategic Plan for the FY2021/2022- FY 2026/2027. These strategic pillars are as follows:

- Pillar 1: Quality training for sustainable development
- Pillar 2: Physical Infrastructure Development
- Pillar 3: Institutional capacity
- Pillar 4: Collaboration and partnerships

OROGARE TVC develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The OROGARE TVC achieved its performance targets set for the FY 2024/2025 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Quality training for sustainable development	To be able to improve quality of training in the institute	Competence of trainers. Syllabus completion rate. Retention and application of the skill by the learners. Performance rate of the students	Training Instructing Demonstration through conducting more practical lessons Administering of continuous assessment tests to the students.	They are ongoing activities that are achieved progressively.
		To enhance skills development and competency	Average students class attendance rate. Students retention rate Average daily attendance of rate students Modules	Demonstration by trainers, Mentorship programmes. Instructing by the trainers Knowledge retention rate by the students	Ongoing g well

			performance rate of students		
		To enhance corporate image	Student success rate Staff retention rate Financial performance rate Institutes' policies and procedures on procurement and finance	Comprehensive website and other social platform. Healthy and competitive marketing Proper communication Fair and inclusive employment policies and procedures Publicity of the financial statements	Ongoing
		To increase student enrolment in competitive courses	Students attendance rate Tuition cost Number of students enrolment per number of application Classroom utilization rate	Participation in TVET Fair, exhibitions, Sports. Introducing new courses Competitive marketing	Participated in most of them
Pillar 2	Physical Infrastructure Development	To upgrade the College's facilities and	Conducive working relations in the	Have more workshops for	ongoing

Orogare Tehnical and Vocational College

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		infrastructure	College Construction work in progress Grants and donations	practical learning Improve on the existing and construct facilities Purchase more equipment for leaning	
		To sustain conducive working environment	Enforcing employment Act requirements Low staff turnover High class attendance rates High numbers in enrolment	Develop and review terms and conditions of service Replenishment of the staff and students welfare resources	In progress
		To improve gender and disability compliance	The male to female ratio in the College.	Observe the 2/3 gender rule Apply inclusivity rule Not to be bias when employing and enrolling of students	Implemented
Pillar: 3	Institutional capacity	To improve institutional operations processes	no of seminars and workshop attended in the year no of LPOs issued in the year	Train on LMS Train oversight roles Up-grading institutional operations	In progress
		To develop and		Develop, formulate implement	

		implement critical institutional policies for smooth running of the institution			
Pillar: 4	Collaboration and partnerships	To establish linkages with national and international partners in key areas of our Mandate		Create a unit that deals with linkages, partnerships. Formulate MOUs with strategic partners. Establish a centre of excellence.	implemented

7. Corporate Governance Statement

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

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

(i) The Board charter.

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The charter was enacted by the board on 16 December 2022 and it clearly states the respective roles, responsibilities and the authorities of the Board and its Committees though not fully implemented.

(ii) Board Appointment and Composition.

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

The membership of the Board of Governors comprises of;

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

Some of the roles of the board of governors include:

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

(iii) Board Diversity

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

(iv) Separation of Powers

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

(v) Board's Effectiveness

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

(vi) Board Evaluation

The Board has put in place evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2027.

(vii) Sitting Allowances of the Board

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

(viii) Conflict of Interest

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

(ix) Committees of the Board:

The College has a total of three committees which are;

- (i) The Audit and Risk Committee
- (ii) Finance and Infrastructure Committee
- (iii) Education Training and Human Resource Committee.

8. Management Discussion and Analysis

The management analysis is done in two sections:

SECTION A

(a) The Institute's Performance

Revenue

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

- (i) Government Grants – Capitation, Scholarship and Operation Grants
- (ii) Internally generated funds – Tuition and other related charges

During the year, revenue of Ksh.17, 236,335 was received from the national government as capitation and operational grants and Kshs.45,358,702 from rendering of services.

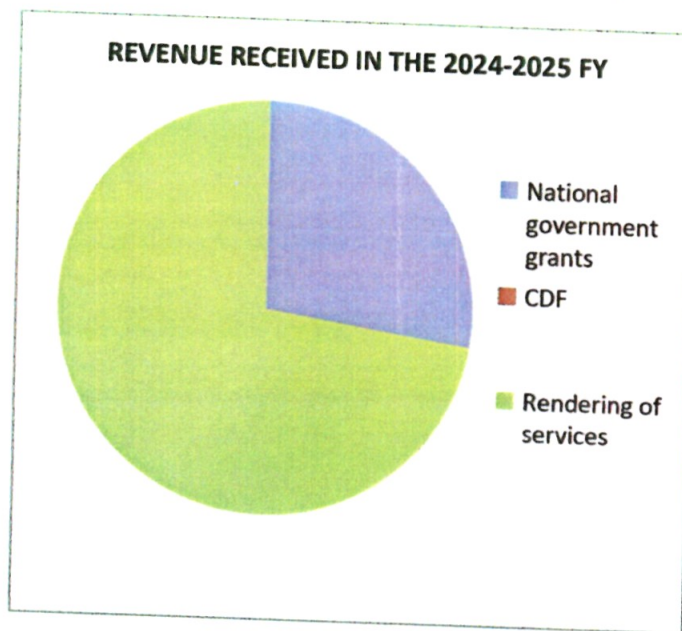


Fig. 1. The Institute's Comparative Revenue Analysis for the period ending 30th June 2025.

Expenditure

The institute's expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governors' costs and depreciation and amortization.

The overall expenditure for the period was Kshs, 31,912,060.

