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REPORT

OF

 THE AUDITOR-GENERAL	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 MAR 2022	DAY: Tues
TABLED BY: LOM	ON
CLERK-AT THE-TABLE: F. Muniuki	

**RIFT VALLEY TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE, 30 2020**

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

**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY
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I. KEY ENTITY INFORMATION AND MANAGEMENT

GENERAL INFORMATION

The Rift Valley Institute of Science and Technology is established by and derives its authority and accountability from TVET Act 2013. The entity is owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Education and Training.

BACKGROUND INFORMATION

The idea of establishing Rift Valley Institute of Science and Technology (RVIST) was to create an institution that could meet the educational and development needs of the Rift Valley Community.

RVIST is now a recognized public Technical Training Institute that is mandated to offer Technical, Industrial, Vocational and Entrepreneurship Training as spelt out in the Education Act and Science and Technology Act. The long-term Vision at its inception was to develop a strong technological institution to play a leading role in the development of the immense resources and potential of Rift Valley region and in so doing contribute to National Development.

The institute prides itself in having attained the ISO 9001:2015 certification. The road to certification has given us the impetus to develop home grown quality objectives to improve service to our customers. Through the achievement of these objectives, we continuously make tremendous progress in contributing to the realization of our strategic plan and the Kenya Vision 2030. The Institute is also in Performance Contracting.

In addition to providing academic and technical skills, we seek to develop in our students, creativity and innovativeness, that enables them to integrate successfully in all areas of management in the public and private sectors.

Thus, it is envisaged that RVIST operates as a TVET institution. The leaders in the region have consistently supported the development of the institute.

Location

RVIST is built on a 200 Acre land donated by Rift Valley Development Trust properties (RVDTP) and located about 11 kilometres from Nakuru town along the Nakuru-Njoro road in a quiet environment conducive for learning.

Vision:

To be a centre of excellence in providing quality technical training, research and development for self-reliance and industrialization in the region.

Mission:

To develop competent, dependable, innovative, creative and ICT compliant human resource that suits dynamic technological trends for sustainable development.

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MANDATE

The mandate of RVIST is to promote advancement of education and development in the region and the country at large through technical training, research, innovation and community service.

(a) Key Management

The TVET day-to-day management is under the following key organs:

- Principal
- Deputy Principal Administration
- Deputy Principal Academic Affairs
- Registrar
- Dean of Students
- Finance Officer
- Head of supply chain management
- Academic Heads of departments

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Cheruiyot Daniel Mutai
2.	Head of Finance	Mrs. Susan Koech
3.	Head of Procurement	Mr. Joseph Seroney

(c) Fiduciary Oversight Arrangements

To ensure the efficient running of the Agency's operations, the Board of Directors have established Committees to meet and make recommendations to the Board who are mandated to provide policy direction for the entity on issues delegated to them. Each Committee has a Charter that guides its operations.

The following are the sub-committees of the board

<i>Finance and general-purpose committee</i>	
<i>Mr. Ben Kipng'etich Samoei</i>	<i>Chair of finance committee</i>
<i>Eng. Esther Ruto</i>	<i>Member</i>
<i>Dr. Richard Moindi</i>	<i>Member</i>
<i>Mr. Seleila Ole Mwaniki</i>	<i>Member</i>

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Audit and risk committee	
Professor. Johnson Changeiywo	Chair
M/S Henrietta Namava	Member

(d) Contacts

Rift Valley Institute of Science and Technology

P.O. Box 7182 – 20100

Nakuru – Njoro Road.

Tel: 020-2079754,

Mobile No. 0720668238

E-mail:principal@rvist.ac.ke

Contacts

Telephone :(254)0720 668 238

E-mail: Principal@rvist.ac.ke

Website: www.rvist.ac.ke

(e) Bankers

1. Cooperative Bank of Kenya
Nakuru Branch
P.O. Box 2982 - 20100
Nakuru, Kenya
2. Kenya Commercial Bank
Kenyatta Avenue
P.O. Box 18 - 20100
Nakuru, Kenya
3. Equity Bank
Gatehouse Branch
P.O. Box 12568 - 20100
Nakuru, Kenya
4. Transnational Bank Limited
Seguton Building, Kenyatta Avenue
P.O. Box 148 – 20100
Nakuru, Kenya
5. Family Bank
Kenyatta Avenue
P.O. Box 519 – 20100
Nakuru, Kenya

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(f) Independent Auditors

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

(g) Principal Legal Adviser

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



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THE BOARD OF GOVERNORS

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
 <p>1. Mr. Harun Kimutai Bomett Chairman - BOG</p>	<p>Date of Birth: 1943 Qualification: Law Graduate Institution: University of Nairobi Work experience: Retired Resident Magistrate – 35 Years</p>
 <p>2. Prof. Johnson Changeiywo Chairman Executive Board</p>	<p>Date of Birth: 1958 Qualification: Prof. Physics and Mathematics Institution: Egerton University Work experience: Director Open learning and Lecturer Egerton University – 24 years</p>
 <p>3. Dr. Richard Moindi Member BOG</p>	<p>Date of Birth: 1968 Qualification: PhD in Educational Management Institution: Egerton University Work experience: i) Director Group of SME's – 22 years</p>
 <p>4. Eng. Esther Ruto Member BOG</p>	<p>Date of Birth: 1961 Qualification: BSC. in Electrical Engineering Institution: University of Nairobi Work experience: - Manager REA/ Registered ERB Construction - 11 Years</p>

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Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
 <p>5. M/s Henrietta Namava Member BOG</p>	<p>Date of Birth: 29th June 1977 Qualification: MsC. Occupational Health & Safety Institution: JKUAT Work experience: COTU Training Manager – Del Monte</p>
 <p>6. Mr. Ben Kipngetich Samoei Member BOG</p>	<p>Date of Birth: 1972 Qualification: Masters in Business Administration (Finance Option) Institution: Catholic University of East Africa (GABA) Work experience: Administrative Officer Moi Teaching and Referral Hospital (MTRH) – 20 years</p>
 <p>7. Mr. C.D. Mutai Principal/Secretary BOG</p>	<p>Date of Birth: 1962 Qualification: M. Phil (Elect. Technology) Institution: Moi University Work experience: Principal RVIST</p>
 <p>8. Mr. Seleila Ole Mwanik Board member</p>	<p>Date of Birth: 1962 Qualification: Masters in business management Institution: Maasai Mara University Work experience: Over 35 year of experience currently working as University Liaison officer at the Maasai Mara University</p>

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MANAGEMENT TEAM

Name of the Staff	Responsibility
 1. Mr. C.D. Mutai	<p>Principal In-charge of all academic, administrative, co-curriculum and all other activities in the Institute.</p>
 2. Mrs. Jacinta Kuria	<p>Deputy Principal Academic Affairs In-charge of curriculum implementation and academic affairs.</p>
 3. Mr. Paul Cheptum	<p>Ag. Registrar In-charge of student admissions and management of examinations.</p>
 4. Mr. Phillip K. Terer	<p>Dean of Students In-charge of student affairs,</p>
 5. Mrs. Susan Koech	<p>Finance Officer In-charge of finance section of administration</p>

II. CHAIRMAN'S STATEMENT

It gives me great pleasure to present the Rift Valley Institute of Science and Technology (RVIST) annual report and financial statements for the year ended 30th June 2020.

I acknowledge the RVIST commitment to producing well equipped graduates in Technical and Vocational Education and Training (TVET). RVIST is keen in ensuring that TVET programmes pursued, will enable the trainees acquire the necessary skills, knowledge, experience and confidence to be exemplary leaders in their professions and to be role models in their communities and become responsible citizens wherever in the world their careers might take them.

Technical, Vocational, Education and Training (TVET) provides knowledge, skills and attitudes that have become a key driver of growth and development globally. Production of knowledge intensive, technologically sophisticated, higher value goods and services is not possible without a trained management cadre and labour force with the appropriate mix of technical and vocational skills. In view of this, it is imperative to ensure that there exist enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond. To this end, I am delighted to note that this has been achieved.

The BOG is mandated to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. This mandate is enshrined in our Strategic Plan 2017-2022. In addition, the institute reviewed her Strategic Plan in order to align it with the "Big Four" agenda and the MTP III.

