

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE:	26 JUL 2023
	Wed
TABLED BY:	Hon. Kimani Ichungwaa MP
	Leader, majority party
OF	
CLEAR THE TABLE:	Miriam Muthoka

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**RIFT VALLEY INSTITUTE OF  
SCIENCE AND TECHNOLOGY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



**RIFT VALLEY INSTITUTE OF SCIENCE AND  
TECHNOLOGY**



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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDING JUNE 30<sup>TH</sup>, 2022**

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**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  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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## **I. Key institute 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 Institute is owned by the Government of Kenya and is domiciled in Kenya. The Institute'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 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 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Sammy K. Chemoiwa
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 Institute on issues delegated to them. Each Committee has a Charter that guides its operations.

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The following are the sub-committees of the board

<b><i>Finance and General-Purpose Committee</i></b>	
<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. Joseph Njau</i>	<i>Member</i>

<b>Audit and Risk Committee</b>	
Professor. Johnson Changeiywo	Chair
M/S Henrietta Namava	Member
<i>Mr. Seleila Ole Mwaniki</i>	<i>Member</i>

<b>Academic Committee</b>	
Professor. Johnson Changeiywo	Chair
M/S Henrietta Namava	Member
<i>Mr. Seleila Ole Mwaniki</i>	<i>Member</i>

**(d) 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](mailto:principal@rvist.ac.ke)

**(d) Contacts**

Telephone :( 254)0720 668 238  
E-mail: [Principal@rvist.ac.ke](mailto:Principal@rvist.ac.ke)  
Website: [www.rvist.ac.ke](http://www.rvist.ac.ke)

**(e) Bankers**

1. Cooperative Bank of Kenya  
Nakuru Branch  
P.O. Box 2982 - 20100  
Nakuru, Kenya  
Savings account      01100087643400  
Development account   01136087643401  
Business main account   01136087643400  
Kessp                      01139087643400  
Fees collection account   0112908743400

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2. Kenya Commercial Bank  
Kenyatta Avenue  
P.O. Box 18 – 20100  
Nakuru, Kenya  
ACC NO. 1101786221

3. Equity Bank  
Gatehouse Branch  
P.O. Box 12568 - 20100  
Nakuru, Kenya  
ACC NO. 1460261269263

4. Access Bank Limited  
Seguton Building, Kenyatta Avenue  
P.O. Box 148 – 20100  
Nakuru, Kenya  
ACC NO. 0040100000246

5. Family Bank  
Kenyatta Avenue  
P.O. Box 519 – 20100  
Nakuru, Kenya  
ACC NO. 018000058186

**(f) Independent Auditors**

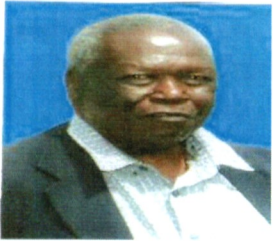



Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 GPO 00100  
Nairobi, Kenya

**(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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**II. The Board of Governors**

Name of the Board member	Biography
 <p>1. Mr. Harun Kimutai Bomett Chairman - BOG</p>	<p><b>Date of Birth:</b> 1943  <b>Qualification:</b> Law Graduate  <b>Institution:</b> University of Nairobi  <b>Work experience:</b>  Retired Resident Magistrate – 35 Years</p>
 <p>2. Prof. Johnson Changeiywo Chairman Executive Board</p>	<p><b>Date of Birth:</b> 1958  <b>Qualification:</b> Prof. Physics and Mathematics  <b>Institution:</b> Egerton University  <b>Work experience:</b> Director Open learning and Lecturer Egerton University – 24 years</p>
 <p>3. Dr. Richard Moindi Member BOG</p>	<p><b>Date of Birth:</b> 1968  <b>Qualification:</b> PhD in Educational Management  <b>Institution:</b> Egerton University  <b>Work experience:</b>  i) Director Group of SME's – 22 years</p>
 <p>4. Eng. Esther Ruto Member BOG</p>	<p><b>Date of Birth:</b> 1961  <b>Qualification:</b> BSC. in Electrical Engineering  <b>Institution:</b> University of Nairobi  <b>Work experience:</b> - Manager REA/  Registered ERB Construction - 11 Years</p>