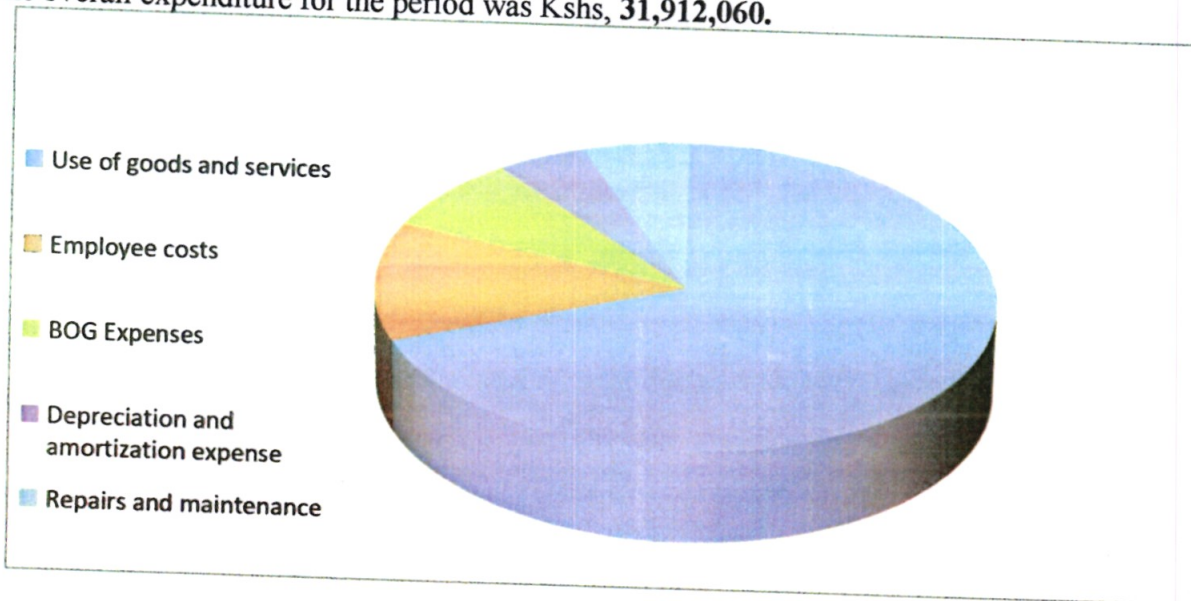


Fig. 2. The Institute's Comparative Expenditure Analysis for the periods ending 30th June 2025.

(b) The Institute's Compliance with Statutory Requirements

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

(c) Material Arrears in Statutory/Financial Obligations.

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

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

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

No.	KEY PROJECTS	SOURCE OF FUNDS
1	Construction of Lavalatories for ladies	Fee paid
2	Construction of the classrooms	Fees paid
3.	Construction of the cabros from the building to the gate	Fee paid

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

No.	PROPOSED PROJECTS	SOURCE OF FUNDS
1	Construction of cabros from the college building to the gate	MOE

(f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Delayed disbursement of capitation and scholarship funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
2	Infrastructure limitation	Writing and submitting proposals to the Ministry of Education for Development Grants and encouraging the locals to construct accommodation facilities for the trainees.
3	Huge Student debtors	Writing demand letters for trainees to acknowledge their debt and committing to a payment plan
4	Huge Student debtors	Writing demand letters for trainees to acknowledge their debt and committing to a payment plan

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

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

9. Environmental and Sustainability Reporting Statement

Sustainability strategy and profile

Orogare Technical and Vocational College 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.

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

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

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

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

Activity	Description
Better training	<ul style="list-style-type: none"> Optimizing training operations to meet ongoing social and sustainability objectives. Providing opportunities for growth at the College 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.

Policies Guiding the College's Hiring Process

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

Market place practices-

a) Responsible competition practice.

Responsible marketing practices involve a Orogare TVC's commitment to prioritizing ethical, sustainable, and socially conscious principles across all marketing activities. This includes being honest and transparent with stakeholders while considering the impact of marketing efforts on society and the surrounding environment. It also includes fairness in the Procurement Procedures, there is a service charter showing what we offer and the stipulated time it takes and any payment made to the College is through M-Pesa pay bill of direct banking.

b) Responsible Supply chain and supplier relations

The College 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.

Orogare Technical and Vocational College 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 College 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.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The Management Provides customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately. When doing procurement planning the College has complied with preference and reservation requirements.

d) Product stewardship or Awareness Creation

The Management ensure all the relevant information in regards to the students admission is correctly and fully put in the brochures, and in case of any complainants, there is a complaint box in which they are put and resolved within a given time.

Corporate Social Responsibility / Community Engagements

During the year under review, the College carried out various CSR activities to impact the society such as tree planting and participation at the funeral of the Stakeholders.
The College Embraced the Use of Green energy by installing Solar System that is Functional.

10. Report of the Board of Governors

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

Principal activities

The principal activity of the College is provision of quality technical skills, knowledge, research and innovation. Increase the enrolment of the students and provide a conducive environment for learning and training.

Results

The results of the Orogare TVC for the year ended June 30 are set out on page 1 to 5

Board of Governors

The members of the Board who served during the year are shown on page VII- VIII.

Auditors

The Auditor General is responsible for the statutory audit of Orogare TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 carry out the audit of the college for the year/period ended June 30, 2025, 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



.....
Secretary of the Board

Nairobi

Date:

11. Statement of Board of Governor's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of Orogare TVC, which give a true and fair view of the state of affairs of the College at the end of the financial year/period and the operating results of the College for that year/period. The Board members are also ensured that the College kept proper accounting records which disclosed with reasonable accuracy the financial position of the College. The Board members are also responsible for safeguarding the assets of the College.

The Board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College; (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 College; (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 College'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) The Board members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2025, and of the College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the College 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 Orogare TVC's financial statements were approved by the Board on 02/12/2025 and signed on its behalf by:

JARED OTEYO

Name

Chairperson of the Board

ROBINSON LAMBI

Name

Accounting Officer/Principal

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON OROGARE TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Orogare Technical and Vocational College set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Orogare Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Inaccuracies in the Financial Statements.

The statement of financial position does not disclose the Total Assets (A) line item and the corresponding balance of Kshs.118,281,130 (FY 2023-2024: Kshs.83,050,608). Further, the statement of changes in net assets reflects total opening balance at June 30, 2024 of Kshs.69,857,744 which differs with the re-computed total of Kshs.82,258,711, resulting in a casting error of Kshs.12,400,967.