The BOG is committed to embracing best practices in the industry and has facilitated various benchmarking exercises as we prepare to launch CBET programs that are skill oriented and more relevant to the industry. To this end, the institute has entered into collaboration agreements with the industry players in an effort to align our programmes with the needs of the industry.

The BOG is pleased with the efforts the Institute Management has continued to undertake to enhance the quality and relevance of Academic programmes offered by the Institute and its commitment to continue to sustain quality standards as evidenced by the transition to ISO 9001: 2015 during the year.

I wish to thank the Government of Kenya and other stakeholders for their continued financial support. However, the Institute's student population has grown tremendously in the recent past due to collaborations with the KUCCPS and other stakeholders thus exerting pressure on our existing resources and facilities. To this end we continue to appeal for support for the projects in our strategic plan such as a modern automotive garage, classrooms, science laboratory, student hostels among others to enable the Institute achieve its core mandate in the provision of quality teaching and research and collaborations.

Finally, I thank all our partners, collaborating institutions, staff and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.



Harun Kimutai Bomet
Chairman Board of Governors

III. REPORT OF THE PRINCIPAL

It is my pleasure to present the annual report and financial statements for Rift Valley institute of Science and Technology for the year ended 30th June 2020. This year has been a year with new challenges but also many other opportunities to improve and move forward. The staff and the management have risen to the challenges with a great deal of resilience and determination.

It is important to note that there was a remarkable improvement in enrolment in all courses. This is an indication that the institute has continued to improve its competitiveness in TVET.

During the year under review, the institute also mentored and oversaw the completion of Kipsoen TVC and Eldama Ravine TVC. Despite these successes, we have faced numerous challenges of mobilizing adequate funds to build classrooms and developing new infrastructure to cater for the increase in population and also match the industry trends to ensure relevance in training.

We are proud of our trainers and trainees who participated in the regional and robotics trade fairs and innovations contest. We are optimistic that the innovations can be incubated and converted into commercial ventures in the near future.

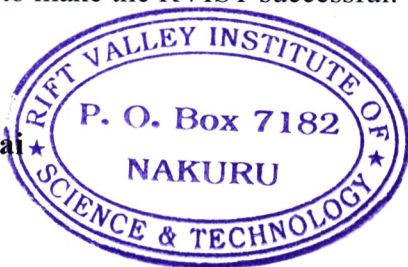
The challenge is also compounded by the heavy financial burden incurred by the institution as remuneration for trainers hired under BOG terms as the TSC and later PSC has not been able to provide adequate human resource to enable the institute deliver her mandate. It is our hope that the bodies concerned with the hiring the TVET trainers will expedite the process to relieve the institute of the burden and therefore channel the resources to other pressing issues.

Our special thanks go to the Government of Kenya for the renewed commitment to TVET and recognising technical training as a vehicle for achieving the vision 2030. The funding of trainees through capitation and provision of loans and bursaries by HELB has been of immense importance in the provision of training equipment.

We also thank the Ministry of Education, the Directorate of Vocational and Technical Training, for supporting RVIST in its efforts to deliver quality and market driven programmes. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of the Big Four Agenda.

We also greatly appreciate the BOG, staff, students and all stakeholders who have contributed greatly in their own way to make the RVIST successful.

Mr. C.D. Mutai
Principal



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**IV. REVIEW OF RIFT VALLEY INSTITUTE SCIENCE AND TECHNOLOGY'S PERFORMANCE
FOR FY 2019/2020**

Rift Valley Institute of Science and Technology has 9 strategic pillars and objectives within its Strategic Plan for the FY 2016/2017- 2020/2021. These strategic pillars are as follows:



Rift Valley Institute of Science and Technology develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Institute* achieved its performance targets set for the FY 2019/2020 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillars	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: ACCESS AND EQUITY	❖ Enhance Access, Equity and Quality Assurance	❖ Improved training programmes in MSE sector. ❖ Expansion of facilities	❖ Expand facilities based on government priorities ❖ Support TVET trainees ❖ Promote affirmative action for TVET trainees ❖ Reform and enhance education, training, and guidance services. ❖ Improve training programmes in MSE sector.	❖ Expansion of facilities achieved and new courses have been launched.

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			❖ Offer higher level programmes ❖	
Pillar 2: INFRASTRUCTURE	Improving and increasing physical facilities	❖ Completion of buildings under construction, ❖ Successfully complete the projects for institutions being mentored	❖ Develop a framework for improving and increasing physical facilities ❖ Improve TVET equipment, information and communication systems	Various blocks have been constructed including classrooms, workshops, multipurpose hall and access roads
Pillar 3: TECHNOLOGY AND ICT INFRASTRUCTURE	Promote effective application of ICT	❖ Complete ICT infrastructures, ❖ Installation of Management Information System ❖ ICT courses	❖ Develop adequate ICT capacity and infrastructure ❖ Institutionalized Management Information System (MIS) ❖ Promote the use of ICT in Curriculum delivery and management systems	ICT courses are being offered in the institution MIS is in the process of being upgraded.
	Enhance Equipment and Technology	❖ Institution incubator and use of modern equipment and Technology	❖ Develop institution incubator ❖ Promote use of modern equipment and Technology	To be implemented
Pillar 4: RESEARCH AND DEVELOPMENT	Institutionalize effective research and development	❖ Research and development infrastructure	❖ Develop mechanisms for R&D collaboration among TVET institutions. ❖ Promote the use of research results in technology development and transfer ❖ Develop R&D infrastructure.	The Institute has got Research and Development department and often participates in Agribusiness shows and ASK and TVET fairs.
Pillar 5: COLLABORATION	Enhance collaboration and linkages	❖ Development partners on board	❖ Establish collaborations and linkages	Currently the Institute has the following

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AND LINKAGES		❖ Mentorship	❖ Strengthen existing collaboration and linkages ❖ Establish benchmarks and joint cooperation networks with international TVET institutions	collaborations and linkages: Cooperative Bank, KCB bank and Equity bank, Kenya power and Delta college in Michigan who donate computers ,and Science equipment and text books and Naivasha level 5 Hospitals for attachment of medical students.
Pillar 6: COMPETITIVENESS	Enhance competitiveness	❖ Increased students' numbers	❖ Strengthen existing competitiveness benchmarks ❖ Establish new competitiveness benchmarks	❖ Benchmarking with other schools is done every period, best students and best trainers are awarded annually.
Pillar 7: INSTITUTIONAL GOVERNANCE	Improve Institutional Corporate Governance	❖ Constant review of courses offered ❖ Improved result based management in the training system ❖ Improved budget accuracy level	❖ Develop and implement institutional policies, strategies and programmes ❖ Embrace results based management systems in training ❖ Develop and implement M&E systems ❖ Fast track institutional expenditure review	❖ New courses being offered ❖ Improved budget accuracy ❖ Review of financial statements is done by the board every quarter
Pillar 8: HUMAN RESOURCE	❖ Harness Human resource	❖ Increased number of staff to match the increasing number of students	❖ Increase staff at TSC and BoG levels ❖ Develop competencies in staff	❖ New BoG staff and trainers have been employed

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	<ul style="list-style-type: none"> ❖ Improve and sustain relevance of skills 		<ul style="list-style-type: none"> ❖ Ensure quality and assurance standards ❖ Promote innovativeness in ST&I ❖ Establish the Center of excellence ❖ Improve the quality of work culture Strategy ❖ Encourage investment in the development and commercialization of TVET products and services including ICT 	
Pillar 9: FINANCIAL RESOURCES	<ul style="list-style-type: none"> ❖ Diversify sources and increase funding 	<ul style="list-style-type: none"> ❖ New development partners ❖ Enhanced existing partners' relationship ❖ Increase in government development funds 	<ul style="list-style-type: none"> ❖ Increase GoK funding ❖ Exploit external funding possibilities through developed criteria ❖ Expand income generation at institutional level 	<ul style="list-style-type: none"> ❖ There are development partners funding development projects. ❖ Students receives HELB
Pillar 10: COMMUNICATION AND PUBLIC RELATIONS	<ul style="list-style-type: none"> ❖ To develop an effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of RVIST. 	<ul style="list-style-type: none"> ❖ Improved institution 	<ul style="list-style-type: none"> ❖ Improve the image of TVET 	<ul style="list-style-type: none"> ❖ Objective achieved

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<p>Pillar 11: Perception towards TVET</p>	<p>❖ Inculcate appreciative culture in the community for TVET services and products</p>	<p>❖ Increased student enrollment</p>	<p>❖ Sensitizing society on the role of TVET</p>	<p>❖ Holding of TVET fairs, agribusiness fairs, ASK show and community outreach visits to showcase TVET products and services.</p>
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V. CORPORATE GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2019/2020

The corporate governance structure ensures that we act with high standards of corporate behaviour and in the best interest of our stakeholders. The BOG has the authority to perform the functions and determine the policies that control the TVET's activities.

