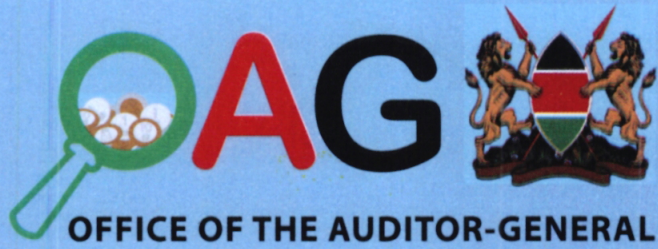


REPUBLIC OF KENYA

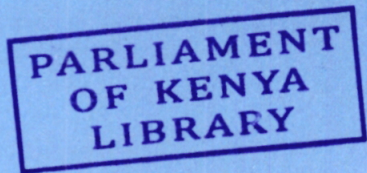


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF




THE AUDITOR-GENERAL

ON

**OROGARE TECHNICAL AND VOCATIONAL
COLLEGE**

FOR THE YEAR ENDED

30 JUNE, 2023

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 JUN 2025	
DAY: WEDNESDAY	
TABLED BY:	MAJORITY LEADER
CLERK-AT THE-TABLE:	FINLAY



OROGARE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**Orogare Technical and Vocational College
Annual Report and Financial Statements
For the year ended 30th June 2023**

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPA	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTC	Teacher Training College
OTVC	Orogare Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

b.

2. Key Entity 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 entity 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 and Business Management. Craft-Certificate Courses: Building Technology, Carpentry, Electrical and Electronics, ICT, Fashion design and Garment making, Library science and Human Resource management. It also offers Artisan Courses in: Masonry, Plumbing, Carpentry, Electrical, Motor vehicle Mechanics, Garment making, Hair dressing and beauty therapy 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 14 members of the teaching staff and 6 non-teaching staff to enhance its operations. The College has a student population of 309 students who are using three workshops available and one computer lab for ICT. The annual budget for this financial year 2022/2023 is Ksh. 16,926,000 with its main financiers being the Government of Kenya through the ministry of Education (capitation 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. The College also relies heavily on the Kenya constitution, TVET Act of 2013, PFM Act, Mwongozo for its operations.

(b) Principal Activities

The principal activities of the College are 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 entity's day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management team

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	Mr. Robinson Kambi
2.	Deputy principal	Ag. Gladys Mutai
3	Registrar (s)	Mr. Shadrack Kibet
4	Dean of students	Mrs. Ann Iyoga
5	Head of Finance	CPA Millicent Nganga

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 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:

- i. implement and monitor the proposed projects.
- ii. receive reports from the Principal and the Finance Officer.
- iii. monitor implementation of the objectives of the Institute.
- iv. monitor and facilitate the day-to day running of the institute
- v. ensure proper safeguarding of the Institute's assets.
- vi. ensure the proper financial evaluation and control of projects.
- vii. 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

- i. Ensure that the learning activities are carried out promptly by providing learning materials
- ii. Formulate policies and procedures that govern the operations of the institute
- iii. Formulate financial policies and controls in management of the institute's finances
- iv. Ensure the working environment is conducive to both the staff and the students
- v. 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 and grants, as well as supervision and regulatory framework that is done through the Office of the Auditor general.

Orogare Technical and Vocational College
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(i) Entity Headquarters

PO Box 356-40204
Ogembo
Kisii-Kilgoris highway

(j) Entity Contacts

Telephone: (254)791964600

Email: orogaretv@gmail.com

Website: www.orogaretechnical.ac.ke

(k) Entity 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

(l) Independent Auditors





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

(m) Principal Legal Adviser




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

Orogen Technical and Vocational College
 Annual Report and Financial Statements
 For the year ended 30th June 2023

3. Board of Governors





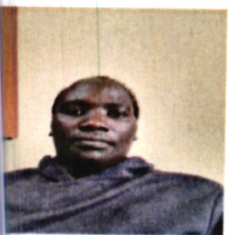
	Member/ Director	Details
1.	 Mr. Elijah Ombati - Chairperson	Date Of Birth: 28 th October 1958 Qualification: Bachelor of arts in Human Resource Years of Experience: 42 Years.
2.	 Robinson Kambi	Date of Birth: 7 th July 1968 Qualification: MBA in Commerce Years of Experience: 25years
3.	 MaryBuyakiMatini	Date of Birth: 06 th June 1956 Qualification: MA (Educational administration planning and Curriculum development. Years of Experience: 44 years
4.	 Gladys Onkundi	Date of Birth: 4 th May 1975 Qualification: MBA (Accounting option) and member of the ICPAK. (CPA K) Years of Experience: 7 years