In addition, review of records revealed that the College acquired an ERP system at a cost of Kshs.1,600,000 which is not disclosed in the statement of financial position as intangible asset.

Moreover, the statement of financial position reflects receivables from exchange transactions balance of Kshs.48,991,370 which differs with the re-computed balance of Kshs.47,265,754 (calculated as shown below), resulting in an unreconciled variance of Kshs.1,725,616:

Particulars	Amount (Kshs.)
Receivables balance as at 30 June, 2024	21,209,034
<i>Add: Rendering of services income earned in 2024/2025– Statement of financial performance</i>	45,358,702
<i>Less: Rendering of services income received in 2024/2025 - Statement of cash flows</i>	-19,301,982
Re-Computed receivables balance as at 30 June, 2025	47,265,754

Similarly, the statement of financial position reflects nil balance in respect of trade payables which differs with the re-computed balance of Kshs.3,120,264 (calculated as shown below), resulting in an unreconciled variance of negative Kshs.3,120,264:

Particulars	Amount (Kshs.)
Trade payables balance as at 30 June, 2024	-

Add: Total expenses incurred in 2024/2025 – Statement of financial performance	4,630,128
Less: Total payments made in 2024/2025 - Statement of cash flows	(1,509,864)
Re-Computed trade payables as at 30 June, 2025	3,120,264

Furthermore, the statement of comparison of budget and actual amounts reflects nil performance difference amount against total receipts, which differs with the recast total of Kshs.8,718,183, resulting in a casting error of negative Kshs.8,718,183.

Similarly, the statement of comparison of budget and actual amounts reflects nil performance difference amount against total expenditure payments, while re-casting gives a total of Kshs.4,294,618, resulting in a casting error of negative Kshs.4,294,618.

Additionally, the statement of comparison of budget and actual amounts reflects surplus for the period amount of Kshs.6,226,435 which differs with the re-computed surplus of Kshs.4,626,435, resulting in a variance of Kshs.1,600,000 representing ERP System cost that was excluded in the calculation without explanation.

Moreover, the statement of comparison of budget and actual amounts does not include cash and cash equivalents opening balance of Kshs.5,608,828 as budget carryovers from the previous year as required by the prescribed reporting template.

Also, the statement of comparison of budget and actual amounts does not indicate utilization difference percentages (%) against total receipts and total expenditure payments.

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

2.0. Unsupported Training Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.21,903,527 which, as disclosed in Note 8 to the financial statements, includes Kshs.627,100 spent on seminars and training. However, review of sampled transactions totaling Kshs.453,750 revealed that the expenditure was not supported by a training plan, including evidence of needs assessment, course completion certificates, or travel documentation.

In the circumstances, the accuracy, completeness and propriety of the expenses of Kshs.627,100 on seminars and training could not be confirmed.

3.0. Unconfirmed Valuation of Inventories

The statement of financial position, and as disclosed in Note 15 to the financial statements, reflects inventories balance of Kshs.3,246,824 which was recorded at cost. However, although Paragraph 17 of the International Public Sector Accounting Standards (IPSAS), requires that inventories be measured at the lower of cost and current replacement cost when held for distribution at no charge or for a nominal charge, or for use in the production of goods to be distributed at no charge or for a nominal charge,

Management did not determine the replacement cost and, therefore, it could not be confirmed if the balance of Kshs.3,246,824 was lower than the replacement cost.

Further, the quarterly inventory and stock-taking reports for the year under review were not provided for audit, contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015, which requires the head of the procurement function to conduct quarterly and annual stock inspections and submit reports to the Accounting Officer to ensure compliance with governing laws.

In the circumstances, the accuracy, existence and valuation of the reported inventory balance and the effectiveness of internal controls on inventory management could not be confirmed.

4.0. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position, and as disclosed in Note 18 to the financial statements, reflects property, plant and equipment balance of Kshs.59,783,798. However, this balance excludes land and donated assets of unknown value that were in use for student learning. Further, work in progress (WIP) valued at Kshs.3,682,600, comprising the supply of construction materials for a classroom and cabro works, was not supported by procurement records, bills of quantities, or inspection and acceptance reports.

Further, Note 18 reflects addition to computers of Kshs.300,000 which differs from the ledger balance of Kshs.511,000, resulting in an unreconciled variance of negative Kshs.211,000.

Additionally, the fixed asset register provided for audit review was also incomplete, lacking accurate asset classification and key information such as asset tags, serial or logbook numbers, locations, opening balances, additions, acquisition dates, disposals, depreciation charged, accumulated depreciation, and net book values.

In the circumstances, the accuracy, completeness and fair presentation of the property, plant and equipment balance of Kshs.59,783,798 could not be confirmed.

5.0. Undisclosed Teaching Staff Expenses

The statement of financial performance, as disclosed in Note 9 to the financial statements, reflects employee costs of Kshs.3,966,900. However, the salaries of twelve (12) staff members paid on behalf of the College by the Teachers Service Commission were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the employee costs of Kshs.3,966,900 could not be confirmed.

6.0. Long Outstanding Student Fee Balances

The statement of financial position, and as disclosed in Note 14(b) to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.48,991,370 which includes student balances totaling Kshs.21,209,034 that

had been outstanding for over twelve (12) months. Further, Management did not provide evidence that efforts had been made to recover these long-outstanding receivables. In addition, there was no evidence that the debtors had been notified of their outstanding balances. The College also lacked an approved debt recovery plan, finance policy, and fee policy.

In the circumstances, the recoverability and, therefore, the accuracy of the long outstanding student balances of Kshs.21,209,034 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

the statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.45,256,500 and actual revenue on comparable basis of Kshs.36,538,317, resulting in an under-funding of Kshs.8,718,183, or 19% of the budget. Similarly, out of the actual receipts of Kshs.36,538,317, the College spent Kshs.31,911,992, resulting in underutilization of Kshs.4,626,435.