The BOG is responsible for our overall corporate governance and approves strategic directions and budgets. On the other hand, the management ensures that all statutory requirements are complied with, internal control systems are in place and operate effectively; in addition to ensuring that BOG decisions are fully implemented.

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

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

The BOG, in consultation with management, develops strategic direction for the annual and long-term period.

The BOG also prepares for Annual General Meetings and determines the agenda in which annual audited accounts are presented.

At its regular meetings, the BOG considerations include:

- Progress of Academic programmes
- Institute resources and general management
- Quarterly Financial Statements

Annual Financial Statements

Composition of the BOG

The BOG is chaired by Mr. Harun Bomet. He chairs the BOG meetings providing direction during BOG meetings to the members of the Board. The secretary to the Board is the principal- Mr. C.D. Mutai

Board meeting attendance

The board of governors held five Full board meetings in the financial 2019/2020.

The current board was appointed on 13th January 2020 and inaugurated on 3rd March, 2020 for a term of three years ending 12th March 2023.

On expiry of the tenure of the current board (12th March 2023) the process of appointment of a new board of management is as laid out in the TVET act of 2013 shall be followed

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;

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(o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;

(p) Providing for the welfare of the students and staff of the institutions;

(q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and

(r) Discharging all other functions conferred upon it by this Act or any other written law.

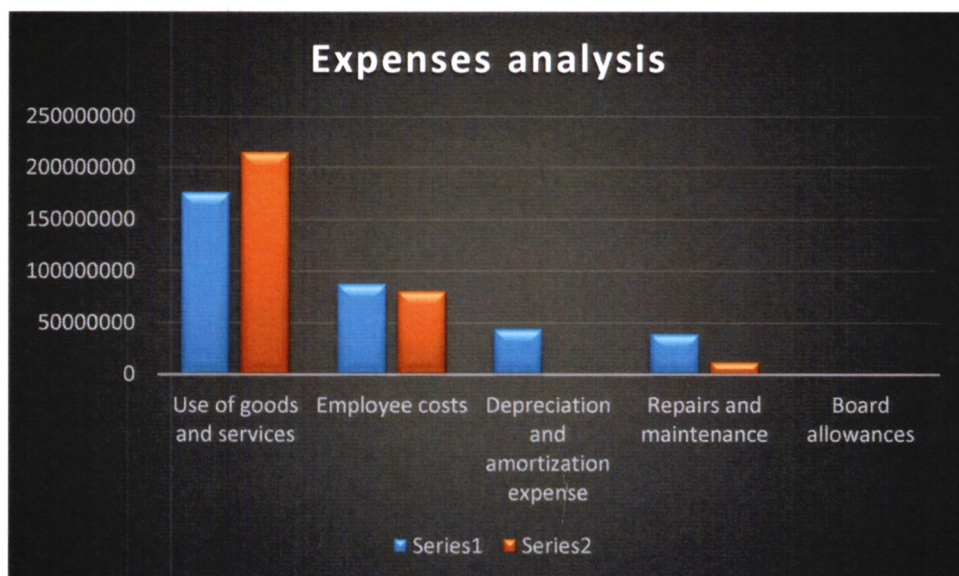
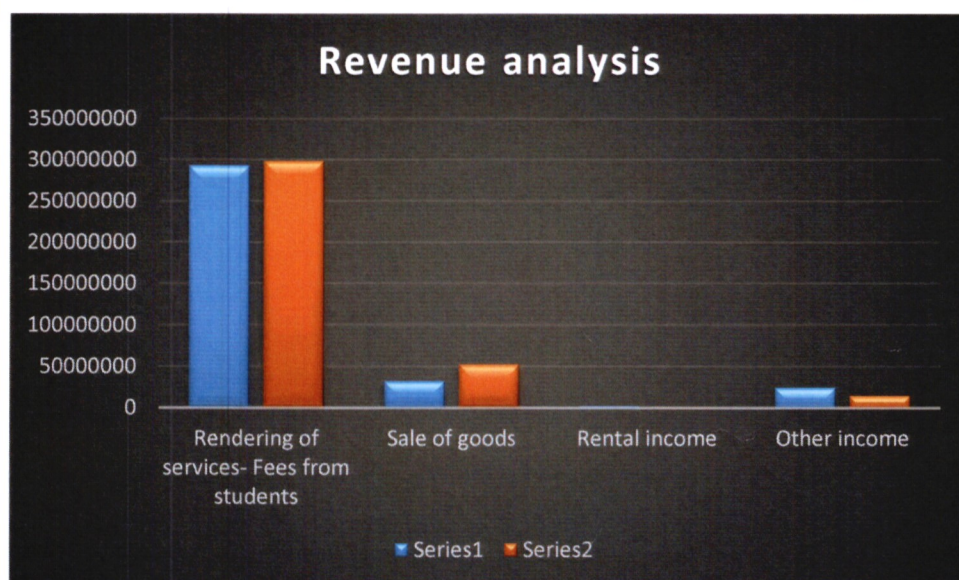
The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board. This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

Rift Valley Institute of Science and Technology operational and financial performance

During the year ended June 2020, the Institution had 6,664 students compared to 6,241 in year 2018/2019. Though the education sector was highly affected by the outbreak of Covid 19 in the world, the revenues only decreased by 13% from 394 million to 350 million. This was attributed to increased number of students but also the change of accounting basis from cash to accrual basis.

Below are the graphs and pie charts analysing the revenues and expenses of the institution.



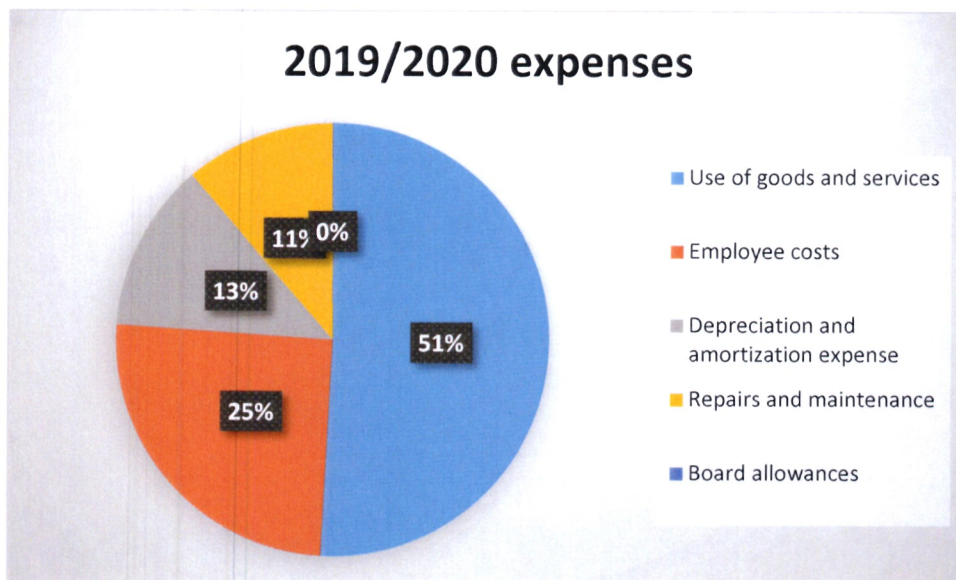
The above analysis reviews that employment cost increased by 9% attributed to additional BoG staff, trainers employed by the board, gratuity and increased employee capacity building.

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Use of goods decreased by only 18% due to reduced operations in the last quarter of the financial year caused by outbreak of covid 19 pandemic.