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<p>5.</p>	 <p>Ronald Kipkurui Bett</p>	<p>Date of Birth: 09th December 1980 Qualification: BST Electronics (Industrial option) and Bachelor of Science and technology Years of Experience: 9 years</p>
<p>6.</p>	 <p>DR, Eng. Richard M. Imbambi</p>	<p>Date of birth: 24th December 1957 Qualification: Doctor of philosophy (Business Administration) Years of Experience: 38 years</p>
<p>7.</p>	 <p>ancan Aero</p>	<p>Date of Birth: 4th October 1996 Qualification: Bachelor of Business Administration Years of Experience: 6 years</p>

Oromia Technical and Vocational College
 Annual Report and Financial Statements
 For the year ended 30th June 2023

4. Key Management Team

	Member/ Director	Details
1.	 Mr. Robinson Kambi – Principal/Secretary of the BoG	<u>RESPONSIBILITY</u> Principal /Secretary to BOG Qualifications: Masters in commerce
2.	 Madam Gladys Mutai – Ag. Deputy Principal	<u>RESPONSIBILITY</u> AG. Deputy Principal Qualifications: Bachelors in Clothing Textile and Interior Design.
3.	 Mr. Shadrack Kibet – AG Registrar	<u>RESPONSIBILITY</u> AG. Registrar Qualifications: Bachelors in Civil Engineering
4.	 Madam Ann Iyoga – AG. Dean	<u>RESPONSIBILITY</u> AG. Dean Qualifications: Masters in IT Management
5.	 PA Millicent Nganga	<u>RESPONSIBILITY</u> Finance Officer Qualifications: Bachelor of Business management (Finance and Banking), CPA (K) and a Member of ICPAK

Orogare Technical and Vocational College
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For the year ended 30th June 2023

5. Chairman's Statement

It's my pleasure to present to you the financial statements of the year 2022-2023. 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 this financial year, we managed to develop the Orogare strategic plan running from 2022-2027, that we lead us all through and help us achieve our Vision and Mission.

The college managed to enrol 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 help of Bobasi constituency CDF in giving grants to the institute, we were able to build student wash rooms in the 2021 – 2022 fy. We were looking forward to more collaboration with the CDF to get help in developing the college.

I want to thank the Government of Kenya through the ministry of Education for the continued financial support through capitation and giving guidelines which are leading us. My kind regards to the Bobasi constituency for the financial support through CDF grand that have help a great deal. I would also want to appreciate the BOG of Orogare TVC, Management, staff, students and all stakeholders for the cooperation shown through the year.



.....

CHAIRMAN BOG

Orogwe Technical and Vocational College
Annual Report and Financial Statements
For the year ended 30th June 2023

6. Report of the Principal

It's with great pleasure that I present to you the annual financial statements for the 2022-2023 financial year. The institute is new and so it is the second time that it's submitting its financial statements.

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 82 students. The BOG together with the college management is looking forward to be undertaking such marketing activities, major one in August targeting September intake and others in within the year to be able to increase its enrolment numbers.

The college 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 hall and kitchen for the catering students and general food production to be sold so that we can have an additional income source

Digging of boreholes.

Construction of the decent school gate and fencing the college land.

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 round. 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.

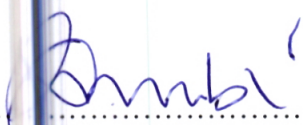
Insufficient infrastructure - To the location of the college, the infrastructure is very poor. Sometimes accessing the school becomes difficult especially during the rainy season. We hope that if these roads are constructed well then accessibility to the school will be easier thus leading to the increase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

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Inadequate Trainers and Workshop – The current trainers are not enough to complete the training of students. The Government has deployed 6 teachers therefore straining them. Due to the financial constraints, the trainers are not able to attend workshops for further training.

In cooperation with the BOG, Management and other stakeholders, we believe 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.


.....
ROBINSON KAMBI
PRINCIPAL/SECRETARY BOG

OROGARE Technical and Vocational College
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7. Statement of Performance against Predetermined Objectives

OROGARE TVC has 4 strategic pillars and objectives within current Strategic Plan for the FY2022/2022- 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 performance against its annual work plan is done on a quarterly basis. The OROGARE TVC achieved its performance targets set for the FY 2022/2023 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	To enhance skills development and competency	Average students class attendance rate. Students retention rate Average daily attendance of rate students	Demonstration by trainers, Mentorship programmes. Instructing by the trainers Knowledge retention rate by the students	Ongoing g well

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			Modules 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 student's 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	To upgrade the college's	Conducive working	Have more	ongoing

Orore Technical and Vocational College
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		Development	facilities and infrastructure	relations in the College Construction work in progress Grants and donations	workshops for 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	

**Orogen Technical and Vocational College
Annual Report and Financial Statements
For the year ended 30th June 2023**

			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

8. 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 is to be enacted as the college grows but as at now it's in draft form. The Board charter clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

(ii) Board Appointment and Composition.