Further, the statement reflects budgeted BOG expenses of Kshs.1,000,000. However, the College spent Kshs.2,583,840, resulting in an over expenditure of Kshs.1,583,840.

The underfunding and underutilization affected planned activities and may have negatively impacted service delivery by the College, while the authorization of the over expenditure in BOG expenses could not be confirmed.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance,

respectively. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unconfirmed Valuation of Inventories
2	2023/2024	Failure to Disclose Teaching Staff Expenses
3	2023/2024	Unsupported Rendering of Services-Fees from Students
4	2023/2024	Receivables from Exchange Transactions
5	2023/2024	Unsupported Value of Property, Plant and Equipment
6	2023/2024	Failure to Register Trainers
7	2023/2024	Non-Compliance with Law on Ethnic Composition in Staffing
8	2023/2024	Lack of Risk Management Policy and Framework
9	2023/2024	Lack of Internal Audit Function and Audit Committee
10	2023/2024	Transfer from Other National Government Entities

Other Information

The Management is responsible for the Other Information set out on page ii to xxvi which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the of Board of Management and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report,

I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0. Regularity of Human Resource Management Practices

1.1. Unsupported Recruitment of Casual Employees

The statement of financial performance, and as disclosed in Note 10 to the financial statements, reflects employee costs of Kshs.3,966,900 out of which, Kshs.479,000 was paid to casual workers. However, this amount was not supported by an approved staff establishment indicating the need for casuals, nor by formal requests from user departments.

Further, records detailing the recruitment process for the temporary employees, the nature of their work, recruitment criteria, and terms of service were not provided for audit. In addition, there was no evidence that the recruitment of casuals was conducted competitively, contrary to Paragraph B.4(1) of the Public Service Commission Human Resource Policies (May 2016), which requires that all vacant posts be publicly advertised with at least 21 days allowed for applications.

In the circumstances, the value for money realized from the expenditure of Kshs.479,000 could not be confirmed. Also, Management was in breach of the law.

1.2. Non-Compliance with Law on Ethnic Diversity in Staffing

Review of staff data revealed that the College had twenty-five (25) contract and permanent staff members employed by the College's Board of Management, out of whom twenty-two (22), or 88%, belong to a single dominant ethnic community. This was contrary to section 7(2) of the National Cohesion and Integration Act, 2008 which states 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 the law.

1.3. Non-compliance with Affirmative Action Requirements for Persons with Disabilities

Review of records and payroll analysis revealed that the College had not engaged any persons with disabilities in its workforce, contrary to Section 13 of the Persons with Disability Act, 2003, which requires that five percent of all casual, emergency, and contractual positions in public and private sector employment be reserved for persons with disabilities. Further, persons with disabilities were not represented in the institution's committees, boards, or leadership structures.

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

1.4. Failure to Register Trainers

Review of records revealed that the College had thirty-seven (37) trainers out of whom, twenty (20) trainers were not registered by the Technical and Vocational

Education and Training Board, contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013, which state that any person who intends to become a trainer in an institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act.

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

2.0. Supply, Installation, Testing, Training, Commissioning and Maintenance of an Enterprise Resource Planning (ERP) System

Review of records revealed that the College spent Kshs.1,600,000 on the supply, installation, testing, training, commissioning, and maintenance of the Enterprise Resource Planning (ERP) system. However, Management did not provide key procurement documents, including requisitions, supplier quotations, evaluation reports, the agreed work plan, or documentation supporting the contract award. There was also no report justifying the installment payments made.

Further, although the contract agreement, signed on 15 April 2024, required the vendor to provide progress reports every four months and to conduct three (3) free training sessions for users on system operation, none of these reports or evidence of training sessions were provided during the audit.

Additionally, the ERP system was entirely hosted, managed, and maintained by the vendor, who also acts as the database administrator, creating an over-reliance on the vendor for system operations and support.

In the circumstances, the value for money realized from the expenditure of Kshs.1,600,000 could not be confirmed.

3.0. Failure to Approve Budget

During the year under review, the Board approved a revenue and expenditure budget of Kshs.45,256,500. However, there was no evidence that the budget was submitted to or approved by the Cabinet Secretary, Ministry of Education, contrary to Section 22(1) and (2) of the Second Schedule to the Technical and Vocational Education and Training Act, 2013, which requires the Board of Governors of a public institution to prepare annual estimates of revenue and expenditure, obtain approval from the Cabinet Secretary, and ensure that expenditure does not exceed approved estimates without prior written authorization.

Further, the College did not maintain a vote book, contrary to Regulation 52(1)(d) of the Public Finance Management (National Government) Regulations, 2015, which requires that allocations be recorded as commitments in the master vote book to ascertain the availability of uncommitted funds at all times.

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

4.0. Failure to Act on Internal Audit Reports

Review of Internal Audit reports for three quarters (Q1, Q3, and Q4), external audit reports for the financial years 2022/2023 and 2023/2024, and Audit Committee

minutes revealed that the Accounting Officer failed to expedite the implementation of Internal Audit Committee recommendations and to follow up on the implementation of external audit recommendations. There were no responses or action plans from the departments to demonstrate that recommendations had been addressed, contrary to Section 149(2)(l) of the Public Finance Management Act, 2012, which requires Accounting Officers to resolve any outstanding issues arising from audits. In addition, departments did not respond to issues raised by the Internal Audit Unit.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0. Lack of Staff Establishment

Review of records revealed that the College did not have an approved staff establishment, indicating that it has not determined the optimal staffing levels and requisite skills needed to achieve its goals and objectives. Further, there was no evidence that the College had prepared a human resource plan based on a comprehensive job analysis.

In the circumstances, operational inefficiencies and effective workforce planning and management could not be confirmed.

2.0. Lack of ICT Policies, Plans and Procedures

Evaluation of the College's IT internal controls revealed significant weaknesses in ICT governance and risk management. The institution did not have a formally documented and approved plan to manage system changes or upgrades, nor did it have an ICT Steering Committee or an ICT strategic plan to guide policy formulation and investment priorities. Furthermore, neither a business continuity plan nor a disaster recovery plan was in place.