The depreciation expense was not charged in the previous year because the books were prepared on cash basis while in the current year, the institution has adopted accrual basis of accounting.

The contribution of each expense as a percentage of total expenses is as shown below.



Rift Valley Institute of Science and Technology compliance with statutory requirements

Rift Valley Institute of Science and Technology complies to deduction and remittance of statutory deductions such as NHIF, NSSF, HELB and PAYE

Major risks facing the organisation.

The institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and HELB grants
- v. Staff turnover due to inability to retain them

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Key projects and investment decisions

The projects under consideration in the FY 2019/2020 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Key deliverables	Completion rate	Timeline
	Water Borehole	Main campus	3,500,000	Completed	100%	1 year
	Food and Beverage, workshop and classrooms complex	Main campus	35,000,000	Partially done	20%	2 year
	Access roads and round about	Main campus	11,500,000	Completed	100%	1 year
	Multipurpose hall	Main campus	12,000,000	Completed	100%	1 year
	14 seater Van	Main campus	6,500,000	Completed	100%	1 year
	Removal of Asbestos roof and replacement with the modern roof	Main campus	10,000,000	Completed	100%	1 year

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

Profit:The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like farm, bakery and dairy unit.

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

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

2. Employee welfare

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

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

Activity	Description
Better training	optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as an Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.

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Supported Staff promoting initiatives that support staff and their families, beyond the provision of employment.

promoting initiatives that recognize the contribution of the students to the community.

a) Policies guiding hiring process

The following are the RVIST Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
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	RVIST observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

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

RVIST has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

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

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v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

4. Community Engagements-

During the year under review, RVIST carried out various CSR activities to impact the society as highlighted below;

Agribusiness fair online was held during the year Covid-19 sensitisation and awareness campaign across the neighbouring communities by the students and teachers.

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VIII. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with for the year ended June 30, 2020 which show the state of Rift Valley Institute of Science and Technology affairs.

Principal activities

The principal activities of the entity are training and development of human resource in various fields

Results

The results of the RVIST for the year ended June 30, 2020 are set out on page 1 to 29.

Board of governance

The members of the Board who served during the year are shown on pages' v to vi.
During the year three of the directors namely; Mr. Wilson Mitei , Dr. Michael Lokuruka and Mr. Saidimu Lenaronkoito retired and three new directors appointed to the board namely: Dr. Richard Moindi, Mr. Ben Samoei and Mr. Seleila ole Mwanik.

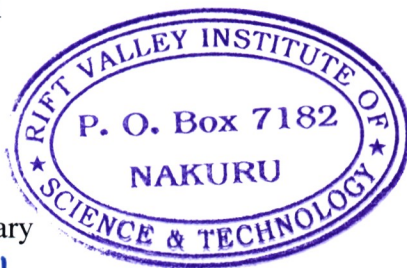
Auditors

The Auditor General is responsible for the statutory audit of Rift Valley Institute of Science and Technology in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Mr. C.D. Mutai
Principal/BOG Secretary
Date... 21/04/2021



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IX. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the board of governance to prepare financial statements in respect of that *Rift Valley Institute of Science and Technology*, which give a true and fair view of the state of affairs of the Rift Valley Institute of Science and Technology at the end of the financial year and the operating results of Rift Valley Institute of Science and Technology for that year. The board of governance are also required to ensure that the *Rift Valley Institute of Science and Technology* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Rift Valley Institute of Science and Technology*. The board of governance are also responsible for safeguarding the assets of the *Rift Valley Institute of Science and Technology*.

The board of governance are responsible for the preparation and presentation of the *Rift Valley Institute of Science and Technology*'s financial statements, which give a true and fair view of the state of affairs of the *Rift Valley Institute of Science and Technology* for and as at the end of the financial year ended on June 30, 2020. 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 Rift Valley Institute of Science and Technology; (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 Rift Valley Institute of Science and Technology; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board of governance accept responsibility for the *Rift Valley Institute of Science and Technology*'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 State Corporations Act, and the TVET Act*). The board of governance are of the opinion that the *Rift Valley Institute of Science and Technology*'s financial statements give a true and fair view of the state of *Rift Valley Institute of Science and Technology*'s transactions during the financial year ended June 30, 2020, and of the *Rift Valley Institute of Science and Technology*'s financial position as at that date. The board of governance further confirm the completeness of the accounting records maintained for the *Rift Valley Institute of Science and Technology*, which have been relied upon in the preparation of the *Rift Valley Institute of Science and Technology*'s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board of governance to indicate that the *Rift Valley Institute of Science and Technology* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

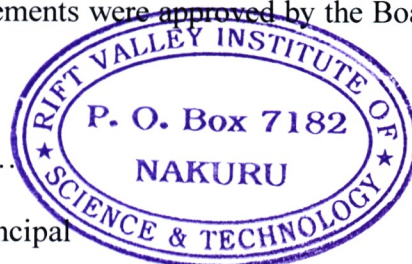
The Rift Valley Institute of Science and Technology's financial statements were approved by the Board on 21/04/2021 2021 and signed on its behalf by:



Chairperson of the Board

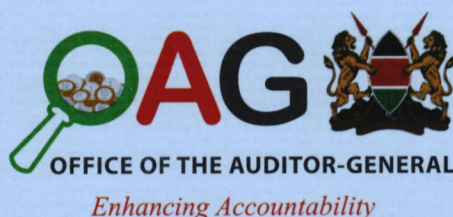


accounting officer/Principal



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON RIFT VALLEY TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rift Valley Technical Training Institute set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of cash flows, statement of net assets and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Rift Valley Technical Training Institute as at 30 June, 2020, 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 Unsupported Property Plant and Equipment

As disclosed in Note 16 to the financial statements, the statement of financial position reflects property, plant and equipment totalling to Kshs.1,784,269,955. However, included in the balance is work-in-progress amounting to Kshs.31,713,331 whose contract documents and interim certificates for work in progress were not provided. No explanation was provided for failure to complete the work in progress which has remained the same as the previous year.

In addition, the balance includes additions of Kshs.29,511,581. Included in additions is a balance of Kshs.10,457,850 in respect of procured motor vehicles whose procurement documents were not provided.

In the circumstances, the accuracy and propriety of the property, plant and equipment balance of Kshs.1,784,269,955 could not be confirmed.

2.0 Inaccuracies in Cash and Cash Equivalents

As disclosed in Note 12 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.58,919,550. However, the balance is at variance with reconciled cash-book balance of Kshs.51,026,635 resulting to an unreconciled variance of Kshs.7,892,915.

Further, stale cheques amounting to Kshs.651,968 had not been reversed and cheques amounting to Kshs.5,621,009 were unrepresented.

Consequently, the accuracy and completeness of cash and cash equivalents of Kshs.58,919,550 could not be confirmed.

3.0 Misstated Employee Costs

As disclosed in Note 7 to the financial statements, the statement of financial performance reflects employee costs of Kshs.56,581,099 for the year ended 30 June, 2020. A review of the supporting schedule reflected expenses of Kshs.7,473,999 not related to employee costs.

Consequently, the accuracy and completeness of employee costs of Kshs.56,581,099 could not be confirmed.

4.0 Unsupported Receivables from Exchange Transactions

As disclosed in Note 13 to the financial statements, the statement of financial position reflects receivables from exchange transactions amounting to Kshs.114,462,848. The comparative balance reflects an amount of Kshs.38,917,889 therefore indicating an increase of Kshs.75,544,939 or 64% in the year under review. Further, the receivables include examination debtors of Kshs.45,678,818 which were not supported. In addition, the management did not provide a debtor's policy and aging analysis.

In the circumstances, the accuracy and completeness of receivables from exchange transactions of Kshs.114,462,848 could not be confirmed.

5.0 Unsupported Trade and Other Payables from Exchange Transactions

As disclosed in Note 17 to the financial statements, the statement of financial position reflects trade and other payables from exchange transactions of Kshs.11,911,051. However, the list of creditors provided supported payables totalling to Kshs.18,143,399 resulting to an unexplained variance of Kshs.6,232,348. Further, procurement records to support the creditors bills of Kshs.11,911,734 were not provided.

In the circumstances, the validity, accuracy, and completeness of trade and other payables balance of Kshs.11,911,051 could not be confirmed.