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

The membership of the Board of Governors comprises of;

- (a) the Chairperson;
- (b) the principal who is the Secretary to the Board of Governors.
- (c) representative of the Principal Secretary in the Ministry of Education Science and Technology, State Department of TVET
- (d) representative of the Governor of County Government of 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

**Orogen Technical and Vocational College
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(i) 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 2023/2024.

(vii) Sitting Allowances of the Board

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

(viii) Conflict of Interest

The 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 intends to have a total of three committees which are;

- (i) The Audit, Risk and Compliance Committee
- (ii) Finance and Operations Committee
- (iii) Academic and Research Committee.

9. Management Discussion and Analysis

SECTION A

(a) The Institute's Performance

Revenue

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

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

During the year, revenue of Ksh. 4,923,000 was received from the national government as capitation and operational grants, kshs 400,000 grants for CDF and Kshs 9,172,950 from rendering of services.

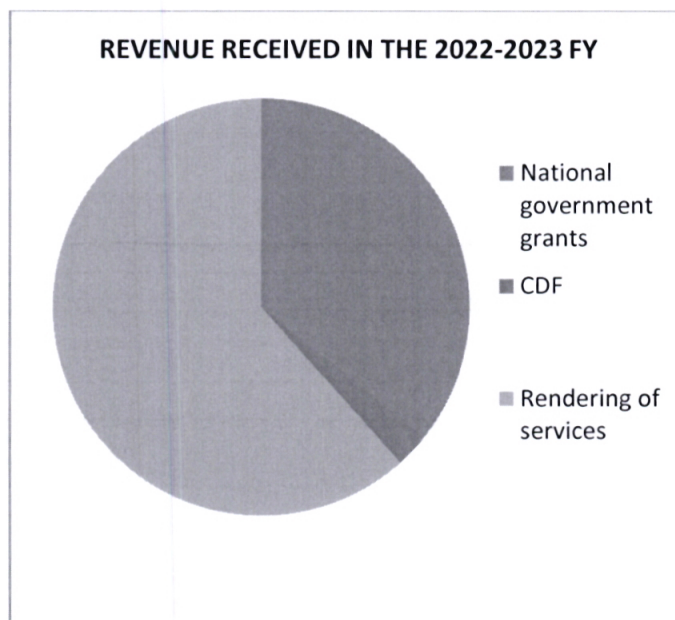


Fig. 1. The Institute's Comparative Revenue Analysis for the period ending 30th June 2023.

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 ksh 8,839,949.5.

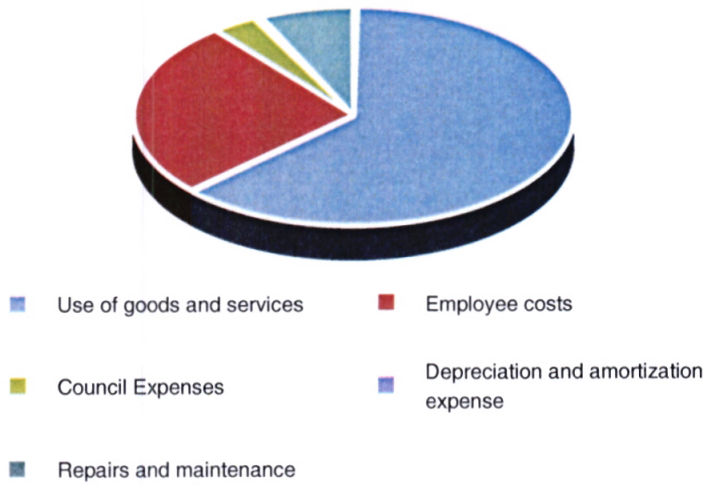


Fig. The Institute’s Comparative Expenditure Analysis for the periods ending 30th June 2023

(b) The Institute’s Compliance with Statutory Requirements

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

(c) Material Arrears in Statutory/Financial Obligations.

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

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

The proposed projects are provided in the table below:

PROPOSED PROJECTS	SOURCE OF FUNDS
Construction of gate and fencing	CDF

(e) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

Orogwe Technical and Vocational College
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No.	Challenge	Mitigation
1	Delayed disbursement and not disbursing full of capitation 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	Large Student debtors	Writing demand letters for trainees to acknowledge their debt and committing to a payment plan
4	Lack of Internal Audit functions	The college does request from the mentoring institution the services of internal auditor

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

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

10. Environmental and Sustainability Reporting Statement

Sustainability strategy and profile

Orog 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.