In addition, there was no approved framework to guide ICT procedures, exposing the College to risks of errors, fraud, and loss of data confidentiality, integrity, and availability. The institution also lacked a reliable off-site information backup system.

In the circumstances, the effectiveness of ICT internal controls and risk management could not be confirmed.

3.0. Lack of a Risk Management Policy and Framework

The audit revealed that the College had not developed or implemented a risk management policy or framework to guide risk assessment and mitigation processes. The college had not conducted any risk assessments and did not maintain an updated risk register. Furthermore, the College did not have a disaster recovery plan. This was contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015, which requires the Accounting Officer to ensure that the national government entity develops risk management strategies, including fraud prevention mechanisms and a system of internal control that promotes robust business operations.

In the circumstances, the effectiveness of risk management in the College could not be confirmed.

4.0. Weakness in Internal Audit Function and Audit Committee

Review of the Internal Audit function revealed that only three quarterly internal audit reports (Q1, Q3, and Q4) were tabled during the year under review. This was contrary to Regulation 173(1) of the Public Finance Management (National Government) Regulations, 2015, which requires the Head of Internal Audit to prepare quarterly reports covering areas specified in the guidelines and in the format issued by the Cabinet Secretary.

In addition, the Internal Audit department lacked functional independence, as the College's organizational structure did not clearly define the internal audit function or reporting lines, contrary to Regulation 162(1) of the Public Finance Management (National Government) Regulations, 2015. Furthermore, the college did not have an approved audit work plan, contrary to Regulation 170(1) and (2) of the same regulations.

In the circumstances, the effectiveness of internal controls, risk management and governance in the College could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an

effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

Orogare Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

13. Statement of Financial Performance For The Year Ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	17,236,335	7,674,500
CDF			
		17,236,335	7,674,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7	45,358,702	27,793,387
Revenue from Exchange transactions		45,358,702	27,793,387
Total Revenue		62,595,037	35,467,887
Expenses			
Use of goods and services	8	21,903,527	12,699,283
Employee costs	9	3,966,900	3,116,540
BOG Expenses	10	2,583,840	448,000
Depreciation and amortization expense	11	1,600,179	51,531
Repairs and maintenance	12	1,857,615	766,570
Total Expenses		31,912,060	17,081,924
Net surplus for the year		30,682,977	18,385,963

The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements).

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

Jared Okeyo

Chairman of Council/Board

Date 02/12/2025

Robinson Kambi

Principal

Date 02/12/2025

Millicent Ngang'o

Finance Officer

ICPAK No 29635

Date 02/12/2025

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

Description	Notes	2024-2025	2023-2024
		Kshs	
Assets			
Current Assets			
Cash and cash equivalents	13	6,259,138	5,608,828
Current portion of receivables from exchange transactions	14(a)	48,991,370	21,209,034
Inventories	15	3,246,824	424,894
Total Current Assets		58,497,332	27,137,091
Non-Current Assets			
Property, plant, and equipment	18	59,783,798	55,913,517
Total Non-Current Assets		59,783,798	55,913,517
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	388,000	211,000
Advance payments	17	4,951,443	580,897
Total Current Liabilities		5,339,443	791,897
Total Liabilities (B)		5,339,443	791,897
Net Assets (A-B)		112,941,687	82,258,711
Capital Fund		52,141,328	52,141,328
Accumulated Surplus		60,800,360	30,117,383
Total net assets		112,941,687	82,258,710

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

Jared Otayo

 Chairman of Council/Board
 Date 02/12/2025

Robinson Kambi

 Principal
 Date 02/12/2025

Millicent Nganga

 Finance Officer
 ICPAK No 29635
 Date 02/12/2025

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15. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Accumulated Surplus	Capital fund	Total
At July 1, 2023	11,679,889	52,192,859	63,872,748
Revaluation gain	-	-	-
Surplus/(deficit) for the year	18,385,963	-	18,385,963
Transfer of depreciation/amortisation from capital fund to accumulated surplus	51,531	(51,531)	-
At June 30, 2024	30,117,383	52,141,328	69,857,744
At July 1, 2024	30,117,383	52,141,328	82,258,710
Revaluation gain	-	-	-
Surplus/(deficit) for the year	30,682,976	-	30,682,976
Capital grants received during the year	-	-	-
Transfer of depreciation/amortisation from capital fund to accumulated surplus	-	-	-
At June 30, 2025	60,800,359	52,141,328	112,941,687

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

Description		2024 - 2025	2023 - 2024
	Note	Ksh	Ksh
Cash flows from Operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		17,236,335	7,674,500
Rendering of services		19,301,982	11,953,814
Total Receipts		36,538,317	19,628,314
Payments			
Compensation of employees		3,966,900	3,116,540
Use of goods and services		21,903,527	12,699,283
BOG expenses		2,583,840	448,000
Repairs and maintenance		1,857,615	766,570
Total payments		30,311,882	17,030,393
Net cash flows from operating activities before working capital	22	6,226,435	2,597,921
Decrease in receivables		-	(132,218)
Increase in Payables		-	(52,867)
Net cash flow from operations after working capital changes		6,226,435	2,412,836
Cash flow from investing activities			
Purchase of property, plant, equipment and intangible assets		(5,470,460)	1,567,900
Net cash flows used in investing activities		(5,470,460)	1,567,900
Net A22(decrease)/increase in cash and cash equivalents		755,976	3,980,736
Cash and cash equivalents at 1 July	13	5,608,828	1,628,092
Cash and cash equivalents at 30 June	13	6,259,139	5,608,828