6.0 Unsupported Refundable Customer Deposits

As disclosed in Note 18 to the financial statements, the statement of financial position reflects refundable deposits from customers of Kshs.12,181,030. However, customer deposits amounting to Kshs.7,880,616 were not supported by detailed schedules. Further, the Management did not maintain a separate bank account for the customers deposits.

In the circumstances, the accuracy, completeness and existence of the customers deposits of Kshs.12,181,030 could not be confirmed.

7.0 Unsupported Inventories

As disclosed in Note 15 to the financial statements, the statement of financial position reflects inventories balance of Kshs.800,500. The institutions summary of accounting policies on inventories indicates that inventories are measured at lower of cost and net realizable value. However, the costs and the net realizable values have not been provided.

In addition, a stock take report as at 30 June, 2020 was not provided.

Consequently, the accuracy and completeness of inventories balance of Kshs.800,500 could not be confirmed.

8.0 Unsupported Rental Revenue from Facilities and Equipment

As disclosed in Note 4 to the financial statements, the statement of financial performance reflects rental revenue from facilities and equipment balance of Kshs.938,481. However, lease agreements were not provided.

Consequently, the validity and occurrence of rental revenue of Kshs.938,481 could not be confirmed.

9.0 Teachers Allowances Charged to Training Expenses

As disclosed in Note 6 to the financial statements, the statement of financial performance reflects an amount of Kshs.192,244,549 in respect of use of goods and services. Included in this balance is an amount of Kshs.43,471,328 relating to training expenses. Included in the training expenses are allowances paid to teachers amounting to Kshs.14,418,786 which should form part of personnel emoluments. Further, the payments were not supported and not budgeted for.

Consequently, the validity of Teachers' allowances amounting to Kshs.14,418,786 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rift Valley Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury and Planning Circular reference No.AG.4/16/3 Vol.1(9) dated 24 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Approved Budget

The statement of comparison of budget and actual amounts for year ended 2020 reflects income of Kshs.342,920,820 and total payments of Kshs.336,879,208 for the year ended 30 June, 2019. However, the management did not provide the approved budget contrary to paragraph 22 of the Second schedule of the Technical and Vocational Education and Training Act, 2013 which stipulates that Board of Governors may incur expenditure for the purpose of the institution in accordance with the estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior approval of the Cabinet Secretary.

The Management of the Institute is in breach of the law and the validity of the payments amounting to Kshs.336,879,208 could not be confirmed.

2. Staff Establishment

A review of the staff establishment provided indicated that the institute has an approved staff establishment that excluded positions currently held by one hundred and thirty one (131) staff deployed by Public Service Commission. As a result, the staff establishment do not show the optimal staffing levels of the Institute.

In the absence of approved staff establishment, the Institution may not be able to determine the optimum size of personnel establishment to discharge services to the stakeholders of the institute.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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 Risk Management Policy

The Institute lacks a risk management policy, risk management strategies and a system of risk management to enable them develop appropriate risk strategies in order to improve on effective and efficient management of public resources. This is contrary to the requirements of the Treasury Circular No. 3/2009 of 23 February, 2009 which provides for a broad policy framework for developing and implementing customized risk management strategies in public institutions. Further, the circular required all heads of Public Institutions to develop and implement a Risk Management Framework as a fundamental step towards establishing an accountable and innovative public service. The circular requires that all Public Institutions develop an institutional Risk Management Policy Framework (IRMPF). The circular also requires accounting officers to put in place structures and systems to manage their identified risks, considering their legal obligations, policy decisions, business objectives and public sector expectations.

Failure to develop a risk management policy exposes the Institute and in the event of a risk, there may not be strategies to counter that risk.

2.0 Lack of Information Communication Technology (ICT) Policy

A review of ICT Internal Control Environment during the year revealed that the Institute did not have an ICT strategic plan and steering committee which could provide guidance to IT-related decision-making processes, with IT task prioritized and implemented using the plan as a framework. The Institute did not produce the minutes of the strategic committee meetings. In addition, the management has no back-up data stored in an off-site location and therefore in case of any interruptions the Institute might not recover vital data. This may affect the business-continuity and recovery plan. No reasons or explanation has been provided for failure to have an IT Strategic plan and back-up data in an off-site location.

In the circumstances, there is the risk of the operations coming to a complete shut down in the event of a disaster.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

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

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

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

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

The Board of Governors is responsible for overseeing the reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative

and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY
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XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	-	-
Total Revenue from non-exchange transactions		-	-
Revenue from exchange transactions			
Rendering of services- Fees from students	7	331,593,883	299,172,372
Sale of goods	8	42,981,802	54,671,576
Rental income	9	553,269	101,220
Other income	10	19,021,613	10,580,595
Revenue from exchange transactions		394,150,567	364,525,762
Total revenue		394,150,567	364,525,762
Expenses			
Use of goods and services	11	182,851,517	214,650,438
Employee costs	12	87,346,623	80,285,003
Depreciation and amortization expense	13	43,526,329	-
Repairs and maintenance	14	38,859,994	11,590,802
Board allowances	15	282,000	73,500
Total expenses		352,866,463	306,599,743
Net Surplus for the year		41,284,104	57,926,019

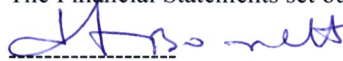
The notes set out on pages'6 to 29 form an integral part of the Annual Financial Statements.


**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY
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XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

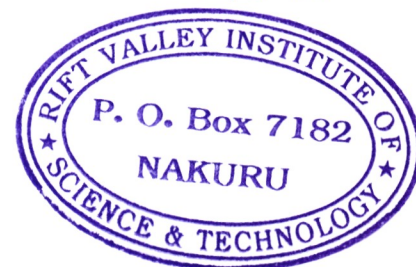
	Notes	2019/2020	2018/2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	251,234,119	207,654,704
Receivables from exchange transactions	17	165,745,858	108,227,075
Inventories	18	2,009,871	2,493,907
Biological assets	19	3,300,000	3,300,000
Total Current Assets		422,289,848	321,675,686
Non-current assets			
Property, plant and equipment	20	1,114,271,704	1,124,357,499
Total Non-current Assets		1,114,271,704	1,124,357,499
Total assets		1,536,561,552	1,446,033,185
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	7,374,017	12,834,759
Deferred income	22	84,002,959	35,045,031
Funded accounts	23	-	-
Refundable deposits from customers	24	15,843,931	6,786,354
Total Current Liabilities		107,220,907	54,666,144
Non-current liabilities			
Borrowings	25	-	3,310,500
Total liabilities		107,220,907	57,976,644
Capital and Reserves			
Reserves			
Accumulated surplus	27	574,190,645	504,556,541
Capital Grants	28	855,150,000	883,500,000
Total Reserves		1,429,340,645	1,388,056,541
Total Liabilities and Reserves		1,536,561,552	1,446,033,185

The Financial Statements set out on pages 1 to 29 were signed on behalf of the Institute Board of Governors by:


Chairman of Board of Governors
Date: 21/04/2021


Finance Officer
Date: 21/04/2021


Principal
Date: 21/4/2021



RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY
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XIII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Accumulated surplus	Capital Grants	Total
		Kshs.	Kshs.	Kshs.
Balance as at 30 June 2019				
At start of year		164,813,359	-	164,813,359
Surplus for the year		57,926,019	-	57,926,019
At end of year		222,739,378	-	222,739,378
Balance as at 30 June 2020				
At start of year as previously stated		222,739,378	-	222,739,378
Prior year adjustments	26	281,817,163	883,500,000	1,165,317,163
At start of year as restated		504,556,541	883,500,000	1,388,056,541
Surplus for the year		41,284,104	-	41,284,104
Transfer of depreciation from accumulated surplus to capital fund		28,350,000	(28,350,000)	-
At end of year		574,190,645	855,150,000	1,429,340,645

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XIV. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019/2020	2018/2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	29	77,019,949	76,912,441
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	20	(33,440,534)	-
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(33,440,534)	-
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			(3,317,250)
Increase in deposits		-	-
Net cash flows used in financing activities		-	(3,317,250)
Net increase in cash and cash equivalents		43,579,415	73,595,191
Cash and cash equivalents at start of year		207,654,704	134,059,513
Cash and cash equivalents at end of year	16	251,234,119	207,654,704