Sustainability strategy and profile

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

Profit: The College has adopted a transformation strategy aimed at ensuring that it remains financially sound in the face of dwindling funding from the central government. The institutions have expanded its capacity for internally generated income like manufacturing of cabros.

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 amenities of residential communities.

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Activities	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

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.

Orogen Technical and Vocational College has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

Orogate Technical and Vocational College
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For the year ended 30th June 2023

- 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.

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, road safety awareness and helping the less fortunate in our community.

**Orogen Technical and Vocational College
Annual Report and Financial Statements
For the year ended 30th June 2023**

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the College's affairs.

Principal activities

The principal activities of the college are to be a centre of excellence in 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 entity for the year ended June 30 are set out on pages 1-5

Board of Governors

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

Auditors

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

By Order of the Board

.....
Richardson Kambo

Secretary of the Board

Nairobi

Date:

12/3/25

**Orogare Technical and Vocational College
Annual Report and Financial Statements
For the year ended 30th June 2023**

12. Statement of Board of Governors' Responsibilities

Sections 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, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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, 2023, and of the entity'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 College's financial statements were approved by the Board on 11/03/25 and signed on its behalf by:

Name. ISAAC OMBATI

Signature. [Handwritten Signature]

Chairperson of the Board

Name. Robinson Kambi

Signature. [Handwritten Signature]

Accounting Officer/Principal

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OROGARE TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

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 31, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of 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(s) 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, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unconfirmed Valuation of Inventories

The statement of financial position reflects an inventory balance of Kshs.260,870 as at 30 June, 2023, as disclosed in Note 28, which was not supported with an inventory and stock taking report contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement Function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In the circumstances, the accuracy and completeness of the inventory amount Kshs.260,870 reflected in the financial statements could not be confirmed.

2.0 Unsupported Compensation of Employees

The statement of financial performance reflects an amount of Kshs.2,307,140 employee costs as disclosed in Note 9 to the financial statements which differs with the payroll amount of Kshs.1,946,200 resulting in unreconciled variance of Kshs.360,940. Further, review of records revealed that the College did not have an approved staff establishment. The absence of an approved staff establishment indicates that the College has not determined the skills and optimal staffing levels required to achieve its goals and objectives. In addition, there was no evidence that the institution had prepared a human resource plan based on a comprehensive job analysis.

In the circumstances, it was not possible to ascertain whether the total staff employed by the College was at the optimal operating level and how key decisions regarding employees were made without an approved human resource policy.

3.0 Failure to Disclose Teaching Staff Expenses

The statement of financial performance reflects employee costs amount of Kshs. 307,140 as disclosed in Note 9 to the financial statements. However, the pay of six (6) staff paid on behalf of the College by the Teachers Service Commission has not been disclosed in the financial statements.

Under the circumstances the accuracy and completeness of employee costs amount of Kshs. 307,140 could not be confirmed.

4.0 Unsupported Rendering of Services-Fees from Students

The statement of financial performance reflects rendering of services amount of Kshs. 972,950 as disclosed in Note 7 to the financial statements. However, the invoices raised to 309 students at Kshs.26,420 each amount to Kshs.8,163,780 resulting to unreconciled variance of Kshs.1,009,170. Further, the college uses Microsoft excel to record fees collection an indication of weak controls for invoicing and collection of fees since it lacks audit trail contrary to regulation 102(3) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall satisfy himself or herself that where an alteration of a financial record requires the authorization, approval and, or deletion of any transaction or data whether electronic or manually by any means other than in writing, that there is sufficient audit trail which shall identify the person who approved the transaction. In addition, the operations account is used as revenue collection account weakening the control on revenue.

Under the circumstances the accuracy and completeness of rendering of services amount of Kshs 972,950 could not be confirmed.

5.0 Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.7,890,645 as disclosed under note 14(a) to the financial statements which differs with the fees registers balance of Kshs.1,878,160, resulting in a variance of Kshs.6,012,485. Further, Note 14(b) to the financial statements indicates that receivables balance of Kshs.2,212,940 has been outstanding for more than a year. However the management has not taken any measures to recover these long outstanding receivables. In addition, the College did not have a debt recovery plan and did not maintain a receivables ledger outlining the opening balance, billings for the year, receipts and adjustments to arrive at the reported closing balance.

In the circumstances, the accuracy, completeness, fair statement and recoverability of the receivables from exchange transaction amounting to Kshs.7,890,645 as reported in the financial statements could not be confirmed.

6.0 Unsupported Value of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.54,397,148, the balance being cost value of Kshs.54,436,040 less depreciation of Kshs.38,893 as disclosed in Note 15 to the financial statements. However, the amount excludes assets of unknown value donated by the ministry education and being used by students for learning purposes. Further, the non-current asset register provided for audit review did not capture important details including asset tagging, serial/log book number, location, opening balances, additions, dates of acquisitions, disposals, depreciation charged, accumulated depreciation to date and Net Book value of the assets.