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

	Original budget	Adjustments	Final	Actual on comparable basis	Performance difference	Utilization Difference	Notes
			budget				
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from other National Government entities	6,000,000	-	6,000,000	17,236,335	(11,236,335)	-187%	(a)
Rendering of services- fees from students	39,256,500	-	39,256,500	19,301,982	19,954,518	51%	(b)
Total Receipts	45,256,500	-	45,256,500	36,538,317			
			-				
Payments							
Compensation of employees	6,267,000	-	6,267,000	3,966,900	2,300,100	37%	(c)
Use of goods and services	25,139,500	-	25,139,500	21,903,527	3,235,973	13%	
BOG expenses	1,000,000	-	1,000,000	2,583,840	(1,583,840)	-158%	(d)
Repairs and maintenance	2,200,000	-	2,200,000	1,857,615	342,385		
Total Expenditure Payments	34,606,500	-	34,606,500	30,311,882			
Capital Expenditure	9,050,000		9,050,000	3,870,460	5,179,540		
ERP System	1,600,000	-	1,600,000	1,600,000	-		
Surplus For the Period		-	-	6,226,435			

Budget notes

- (a) The variance was due to reduced capitation and scholarship from the National government
 (b) The variations were due to low enrolment, some trainees dropping out of college for lack of fee hence decreased revenue receivable. Some trainees were issued with admission letter but failed to report.
 (c), and (e) The variations were due to scaling down on budgeted projects due to financial constraints as capitation was not received as had been

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budgeted.

(d) The variation was due to receiving and paying for board induction of the board members of 4 institutions which include Keroka TTI, Kakrao TVC, Riatirimba TVC and Kitutu Masaba TVC

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	6,226,435
1	Reason for differences	32,704
	Closing Cash and Cash Equivalent as per the statement of Cash flows	6,259,139

18. Notes to the Financial Statements

1. General Information

Orogare TVC is established by and derives its authority and accountability from TVET Act. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal is provision of quality technical skills, knowledge, research and innovation. Increase the enrolment of the students and provide a conducive environment for learning and training.

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 judgment in the process of applying the *Orogare TVC's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are not disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Orogare TVC*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

When an IPSAS becomes effective on 1st January 2023, it is applicable in Kenya from 1st July 2024

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

There are no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Orogare TVC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Orogare TVC if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the expected impact of the standard to the Orogare TVC if relevant</i>
IPSAS45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Orogare TVC if relevant</i>
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across

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	<p>IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Orogare TVC if relevant</i></p>
IPSAS47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Orogare TVC shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Orogare TVC if relevant</i></p>
IPSAS48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Orogare TVC if relevant</i></p>
IPSAS49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Orogare TVC if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Orogare TVC's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand

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	<p>the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>State the expected impact of the standard to the Orogare TVC if relevant</i></p>
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iii. Early adoption of standards

The Orogare TVC did not early – adopt any new or amended standards in the financial year

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 Orogare TVC and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Orogare TVC 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 Orogare TVC.

Interest income

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

Rental income

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

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b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on 14/08/24. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented on page 5 under these financial statements

c) Taxes

Current income tax

The College is exempt from paying taxes as per schedule 1 of the Income Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are

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required to be replaced at intervals, the Orogare TVC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Orogare TVC. 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 Orogare TVC also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Orogare TVC 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 Orogare TVC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Biological Assets

The Orogare TVC recognizes biological assets when it controls the assets due to past events; it is probable that future economic benefits associated with the asset will flow to the Orogare TVC, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

j) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Orogare TVC classifies

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Its financial assets into amortized cost or fair value categories for financial instruments

Movements in fairvalue are presented in either surplus or deficit or through net assets/ equity
Subject to certain criteria being met

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

Inventories (Continued)

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

l) Provisions

Provisions are recognized when the *Orogare TVC* 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 *Orogare TVC* 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 *Orogare TVC* 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 *Orogare TVC* 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 *Orogare TVC* 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.

m) Social Benefits

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

n) Nature and purpose of reserves

The *Orogare TVC* creates and maintains reserves in terms of specific requirements when need arises.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The *Orogare TVC* currently does not provide retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Orogare TVC pays fixed contributions into a separate Orogare TVC (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.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) 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.

s) Related parties

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

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t) Service concession arrangements

The *Orogare TVC* 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 *Orogare TVC* 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 *Orogare TVC* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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.

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Orogare TVC'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 *Orogare TVC* 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 *Orogare TVC*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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

Provisions

Provisions were raised and management determined an estimate based on the information available. There are no additional disclosures of these estimates of provisions.

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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6. Transfers from other National Government entities

Description	2024 - 2025	2023-2024
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	17,236,335	5,674,500
Operational Grant	-	2,000,000
Unconditional development grants		
Total Government Grants and Subsidies	17,236,335	7,674,500

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	-	-	-	-	-
Ministry of Education	17,236,335	-	-	17,236,335	7,674,500
Total	17,236,335	-	-	17,236,335	7,674,500

The details of the reconciliation have been included under appendix III

7. Rendering of Services

Description	2024 - 2025	2023-2024
	Kshs	Kshs
Tuition Fees	10,105,586	6,896,676
Personal Emolument	9,633,454	7,135,668
Repairs and Maintenance	1,964,459	1,367,259
Ltt	5,641,245	3,790,526
Ewc	1,906,989	3,824,901
Activity	2,527,244	1,557,884
Attachment	5,631,376	1,514,134
Admission fee	107,350	
Examination Fee	1,591,000	1,367,259
Student Union	4,532,660	339,083
Computer Packages	17,500	
Other Income	1,699,840	
Total Revenue from The Rendering of Services	45,358,702	27,793,387

Revenue is collected from the fees paid by the students

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8. Use of Goods and Services

Description	2024 - 2025	2023-2024
	Kshs	Kshs.
Teaching and learning materials	9,478,321	3,651,927
Industrial attachment costs	231,050	116,800
Electricity	553,852	339,656
Administration expenses	1,436,180	1,259,089
Activity	835,050	1,320,870
Seminars and training	627,100	329,282
Subscriptions	148,200	272,400
Advertising	686,000	365,000
Examination fees	3,755,390	1,655,940
PPE Expense	-	-
Staff uniforms	20,000	-
Bank Charges	34,411	-
Security expense	288,000	-
KUCCPS Registration Expense	199,100	-
Travelling and accommodation	2,373,900	2,749,870
Telephone & Postage	78,500	91,725
Printing and stationery	330,520	356,613
Student union Expenses	128,105	-
Hospitality, catering and refreshment	603,847	-
Internet expenses	96,000	190,111
Total good and services	21,903,527	12,699,283