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XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		%age change
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	
Revenue											
Transfers from other Govt entities Govt grants	10,000,000		-		10,000,000		-		10,000,000		100%
Development grants	219,000,000		-		219,000,000		-		219,000,000		100%
Rendering of services- Fees from students	312,815,000		-		312,815,000		331,593,883		(18,778,883)		-6%
Sale of Goods	37,200,000		-		37,200,000		42,981,802		(5,781,802)		-13%
Rental Income	-		-		-		553,269		(553,269)		-100%
Other Income	21,500,000		-		21,500,000		19,021,613		2,478,387		13%
Total income	600,515,000		-		600,515,000		394,150,567		206,364,433		
Expenses											
Compensation of employees	89,907,000				89,907,000		87,346,623		2,560,377		3%
Use of Goods and services	260,558,000				260,558,000		182,851,517		77,706,483		42%
Repairs and maintenance	43,700,000				43,700,000		38,859,994		4,840,006		12%
Remuneration of directors	350,000				350,000		282,000		68,000		24%
Total expenditure	394,515,000		-		394,515,000		309,340,134		85,174,866		
Surplus for the period	206,000,000		-		206,000,000		84,810,433		121,189,567		
Non-cash expenses											
Depreciation charge							43,526,329		(43,526,329)		
Surplus for the period after depreciation charge	206,000,000		-		206,000,000		41,284,104		164,715,896		399%
Capital expenditure	206,000,000		-		206,000,000		33,440,534		172,559,466		516%
Surplus for the period after capital expenditure before depreciation	-		-		-		51,369,899		(51,369,899)		-100%

Budget notes

During the year, the institution did not receive any grants from the government

Rendering of services income is higher than budgeted due to student debtors recognised on accrual basis.

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XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Rift Valley Institute of Science and Technology is established by and derives its authority and accountability from the TVET Act 2013. The Rift Valley Institute of Science and Technology is wholly owned by the Government of Kenya and is domiciled in Kenya. The Rift Valley Institute of Science and Technology's principal activity is to offer technical skills and knowledge.

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 Rift Valley Institute of Science and Technology's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022: 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. 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. <p><i>(There is no impact of the standard to the entity)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022 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. <p><i>(There is no impact of the standard to the entity)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41,	<p>Applicable: 1st January 2022:</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.

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Standard	Effective date and impact:
Financial Instruments	<ul style="list-style-type: none"> b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

• **Rendering of services**

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

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

• **Sale of goods**

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

• **Interest income**

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

• **Rental income**

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Board in May 2019. 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 a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis

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to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

c) Taxes

i) Current income tax

Rift Valley Institute of Science and Technology is exempt from paying taxes.

ii) Sales Tax/ Value Added Tax

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

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

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

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

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

	<u>Rate %</u>
Buildings	2
Plant and machinery	10
Motor vehicles	25
Furniture and fittings	12.5
Computers	30
Bakery, office equipment and farm implements	20
Borehole	2

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

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

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

e) 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the 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.

f) 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 5 years.

g) Research and development costs

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

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

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

h) Financial instruments

i) Financial assets

• **Initial recognition and measurement**

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

• **Loans and receivables**

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

• **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs

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that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

- **Impairment of financial assets**

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

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

ii) Financial liabilities

- **Initial recognition and measurement**

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

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

- **Loans and borrowing**

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

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

i) Inventories

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

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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.

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

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

j) Provisions

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

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

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

• **Contingent liabilities**

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

k) Nature and purpose of reserves

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

l) 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.

m) Employee benefits

• **Retirement benefit plans**

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

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

n) 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.

o) 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 CEO/principal and senior managers.

p) Cash and cash equivalents

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

q) Comparative figures

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

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r) 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, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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

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6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant -	-	-
Other grants – Capitation	-	-
	-	-

7. RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Facilities and materials	124,907,819	144,172,335
Tuition fees	198,054,877	142,228,887
Activity fees	5,559,127	8,546,890
Registration	3,072,060	4,224,260
Total Rendering of Services	331,593,883	299,172,372

8. SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
Accommodation production Unit	5,732,450	6,009,443
Boarding	20,660,629	42,543,356
Forestation	115,080	457,275
Agribusiness	802,100	-
Bakery	3,443,626	3,705,450
Dairy	2,999,343	1,125,502
Farm	5,654,314	-
Ploughing /Planting PU (Tractor)	1,540,880	830,550
Welding	524,880	-
PSC - Subsistence income	1,508,500	-
Total Sale of goods	42,981,802	54,671,576

9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
Hire of Buses	41,100	-
Hire of Gowns	90,000	-
Rental income	370,119	48,300
RVIST Nursery	52,050	52,920
Total rentals	553,269	101,220

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10. OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Medical	3,552,484	4,649,543
T-shirts	3,403,600	-
HRD income	1,798,800	-
Contingent Income	3,756,607	3,586,979
Miscellaneous -Collection	878,101	-
Centre Fees	4,176,701	-
Graduation	1,455,320	1,874,413
Proceeds from assets disposal	-	469,660
Total other income	19,021,613	10,580,595

11. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity and Water	6,950,277	11,839,657
Admin expenses	11,419,311	3,417,684
Accommodation Prod Unit	3,051,275	5,235,232
Activity	4,938,123	4,968,684
Tuition expenses	53,576,428	60,434,429
Boarding	28,902,454	34,880,578
Afforestation Project	153,881	391,010
Attachment	4,888,200	7,948,740
Bakery Unit	5,339,703	1,897,323
PSC - Subsistence expenses	1,508,500	-
Bank Charges	315,689	480,692
Contingencies	604,290	2,398,470
Dairy Unit A/C	3,115,037	658,714
Farm expenses	7,362,338	5,492,174
Exams Material fee	2,548,530	2,558,960
Cleaning services Town branch	1,840,000	1,798,097
Licences & Statutory Charges	263,900	294,507
Local transport and travel	7,931,523	13,018,324
Medical	1,026,460	3,164,877
Misc-Collection	282,320	-
Postage & Registration	166,950	1,480,837
Publicity & Advertising	5,591,040	6,797,349
Rent expenses	12,529,728	12,520,608
Student ID expense	499,080	198,640
Student Union	1,447,275	-
T/Shirt	5,125,000	-

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Graduation Expense	3,062,100	3,491,322
Guidance & Counselling	155,270	1,459,478
ASK Show	409,144	1,490,376
Fire Fighting equipment & Services	628,320	882,410
Printing & Stationery	3,248,331	-
Community Outreach	134,740	564,500
Newspapers & Periodicals	439,710	458,350
Telephone & Tel Extensions.	570,320	1,388,589
Staff Uniform & Protective gear	541,575	1,383,358
Memberships & Subscriptions	345,000	118,200
Poultry Unit	330,390	-
TIVET Fair	1,195,180	1,436,729
Baseline Surveys	180,000	280,000
Capital expenditure	-	10,289,007
Collaborations/strategic alliances	-	338,348
ICT	-	6,027,055
Insurance	-	1,312,800
ISO Processes	-	1,243,391
Garment Production Unit	87,125	-
Pig/Sheep Production	147,000	-
Carpentry	-	181,265
Masonry Production Unit	-	51,587
Rift welding	-	314,500
Ceramics production units	-	63,587
Total use of goods and services	182,851,517	214,650,438

12. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	64,468,985	58,298,478
Facilitators allowance	17,449,720	19,030,085
Human Resource Development	4,532,105	2,891,760
Gratuity & staff benefits	895,813	64,680
Total Employee costs	87,346,623	80,285,003

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	43,526,329	-
Total depreciation and amortization	43,526,329	-

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14. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Repair of Property, plant and equipment	38,859,994	11,590,802
Total Repairs and Maintenance	38,859,994	11,590,802

15. REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Other allowances	282,000	73,500
Total director emoluments	282,000	73,500

16. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	251,099,022	204,921,427
Others(Cash on hand)	11,910	642,039
M-pesa Pay bill No.557642	123,187	2,091,238
Total cash and cash equivalents	251,234,119	207,654,704

(a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	KShs	KShs
Family	18000058186	1,042,011	301,148
TNLB	43916	95,599	1,282,403
KCB	1101786221	13,342,797	30,699,011
Equity	1460261269263	323,298	5,881,175
KCB 2	1148871578	6,108	5,015
COOP – KESSP	01139087643400	14,297	14,297
COOP Development	01136087643401	64,504,585	23,691,683
COOP Current Account	01136087643400	28,336,918	11,659,892
COOP Savings Account	01100087643400	23,391,959	23,406,359
COOP-Collection Account	01129087643400	120,041,449	107,980,442
Sub-Total		251,099,022	204,921,427
Cash -in –Hand		11,910	642,039
M-pesa Pay Bill	557642	123,187	2,091,238
Sub-Total		135,097	2,733,277
Total		251,234,119	207,654,704

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17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	153,420,790	95,595,186
Rent debtors	268,950	272,250
Rent deposit	1,314,000	1,314,000
Other exchange debtors	10,352,769	10,465,889
Advances	389,349	579,750
Total current receivables	165,745,858	108,227,075

Receivables from exchange transactions are majorly from students. The management has a policy of writing off debtors from students who are deceased or from students who have been away from the institution for a period of over 7 years.