In the circumstances, the accuracy, completeness and disclosure of property, plant and equipment could not be confirmed.

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Matter

Failure to Approve Budget

During the year under review the board approved a revenue and expenditure budget of Kshs.16,926,000. However, there was no evidence that the budget was submitted and approved by the Cabinet Secretary Ministry of education and contrary to Section 22(1)and(2)of the second schedule to the Technical and Vocational Education and Training Act, 2013 which stipulates Board of Governors of a public institution shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such format and at such times as the Cabinet Secretary may prescribe and the Board

of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

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 states that when the authority to incur expenditure is issued by the Ministry or State Department or Agency, the allocation shall be entered as a commitment in the Ministry's or State Department's or Agency's master vote book so as to ascertain at all times the availability of uncommitted funds.

Additionally, to property, plant and equipment Kshs.533,140 were not budgeted for and have not been reported in the financial statements. Rendering of services reported actual amount of Kshs.2,833,450 which differs with the statement of financial performance amount of Kshs.9,172,950.

Other Information

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

In connection with my audit on 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources Section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Failure to Register Trainers

Review of documents during the year ended 30 June, 2023, revealed that the College had twelve (12) trainers. No evidence was provided to support that the trainers were registered by Technical and Vocational Education and Training Board contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013 which states 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.

Consequently, the Management was in breach of the Law.

2.0 Unsupported Contractual Employment Terms

Review of the staff data shows that the College had employed 15 staff on a three-month contract. However, there is no evidence that the contracts were renewed after the three months though they were still on the payroll. This was contrary to the provisions of Paragraph B.10 (1)(2) of Public Service Human Resource Policy, 2016 requires states an officer appointed to a position in the public service shall be issued with a letter of appointment specifying the terms and conditions of service. A letter of appointment shall state particulars of employment which should include the name and address of the employee, job title, date of commencement of appointment, terms and duration of employment, place of work, remuneration, terms and conditions of employment and terms of separation.

Consequently, the Management was in breach of the Law.

3.0 Non-Compliance with Law on Ethnic Composition in Staffing

The statement of financial performance reflects employee costs of Kshs.2,307,140 as disclosed in Note 9 to the financial statements. Review of the employees' records revealed that 13 out of 15 or 89% of the employees are from the same ethnic dominant community 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. Further, all the six (6) recruited staff during the year under review are from the same dominant ethnic community.

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

4.0 Lack of Staff Establishment

The statement of financial performance reflects an amount of Kshs.2,307,140 on employee costs as disclosed under Note 9 to the financial statements. Review of records revealed that the College did not have an approved staff establishment. The absence of an approved staff establishment indicates that the College has not determined the skills and optimal staffing levels required to achieve its goals and objectives. In, addition, there was no evidence that the institution had prepared a human resource plan based on a comprehensive job analysis. In the circumstances, it

was not possible to ascertain whether the total staff employed by the College was at the normal operating level and how key decisions regarding employees were made without an approved human resource policy.

Consequently, the 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 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 overall governance were not effective.

Basis for Conclusion

1.0 Lack of a Risk Management Policy and Framework

The audit revealed that Orogare Technical and Vocational College had not developed or implemented a risk management policy or framework to guide on risk assessment and mitigation processes. The College has not carried out risk assessment and has not updated risk register. Further, it was noted that the entity did not have a disaster recovery plan. This is contrary to regulation 165 (1)(a) and (b) of the Public Finance Management Regulations (National Government) which states that the Accounting Officer shall ensure that the national government entity develops risk management strategies which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

Consequently, it is not possible to determine the effectiveness of controls implemented to control risks.

2.0 Lack of Internal Audit Function and Audit Committee

During the financial year under review, the college did not have an Internal Audit department as required by Regulation 162(2)(a)((b)(c) and (d) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities, the internal auditor will have sufficient authority to promote independence and to ensure broad audit

coverage, adequate consideration of internal audit reports, appropriate action to be taken on internal audit recommendations; and the internal auditor to be independent of the programs, operations and activities he or she audits to ensure the impartiality and credibility of the internal audit work undertaken. Further, the College did not have an audit committee contrary to Regulations, 2015 which states that each national government entity shall establish an audit committee or share audit committee with another entity

In the circumstances, management lacks the required arrangements to provide oversight over management activities.