9. Employee Costs

Description	2024 - 2025	2023-2024
	Kshs	Kshs.
Salariesandwages	3,966,900	3,116,540
EmployeeCosts	3,966,900	3,116,540

10. Board Expenses

Description	2024 - 2025	2023-2024
	Kshs	Kshs.
Board allowances	2,583,840	448,000
Total	2,583,840	448,000

11. Depreciation and Amortization expense

Description	2024 - 2025	2023-2024
	Kshs	Kshs
Property,plantandequipment	1,600,179	51,531
Totaldepreciationandamortization	1,600,179	51,531

12. Repairs and Maintenance

Description	2024 - 2025	2023-2024
	Kshs	Kshs
Plant property and equipment	1,857,615	766,570
TotalRepairsandMaintenance	1,857,615	766,570

13. Cash and Cash Equivalents

Description	2024 - 2025	2023-2024
	Kshs	
Current Account	6,259,138	5,503,163
TotalCashandCashEquivalents	6,259,138	5,608,828

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13(b). Detailed Analysis of Cash and Cash equivalents

Financial Institution	2024 - 2025	2023-2024	Account number
	Kshs	Kshs	
a) Current Account			
Kenya Commercial Bank-Operations	6,243,665	5,493,118	1282491644
Kenya Commercial Bank-Development	15,473	2,055	1282491709
Sub- Total	6,259,138	5,495,173	
b) Others			
Cash in Hand	-	7,990	
Sub- Total	-	7,990	
Grand Total	6,259,138	5,608,828	

14. Receivables from Exchange transactions

14(a) Current Receivables from Exchange transactions

Description	2024 - 2025	2023-2024
	Kshs	Kshs
Current Receivables		
Student Debtors	48,991,370	21,209,034
Total Current Receivables	48,991,370	21,209,034

14(b) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	27,782,336	0.57	13,318,389	0.63
Between 1- 2 years	13,318,389	63%	6,040,705	0.77
Between 2-3 years	6,040,705	%	1,849,940	%
Over 3 years	1,849,940	%	0	%
Total (a+b)	48,991,370	-	21,209,034	-

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15. Inventories

Description	2024 - 2025	2023 -- 2024
	Ksh.	Ksh.
Consumable stores	3,246,824	424,894
Less: Impairment allowance		
Total Inventories at lower of Cost and Net Realizable Value	3,246,824	424,894

Detailed disclosure on inventories

Description	2024 - 2025	2023 -- 2024
	Ksh.	Ksh.
Opening balance	424,894	260,870.00
Additional Inventory in the year	9,478,322	3,651,927
Inventory expensed in the year	6,656,392	3487903
Closing balance	3,246,824	424,894

16. Investments in financial assets

Orogare TVC has not invested in the fixed investment financial assets.

d) Shareholding in other entities

Orogare TVC has not invested in Equity shares.

17. Prepayments

Description	2024 - 2025	2023 - 2024
	Ksh.	Ksh.
Advance fees	4,951,443	580,897
Total advance payments	4,951,443	580,897

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18. Property, Plant and Equipment

Kshs	Kshs	Kshs	Kshs			Kshs
	Building	Furniture and Fittings	Plant Machinery and Equipment	Computers	WIP	Totals
Depreciation rate	2%	20%	20%	20%		
1ST JULY 2023	54,124,900	116,497	155,750			54,397,147
Additions	-	-	-	140,000	1,427,900	1,567,900
At 30 June 2024	54,124,900	116,497	155,750	140,000	1,427,900	55,965,047
Additions	1,097,860		323,500	300,000	3,682,600	5,493,960
Transfers from Work in Progress	-	400,300	731,600	296,000	-1,427,900	-
As at 30th June 2025	55,222,760	516,797	1,277,350	736,000	3,682,600	61,435,507
Depreciation and Amortization						
As At 30 June 2024	-	14,562	19,468	17,500	-	51,530
Depreciation	1,104,455	100,447	251,576	143,700	-	1,600,179
As at 30th June 2025	1,104,455	115,009	271,044	161,200		1,651,709
Net book value						
At 30 June 2024	54,124,900	101,935	136,282	122,500	1,427,900	55,913,517
At 30 June 2025	54,118,305	401,788	1,006,306	574,800	3,682,600	59,783,798

Wip comprises of construction of class rooms and cabros

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were not revalued

18 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	55,222,760	1,104,455	54,118,304
Plant And Machinery	1,277,350	271,045	1,006,305
Computers and Related Equipment	736,000	161,200	574,800
Office Equipment, Furniture, And Fittings	516,797	115,009	401,788
Total	57,752,907	1,651,709	56,101,198

19. Trade and Other Payables

Description	2024 - 2025	2023 - 2024
Trade payables	388,000	211,000
KUCCPS	-	-
Total Trade and Other Payables	388,000	211,000
Ageing analysis:		
Under one year	388,000.00	211,000.00
1-2 years	-	30,000.00
2-3 years	-	-
Over 3 years	-	-
Total (to tie to totals above)	388,000.00	241,000.00

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20. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The Orogare TVC does not operate a defined benefit scheme for all full-time employees from July 1, 2024.

No actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30th June 2025.