Debtors over three years are provided for.

18. INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	2,009,871	2,493,907
Total Inventories	2,009,871	2,493,907

19. BIOLOGICAL ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
Cows	3,000,000	3,000,000
Sheep	300,000	300,000
Total Biological assets	3,300,000	3,300,000

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20. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Borehole	Motor vehicles	Computers and Accessories	Office Equipment & Furnitures	Plant and machineries	Bakery equipment	Other office equipment	Farm implements	WLP	Total
	Shs 0%	Shs 2%	Shs 2%	Shs 25%	Shs 30%	Shs 12.5%	Shs 10%	Shs 20%	Shs 20%	Shs 20%	Shs	Shs
At 1 July 2017												
At 30 th June 2018	600,000,000	203,151,300	-	33,490,000	4,272,000	9,000,000	350,000,000	6,734,000	14,580,000	6,700,000		1,227,927,300
Additions	-	-	-	-	-	-	-	-	-	-	-	-
At 30 th June 2019	600,000,000	203,151,300	-	33,490,000	4,272,000	9,000,000	350,000,000	6,734,000	14,580,000	6,700,000		1,227,927,300
Additions	-	0	3,563,580	4,500,499	-	2,345,337	-	-	-	-	23,031,118	33,440,534
At 30 th June 2020	600,000,000	203,151,300	3,563,580	37,990,499	4,272,000	11,345,337	350,000,000	6,734,000	14,580,000	6,700,000	23,031,118	1,261,367,834
Depreciation and impairment												
At 30 June 2018	-	4,063,026	-	8,372,500	1,281,600	1,125,000	35,000,000	1,346,800	2,916,000	1,340,000	-	55,444,926
Depreciation	-	3,981,765	-	6,279,375	897,120	984,375	31,500,000	1,077,440	2,332,800	1,072,000	-	48,124,875
At 30 th June 2019	-	8,044,791	-	14,651,875	2,178,720	2,109,375	66,500,000	2,424,240	5,248,800	2,412,000	-	103,569,801
Depreciation	-	3,902,130	71,272	5,834,656	627,984	1,154,495	28,350,000	861,952	1,860,240	857,600	-	43,526,329
At 30 th June 2020	-	11,946,921	71,272	20,486,531	2,806,704	3,263,870	94,850,000	3,286,192	7,115,040	3,269,600	-	147,096,130
Net book values												
At 30 th June 2020	600,000,000	191,204,379	3,492,308	17,503,968	1,465,296	8,081,467	255,150,000	3,447,808	7,464,960	3,430,400	23,031,118	1,114,271,704
At 30 th June 2019	600,000,000	195,106,509	-	18,838,125	2,093,280	6,890,625	293,500,000	4,309,760	9,331,200	4,288,000	-	1,124,357,499
At 30 th June 2018	600,000,000	199,088,274	-	25,117,500	2,990,400	7,875,000	315,000,000	5,387,200	11,664,000	5,360,000	-	1,172,482,374

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21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	7,374,017	12,834,759
Total trade and other payables	7,374,017	12,834,759

22. DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Fees paid in advance	39,957,853	20,363,873
Prepaid examination fee	43,937,230	14,573,282
Kipsoen TTI fund	17,112	17,112
Koibatek TTI fund	90,764	90,764
	84,002,959	35,045,031

23. FUNDED ACCOUNTS

Description	2019-2020	2018-2019
	KShs	KShs
Development funds	-	-
Library development funds	-	-
I.C.T	-	-
Student Union	-	-
Project	-	-
Total funded accounts	-	-

24. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Caution money	3,855,190	2,279,233
Student deposits	5,706,826	332,506
Customers Retention Account	4,174,615	4,174,615
KUCCPs	2,107,300	-
Total deposits	15,843,931	6,786,354

25. BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
At start of year	3,310,500	5,753,441
Interest accrued	-	874,309
Payment during the year	(3,310,500)	(3,317,250)
At end of year	-	3,310,500

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26. PRIOR YEAR ADJUSTMENTS

The Prior year adjustments passed in the books of Rift Valley Institute of Science and Technology, are as a result of changes in accounting basis. According to IPSAS 3 paragraph 19, a change from one basis of accounting to another basis of accounting is a change in accounting policy. In this case, the institution changed from cash basis of accounting to accrual basis and this change has resulted in the financial statements providing reliable and more relevant information about the effects of transactions, other events and conditions on the entity's financial position, financial performance and cash flows.

The change has been applied retrospectively and as a result, the institution has adjusted the opening balance of each affected component of net assets for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

Description	2019-2020	2018-2019
	KShs	KShs
- Brought forward debtors not captured in the books	2,323,936	-
- Receivable from CDF for RVIST primary	1,390,000	-
- Biological assets previously not recorded in the books of account	3,300,000	-
- Prior year inventories	2,493,907	-
- Total cost of assets purchased or donated in prior years	1,227,927,300	-
- Depreciation for previous years	(103,569,801)	-
- Interbank transfer erroneously recognised as a liability	19,397,454	-
- Farm reserve account reversed	7,806,955	-
- Computer package account reversed	47,236	-
- Reversal of ICT liability brought forward	3,345,348	-
- Reversal of Student union liability brought forward	682,335	-
- Reversal of Project liability brought forward	2,237,544	-
- Reversal of Development liability brought forward	(6,267,913)	-
- Reversal of Library development funds brought forward	4,202,862	-
Total prior year adjustments	1,165,317,163	-

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The above prior year adjustments can be presented per financial period as demonstrated below:

Financial line item	2018/2019	Periods before 2018/2019	Total
- Brought forward debtors not captured in the books	2,323,936		2,323,936
- Receivable from CDF for RVIST primary	1,390,000		1,390,000
- Biological assets previously not recorded in the books of account	3,300,000		3,300,000
Prior year inventories	2,493,907		2,493,907
Cost of fixed assets		1,227,927,300	1,227,927,300
Accumulated depreciation	(48,124,875)	(55,444,926)	(103,569,801)
Interbank transfer erroneously recognised as a liability	19,397,454		19,397,454
Farm reserve account reversed	7,806,955		7,806,955
Computer package account reversed	47,236		47,236
Reversal of ICT liability brought forward	3,345,348		3,345,348
Reversal of Student union liability brought forward	682,335		682,335
Reversal of Project liability brought forward	2,237,544		2,237,544
Reversal of Development liability brought forward	(6,267,913)		(6,267,913)
Reversal of Library development funds brought forward	4,202,862		4,202,862
Total prior year adjustments	(7,165,211)	1,172,482,374	1,165,317,163