3.0 Transfer from Other National Government Entities

The statement of financial performance reflects transfers from other government entities amount of Kshs.5,323,000. However, there were no validated capitation beneficiaries' allocation lists, there were no receipts issued out to the beneficiaries making it impossible to establish if the allocation was done within 14 days from the date of the disbursement letter contrary to Part D (i-iv) of the Ministry of Education which states that department of vocational and technical training (SDVTT) directorate of technical education guidelines on capitation allocation and accountability requires that upon receipt of capitation in the TVET institution, the principal shall ensure that the capitation funds are allocated to the trainees on the validated list within 7 days from the date of the disbursement letter, lists of capitation funds shall be prominently displayed on the students notice boards and on individual institutions' web site and each capitation beneficiary trainee shall be issued with official receipt reflecting the amount received.

Consequently, the management was in breach of the law.

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 the 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

02 May, 2025

Oromia Technical and Vocational College
Annual Report and Financial Statements
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14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	4,923,000	7,347,422
CDI		400,000	
		5,323,000	7,347,422
Revenue from Exchange transactions			
Renditioning of services- fees from students	7	9,172,950	5,997,340
Revenue from Exchange transactions		9,172,950	5,997,340
Total revenue		14,495,950	13,344,762
Expenses			
Use of goods and services	8	5,581,902	4,342,437
Employee costs	9	2,307,140	1,615,496
BOG expenses	10	305,000	810,000
Depreciation and amortization expense	11	38,893	-
Repairs and maintenance	12	607,015	591,833
Total expenses		8,839,950	7,359,766
Net surplus for the year		5,656,001	5,984,996

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

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

ISA OMBATI	Millicent Ngangco	Robinson Kamba
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No 29635	
Date 12/3/25	Date 12/03/25	Date 12/3/25

Oromia Technical and Vocational College
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15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	1,628,092	2,669,962
Current portion of receivables from exchange transactions	14(a)	7,890,645	1,849,940
Inventories	28	260,870	363,000
Total Current Assets		9,779,607	4,882,902
Non-current Assets			
Property, plant, and equipment	15	54,397,148	53,902,900
Total Non-Current Assets		54,397,148	53,902,900
Total Assets		64,176,755	58,785,802
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	16	30,000	462,555
Advance payments	17	274,007	106,500
Total Current Liabilities		304,007	569,055
Total Liabilities		304,007	569,055
Net Assets			
Capital fund		52,192,859	52,231,751
Accumulated Surplus		11,679,889	5,984,996
Total Assets		63,872,748	58,216,747
Total Assets and Liabilities		64,176,755	58,785,802

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

Chairman of Council/Board	Finance Officer	Principal
<i>J.A. OMBATI</i>	<i>Millicent Nganga</i>	<i>Robinson Abamba</i>
<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>
Date	Date	Date
<i>12/03/25</i>	<i>12/03/25</i>	<i>12/03/25</i>

Orogare Technical and Vocational College
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16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Accumulated Surplus	Capital fund	Total
At July 1, 2021	-	-	-
Revaluation gain	-	-	-
Surplus/(deficit) for the year	5,984,996	-	5,984,996
Capital grants received during the year	-	52,231,751	52,231,751
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-
At June 30, 2022	5,984,996	52,231,751	58,216,747
At July 1, 2022	5,984,996	52,231,751	58,216,747
Revaluation gain	-	-	-
Surplus/(deficit) for the year	5,656,001	-	5,656,001
Capital grants received during the year	-	-	-
Transfer of depreciation/amortisation from capital fund to accumulated surplus	38,893	(38,893)	-
At June 30, 2023	11,679,889	52,192,859	63,872,748

Orare Technical and Vocational College
 Annual Report and Financial Statements
 For the year ended 30th June 2023

17. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Transfers from other Government entities/Govt. grants	6	5,323,000	7,347,422
Rendering of services	7	2,833,450	5,997,340
Total Receipts		8,156,450	13,344,762
Payments			
Compensation of employees	8	2,307,140	1,615,496
Use of goods and services	9	5,581,902	4,342,437
BOC expenses	10	305,000	810,000
Repairs and maintenance	12	607,015	591,833
Total payments		8,801,057	7,359,766
Net cash flows from operating activities before working capital			
Decrease in receivables		(644,607)	5,984,996
Increase in payables		(497,848)	(3,546,229)
Net cash flow from operations after working capital			
Change		(1,575,010)	3,007,822
Cash flow from investing activities			
Purchase of property, plant, equipment and intangible assets	15	533,140	(693,000)
Net cash flows used in investing activities		533,140	(693,000)
Net A (decrease)/increase in cash and cash equivalents			
		(1,041,870)	2,669,962
Cash and cash equivalents at 1 July		2,669,962	-
Cash and cash equivalents at 30 June		1,628,092	2,669,962

Orogare Technical and Vocational College
Annual Report and Financial Statements
For the year ended 30th June 2023