The Orogare TVC also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Orogare TVC's obligation under the scheme is limited to specific contributions legislated from time to time and is currently it depends on the basic salary of the employee. Employees contribute 6% while employers contribute 6% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

21. Payments received in advance.

Description	2024 - 2025	2023 - 2024
		Ksh.
Advance fees	4,951,443	580,897
Total advance payments	4,951,443	580,897
Ageing analysis:		
Under one year	4,370,546	306,890
1-2 years	580,897	274,007
2-3 years	0	
Over 3 years	0	
Total (to tie to totals deposits above)	4,951,443	580,897

22. Cash generated from operations.

	2024 - 2025	2023-2024
	Kshs	Kshs
Adjusted for:		
Depreciation	1,600,179	51,531
Working Capital Adjustments		
Increase in Inventory	(2,821,930)	164,024
Increase in Receivables	(2,900,640)	2,256,476
Increase in Payables	177,000	(181,000)
Increase in Payments received in advance	4,370,546	306,890
Net Cash Flow from Operating Activities	6,226,435	2,597,921

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23. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As 30 June 2024				
Receivables from exchange transactions	21,209,034	21,209,034	6,633,941	
Bank balances	5,503,163	5,503,163		
Total	26,712,197	26,712,197	6,633,941	
AS 30 June 2025				
Receivables from exchange transactions	48,991,370	48,991,370	8,243,297	-
Bank balances	6,259,138	6,259,138	-	-
Total	55,250,508	55,250,508	8,243,297	-

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Financial risk management (continued)

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

The Orogare TVC has significant concentration of credit risk on amounts due from students. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	211,000	-	-	211,000
Total	211,000	-	-	211,000
At 30 June 2025				
Trade Payables	388,000	-	-	388,000
Total	388,000	-	-	388,000

(iii) Market risk

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

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

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

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

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a) Foreign currency risk

The Orogare TVC has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Orogare TVC's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Orogare TVC manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

b) Interest rate risk

Interest rate risk is the risk that the Orogare TVC's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Orogare TVC analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

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iv) Capital Risk Management

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

Description	2024 - 2025	2023 - 2024
	Ksh.	Kshs
Revaluation Reserve	-	-
Retained Earnings	30,682,976	25,974,597
Capital Reserve	52,141,327	53,864,008
Total Funds	130,194,245	130,194,245
Total Borrowings		-
Less: Cash and Bank Balances	6,259,138	5,651,553
Net Debt/(Excess Cash and Cash Equivalents)		-
Gearing	0%	0%

24. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

The transactions and balances with related parties during the year are as

25. Segment Information

Orogare TVC does not operate in Segments

26. Events After The Reporting Period

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

27. Ultimate And Holding Orogare TVC

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

28. Currency

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

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19. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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)
1.0	Unconfirmed Valuation of Inventories	Management to undertake and prepare the quarterly and annual inventory and stock take in order to comply with the respective governing laws	Resolved	
2.0	Unsupported Compensation of Employees	The management resolved the Difference of Ksh. 94,240 in Employment cost, and it's in progress in Preparing the Staff Establishment and the human resource Policy.	Resolved	In progress
3.0	Failure to Disclose Teaching Staff Expense	The management is in progress to resolve the issue by writing to the Public Service to issue a report on the Employment cost incurred on behave of Orogare TVC.	Resolved	In Progress
4.0	Unsupported Rendering of Service – fee from Students	The Management is in Progress of approving a Risk Policy in the Debt Recovery plan will be in it. The Management Procured an ERP system in which the students' debtors are correctly recorded showing the balance, invoice and the balance.	Resolved	In Progress
5.0	Receivables from Exchange Transactions	The Management Procured an ERP system in which the student's debtors are correctly recorded showing the balance, invoice and the balance.	Resolved	
6.0	Unsupported Value of Property, Plant and Equipment	With assets donated by the Ministry, Orogare TVC management has done letters to it requesting to send values of the Assets but in vain. The College is doing Follow up Letters on the same. With the Asset Register, The management has obtained the Correct Asset Register format and it will be resolved.	Resolved	Asset Register - end of 2025-2026 FY
1.0	Failure to Approve Budget	The management shall subsequently be sending the Budget to the National treasury for Approval.	Resolved	
1.0	Failure to Register Trainers	Most of the Trainers have registered with TVETA as at the end of the 2024 – 2025 FY, and it's the Management ensures that all the Trainers are	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)
		registered.		
2.0	Lack of Documented Employment Terms	The management issues permanent letters of appointment to the 3 officers, i.e. Secretary of the Principal, Procurement Officer and finance officer. Contract Terms were renewed for the other Staff.	Resolved	
3.0	Non – Compliance with Law on Ethnic Composition in staffing	The management has Considered this and in the 2024 – 2025 FY, it improved from 89% to 87% and it's in the Process of reducing the percentage further.	Resolved	
1.0	Lack of Risk Management Policy and Framework	The management is in the process of implementing the Risk Policy and framework. The management has a draft that is awaiting the approval of the Board	Resolved	By End of 2025 – 2026 FY
2.0	Lack of Internal Audit Function and Audit Committee	That management has put in place the internal audit function and there is functional Audit Committee	Resolved	
3.0	Transfer from Other National Government Entities	With the help of the ERP system, the Management is able to Issues receipts to the students after allocation and within the stipulated timeline of 14 days.	Resolved	

.....
 Name **ROBINSON KAMBAL**
 Accounting Officer **PRINCIPAL**
 (Enter title of Head of Orogare TVC)
 Date **02/12/25**

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Appendix II: Projects Implemented by (The Orogare TVC)

Projects

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

No projects were funded by development partners

Appendix III- Inter-Entity Confirmation Letter

Name of transferring Entity... MINISTRY OF EDUCATION

Name of beneficiary Entity... OROGARE TECHNICAL AND VOCATIONAL COLLEGE

Confirmation of amounts received by Orogare TVC] as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
BULK24264646P3	20/09/2024	2,270,988		2,270,988	RECEIVED
BULK24264B9FPX	20/09/2024	3,957,432		3,957,432	RECEIVED
BULK24264Z2QGC	20/09/2024	2,600,214		2,600,214	RECEIVED
BULK242644147J	20/09/2024	2,037,700		2,037,700	RECEIVED
BULK250458Z6PX	14/02/2025	6,370,000		6,370,000	RECEIVED
Total		17,236,334		17,236,334	