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27. ACCUMULATED SURPLUS

Description	2019-2020	2018-2019
	KShs	KShs
At start of year as previously stated	222,739,378	164,813,359
Prior year adjustments:		
- Brought forward debtors not captured in the books	2,323,936	-
- Receivable from CDF for RVIST primary	1,390,000	-
- Biological assets previously not recorded in the books of account	3,300,000	-
- Prior year inventories	2,493,907	-
- Interbank transfer erroneously recognised as a liability	19,397,454	-
- Farm reserve account reversed	7,806,955	-
- Computer package account reversed	47,236	-
- Reversal of ICT liability brought forward	3,345,348	-
- Reversal of Student union liability brought forward	682,335	-
- Reversal of Project liability brought forward	2,237,544	-
- Reversal of Development liability brought forward	(6,267,913)	-
- Reversal of Library development funds brought forward	4,202,862	-
- Total fixed assets purchased and donated in previous years	1,227,927,300	-
- Depreciation for previous years	(103,569,801)	-
- Less: brought forward capital donations	(883,500,000)	-
Restated accumulated surplus as at 30 June 2019	504,556,541	164,813,359
Surplus for the year	41,284,104	57,926,019
Transfer of capital grants depreciation	28,350,000	-
Accumulated surplus as at 30 June 2020	574,190,645	222,739,378

28. CAPITAL GRANTS

Description	2019-2020	2018-2019
	KShs	KShs
Land	600,000,000	600,000,000
Plant and machineries	350,000,000	350,000,000
Less: accumulated depreciation brought forward	(66,500,000)	(35,000,000)
Less: depreciation for the year	(28,350,000)	(31,500,000)
Total capital grants	855,150,000	883,500,000

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29. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year	41,284,104	57,926,019
Adjusted for:		
Depreciation and amortisation	43,526,329	-
Working Capital adjustments		
(Increase)/decrease in receivables	(57,518,783)	30,917,536
Decrease in inventories	484,036	(2,493,907)
Increase in biological assets		(3,300,000)
Increase/(Decrease) in payables	49,244,263	(6,137,207)
Net cash flow from operating activities	77,019,949	76,912,441

30. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Institute'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 Institute 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 Institute'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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At 30 June 2020	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Receivables from exchange transactions	165,745,858	165,745,858	-	-
Bank balances	251,234,119	251,234,119	-	-
Total	416,979,977	416,979,977	-	-

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

(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 Institute 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.

As at 30th June 2020	Due within Less 0-3 month Kshs	Due Between 1-5 months Kshs	Over 5 months Kshs	Total Kshs
Trade and other payables from exchange transactions	7,374,017	-	-	7,374,017
Deferred income	84,002,959	-	-	84,002,959
Funded accounts	-	-	-	-
Refundable deposits from customers	15,843,931	-	-	15,843,931
Total	107,220,907	-	-	107,220,907

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iii) Capital Risk Management

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

Description	Current Year KShs	Previous Year KShs
Accumulated surplus	574,190,645	504,556,541
Capital grants	855,150,000	883,500,000
Total Funds	1,429,340,645	1,388,056,541
Total Borrowings	-	3,310,500
Less: Cash and bank balances	251,234,119	207,654,704
Excess Cash & Bank Balances	251,234,119	207,654,704
Gearing	-	-

31. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *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 Governors;

32. EVENTS AFTER THE REPORTING PERIOD

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

33. ULTIMATE AND HOLDING ENTITY

Rift Valley Institute of Science and Technology is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

34. CURRENCY

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

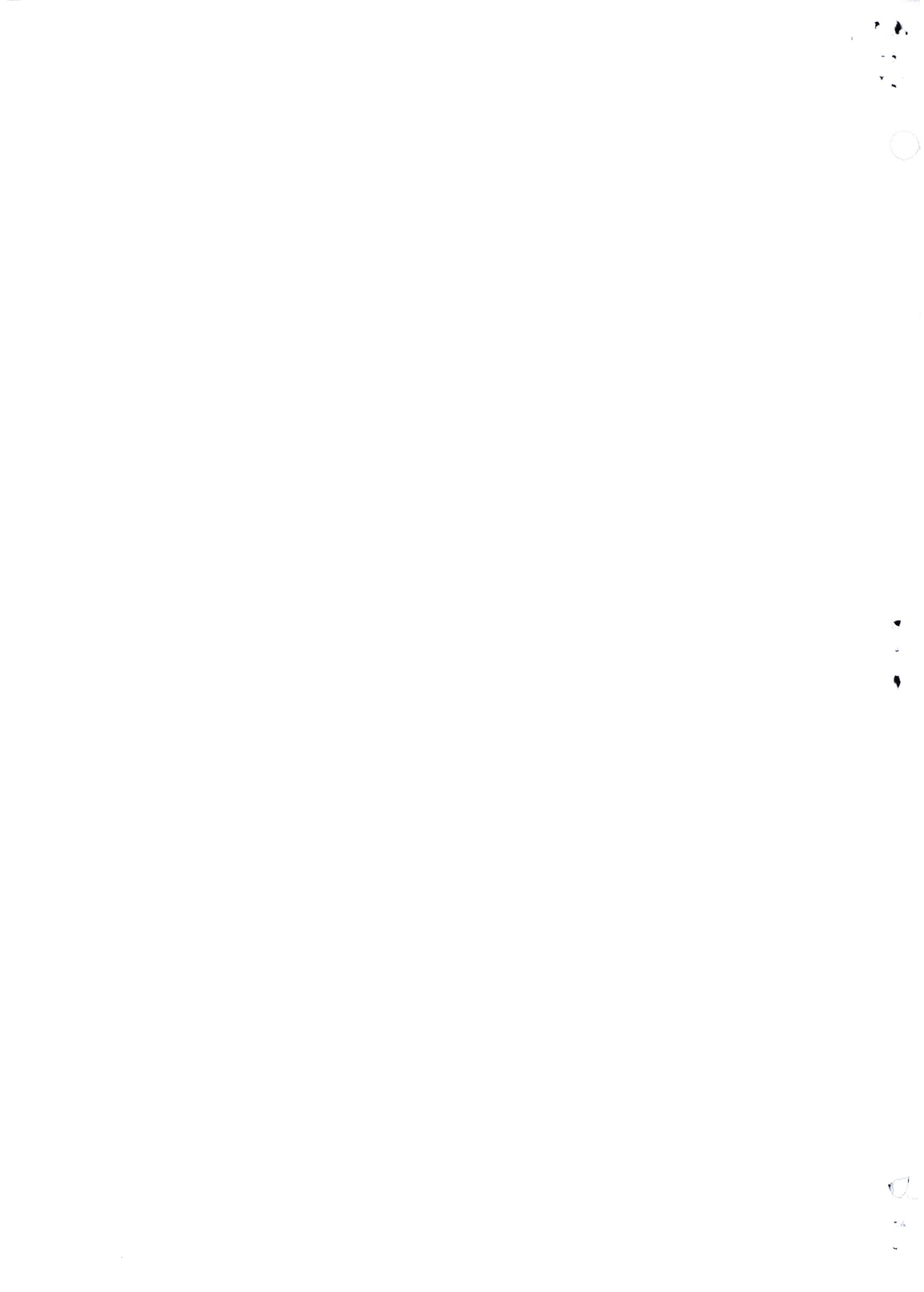
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1. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	Current year outstanding creditors as at year end (7,345,912)	These were general creditors which were less than 60 days old and they were all cleared immediately after year end i.e in FY 2019/2020	Susan Koech (FO)	Resolved	Resolved
	Long outstanding creditors (5,488,847)	These are over 10 years old creditors. The institute had even put a gazette notice for the claim by creditors since they could not be traced. The board of governance will issue a resolution to write them back during the year 2020/2021	Mr. Mutai Institute Principal	<i>Not Resolved</i>	30 June 2021
	Prepaid fees (20,363,873)	These are normal prepayments by students which were utilised during the year 2019/2020	Susan Koech (Finance Officer)	Resolved	Resolved
	Student debtors (104,513,139)	The management has come up with a policy to enhance fee collection whereby students with fee balance are not allowed to sit for exam.	Susan Koech (Finance Officer)	<i>Not Resolved</i>	30 June 2021
	Funded accounts (22,645,622)	These were reserves for ICT, Library, Student union and internal development	Susan Koech (Finance Officer)	Resolved	Resolved



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
		activities which were being retained by the institution. In the year 2019/2020, we have transferred them to accumulated surpluses because all institution activities are budgeted for every year and there is no need for reserve accounts for specific activities. So all school projects and activities will be funded from general reserve save for development activities funded by government restricted development funds.			

Rift Valley Institute of Science and Technology principal

Date.....