18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	Notes
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Revenue							
Transfers from other National Government entities	9,000,000	-	9,000,000	4,923,000	4,077,000	45%	(a)
Rendering of services- fees from students	7,926,000	-	7,926,000	2,833,450	5,092,550	64%	(b)
Total Income	16,926,000	-	16,926,000	7,756,450	9,169,550	54%	
			-				
Expenses							
Compensation of employees	3,802,000	-	3,802,000	2,307,140	1,494,860	39%	(c)
Use of goods and services	11,720,000	-	11,720,000	5,581,902	6,138,098	52%	
BOG expenses	504,000	-	504,000	305,000	199,000	39%	
Repairs and maintenance	900,000	-	900,000	607,015	292,985		(d)
Total Expenditure	16,926,000	-	16,926,000	8,801,057			
			-				
Surplus For the Period	-	-	-	(1,044,607)			
Capital Expenditure	-	-	-	533,140	(533,140)	-100%	(e)

Notes on variations of above 10%

- (a) The variance was due to reduced capitation and no remittance of quarter four capitation from the National government
- (b) The variations were due to low enrolment hence decreased revenue receivable. Some trainees were issued with admission letter but failed to report.
- (c), (d) and (e) The variations were due to scaling down on budgeted projects due to financial constraints as capitation was not received as had been budgeted.

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19. Notes to the Financial Statements

1. General Information

Orogare TVC is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activities of the College are 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 judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard		Effective date and impact:
IPSAS 41 Instruments	Financial	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42 Benefits	Social	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments IPSAS resulting from IPSAS 41, Instruments	Other g from financial	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for

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

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

Orogare TVC did not early-adopt any new or amended standards in year 2023.

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 upon obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to pay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on **30 June 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page of these financial statements.

c) Tax

Current income tax

The entity 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:

- Where 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.
- Where 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.

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

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such loss at each reporting date.

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

Provisions are recognized when the College 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 College 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 a provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

l) Social benefits

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The College creates and maintains reserves in terms of specific requirements..

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

Notes to the Financial Statements (Continued)

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Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The *Entity* 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 an arrangement, the College 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 – a significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	3,423,000	5,400,000
Operational Grant	1,500,000	1,547,422
Unconditional development grants	400,000	400,000
Total Government Grants and Subsidies	5,323,000	7,347,422

(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 Education	4,923,000	-	-	4,923,000	6,947,422
Total	4,923,000	-	-	4,923,000	6,947,422

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Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fee	148,320	108,960
Personal Equipment	3,559,680	2,615,040
Repairs and Maintenance	563,925	740,020
Ltt	922,365	760,450
Ewc	1,007,340	677,595
Activity	1,035,150	681,000
Attachment	927,000	414,275
Examination Fee	1,009,170	-
Student Union		
Total Revenue from The Rendering of Services	9,172,950	5,997,340

This revenue is due to school fees receivable from trainees of ksh 26,420 per trainee per year for 309 trainees

8. Use of Goods and Services

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Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	1,872,936	1,172,513
Industrial attachment costs	3,130	80,600
Electricity	178,509	61,920
Administrative expenses	898,640	459,537
Activity	310,374	502,150
Seminars and training	93,600	404,500
Subscription	-	90,000
Advertising	257,630	44,200
Examination fees	748,300	412,300
Travelling and accommodation	961,250	923,070
Telephone and Postage	78,725	46,625
Printing and stationery	109,220	80,630
Internet expenses	69,588	64,392
Total goods and services	5,581,902	4,342,437

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	2,307,140	1,615,496
Employee Costs	2,307,140	1,615,496

10. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board allowances	305,000	810,000
Total	305,000	810,000

11. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	38,893	-
Total depreciation and amortization	38,893	-

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12. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Plant property and equipment	607,015	591,833
Total Repairs and Maintenance	607,015	591,833

13. Cash and Cash Equivalents

Description	Insert	Insert
	Kshs	Kshs
Current Account	1,628,092	2,669,962
Total Cash and Cash Equivalents	1,628,092	2,669,962

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Notes To the Financial Statements (Continued)

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank-Operations	1282491644	1,595,917	2,176,024
Kenya Commercial Bank- Development	1282491709	2,055	401,575
Sub- Total		1,597,972	2,577,599
b) Other			
Cash in hand		30,120	92,363
Sub- Total		30,120	92,363
Grand Total		1,628,092	2,669,962

14. Receivables from Exchange transactions

14(a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Depositors	7,890,645	2,212,940
Total Current Receivables	7,890,645	2,212,940

14 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	5,677,705	72%	2,212,940	100%
Between 1- 2 years	2,212,940	28%	-	0%
Total (a+b)	7,890,645	100%	2,212,940	100%

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Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

	Land	Buildings	Furniture and fittings	Plant and machinery and equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
1ST JULY 2021	1	53,209,900.00	-	-	53,209,900.00
Additions		515,000.00	-	178,000.00	693,000.00
At 30 June 2021	2	53,724,900.00	-	178,000.00	53,902,900.00
ACCUMULATED DEPRECIATION					
1ST JULY 2021			-	-	-
Depreciation			-	-	-
As At 30 June 2021	2022		-	-	-
Net book value					
At 30 June 2022	2	53,724,900.00	-	178,000.00	53,902,900.00
1ST JULY 2022		53,724,900.00	-	178,000.00	53,902,900.00
Additions		400,000.00	133,140.00	-	533,140.00
At 30 June 2022		54,124,900.00	133,140.00	178,000.00	54,436,040.00
ACCUMULATED DEPRECIATION					
1ST JULY 2022			-	-	-
depreciation			16,642.00	22,250.00	38,892.00
As At 30 June 2022	23		16,642.00	22,250.00	38,892.00
Net book value					
At 30 June 2023		53,724,900.00	-	178,000.00	53,902,900.00
At 30 June 2023		54,124,900.00	116,497.00	155,750.00	54,397,147.00

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Notes to the Financial Statements (Continued)

15 (c) 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	Buildings	Furniture and fittings	Plant and machinery and equipment	Computers	WIP	Total
	Kshs	Kshs	Kshs	Kshs		Kshs
1ST JULY 2022	53,209,900.00	-	-			53,209,900.00
additions	515,000.00	-	178,000.00			693,000.00
At 30 June 2023	53,724,900.00	-	178,000.00			53,902,900.00
ACCUMULATED DEPRECIATION						
1ST JULY 2022	-	-	-			
depreciation	-	-	-			
As At 30 June 2023	-	-	-			
Net book value						
At 30 June 2022	53,724,900.00	-	178,000.00			53,902,900.00
1ST JULY 2022	53,724,900.00	-	178,000.00			53,902,900.00
additions	400,000.00	133,140.00	-			533,140.00
At 30 June 2023	54,124,900.00	133,140.00	178,000.00			54,436,040.00
ACCUMULATED DEPRECIATION						
1ST JULY 2022	-	-	-			
depreciation	-	16,642.00	22,250.00			38,892.00
As At 30 June 2023	-	16,642.00	22,250.00			38,892.00
Net book value						
At 30 June 2023	54,124,900.00	116,497.00	155,750.00			54,397,147.00

Land, computers, plant and machinery and other furniture and fittings were not recognized in the financial statements because the college could not ascertain their fair value as the historical cost values were not provided. We have budgeted for a valuation of the said assets subject to

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availability of funds. Once the valuation will be complete the values shall be booked in the financials at valuation fair values.

16. Trade and Other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	30,000		462,555	
Total Trade and Other Payables	30,000		462,555	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	0	%	0	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to totals above)	0		0	

17. Payments received in advance.

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Advance fees	274,007		106,500	
Total advance payments	274,007		106,500	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	274,007	100%	106,500	100%
1-2 years	0	%	-	%
2-3 years	0	%	-	%
Over 3 years	0	%	-	%
Total (tie to totals deposits above)	274,007	100%	106,500	100%

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Description	2022-2023		2021-2022	
	Kshs		Kshs	
Investments	260,870.00		363,000.00	
Total	260,870.00		363,000.00	

Notes to the Financial Statements (Continued)

18. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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Description	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022			
Receivables from exchange transactions	2,212,940	-	-
Bank balances	2,669,962	-	-
Total	6,633,941	-	-
At 30 June 2023			
Receivables from exchange transactions	7,890,645	-	-
Bank balances	1,628,092	-	-
Total	8,243,297	-	-

Notes to the Financial Statements (Continued)
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 entity has significant concentration of credit risk on amounts due from xxxx

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

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At June 2022				
Trade Payables	462,555	-	-	462,555
Advance payments	106,500	-	-	106,500
Total	569,055	-	-	569,055
At June 2023				
Trade Payables	30,000	-	-	30,000
Deferred Income	274,007	-	-	274,007
Total	304,007	-	-	304,007

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Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

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

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

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

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

iv) Capital Risk Management

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Retained Earnings	8,696,424	6,157,586
Capital Reserve	53,864,008	53,902,900
Total Funds	62,560,432	60,060,486
Total Borrowings	-	-
Less: Cash and Bank Balances	1,628,092	2,669,962
Net Debt (Excess Cash and Cash Equivalents)	(1,628,092)	(2,669,962)
Gearing	0%	0%

19. Related Party Balances

Nature of related party relationships

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

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Government of Kenya

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

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

20. Events After The Reporting Period

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

21. Ultimate And Holding Entity

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

22. Currency

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