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 <p>5. M/s Henrietta Namava Member BOG</p>	<p><b>Date of Birth:</b> 29<sup>th</sup> June 1977  <b>Qualification:</b> MsC. Occupational Health &amp; Safety  <b>Institution:</b> JKUAT  <b>Work experience:</b> COTU  Training Manager – Del Monte</p>
 <p>6. Mr. Ben Kipngetich Samoei</p>	<p><b>Date of Birth:</b> 1972  <b>Qualification:</b> Masters in Business Administration (Finance Option)  <b>Institution:</b> Catholic University of East Africa (GABA)  <b>Work experience:</b> Administrative Officer Moi Teaching and Referral Hospital (MTRH) – 20 years</p>
 <p>7. Mr. Seleila Ole Mwanik Board member</p>	<p><b>Date of Birth:</b> 1962  <b>Qualification:</b> Masters in business management  <b>Institution:</b> Maasai Mara University  <b>Work experience:</b> Over 35 years of experience currently working as University Liaison officer at the Maasai Mara University</p>
<p>8. Njoroge Gichuhi</p>	<p>1. Masters of Arts in Sociology  2. BED in English and Business studies  <b>Work experience:</b> Chief of Staff Nakuru county since 2017 to date.</p>
 <p>9. Sammy K. Chemoiwa Principal/Secretary BOG</p>	<p>Date of birth: 18<sup>th</sup> January, 1967</p> <p>1. BSc Agricultural Engineering University of Nairobi.  2. PGDE Mt Kenya University.</p>

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**III. Management Team**

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

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**IV. 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 30<sup>th</sup> June 2022.

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**  
17<sup>th</sup> May, 2023



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## **V. 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 2022. 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.

### **Economic Focus**

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment despite the challenges posed by the Covid 19 pandemic.

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.

### **Review of the Sector and Changes**

Though the year was faced with unusual challenge of Covid 19, the government capitation has continued to boost the growth in student enrolment due to reduction in fees payable to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

### **Key Challenges**

As mentioned above, in the last two years the education calendar has been affected by the outbreak of Covid 19 resulting to low rate of enrolment.

The Institute also has limitation in boarding facilities forcing students to seek accommodation outside the of school facilities.

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.

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**Key Successes**

**During the year, the board of Governors was able to accomplish various projects as listed below:**

<b>Project</b>	<b>Completion rate</b>	<b>Starting date</b>	<b>Completion date</b>
Driving school vehicles	100%	2 <sup>nd</sup> June 2022	30 <sup>th</sup> June 2022
Removal and replacement of Asbestos roof	80%	26 <sup>th</sup> July 2021	30 <sup>th</sup> September 2022
Pave ways construction and cabro blocks	100%	1 <sup>st</sup> April 2021	30 <sup>th</sup> May 2022
Accommodation and catering workshop and lab	80%	1 <sup>st</sup> April 2022	30 <sup>th</sup> August 2022

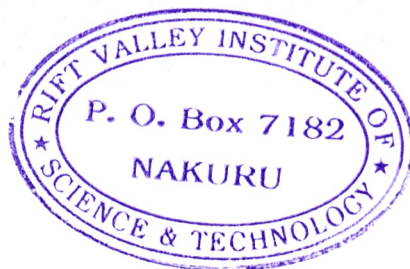
**Outlook**

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute’s objectives in line with its strategic plan and core mandate of promoting advancement of education and development in the region and the country at large through technical training, research, innovation and community service. Noteworthy is the Board’s diverse qualifications and experience. I unreservedly assure all our Stakeholders we at RVIST, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward RVIST is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.



**Mr. Sammy. K Chemoiwa  
PRINCIPAL**



17<sup>th</sup> May, 2023

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**VI. Statement of Performance against Predetermined Objectives**

- *Rift Valley Institute of Science and Technology* has eleven strategic pillars and objectives within its Strategic Plan for the FY 2016/2017- 2021/2022. These strategic pillars are as follows:



*Rift Valley Institute of Science and Technology* develops its annual work plans based on the above eleven 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 2021/2022 period for its eleven strategic pillars, as indicated in the diagram below:

Strategic Pillars	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1: ACCESS AND EQUITY</b>	❖ 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. ❖ Offer higher level programmes	❖ Expansion of facilities achieved and new courses have been launched.

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<b>Pillar 2: INFRASTRUCTURE</b>	Improving and increasing physical facilities	<ul style="list-style-type: none"> <li>❖ Completion of buildings under construction,</li> <li>❖ Successfully complete the projects for institutions being mentored</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop a framework for improving and increasing physical facilities</li> <li>❖ Improve TVET equipment, information and communication systems</li> </ul>	Various blocks have been constructed including classrooms, workshops, multipurpose hall and access roads
<b>Pillar 3: TECHNOLOGY AND ICT INFRASTRUCTURE</b>	Promote effective application of ICT	<ul style="list-style-type: none"> <li>❖ Complete ICT infrastructures,</li> <li>❖ Installation of Management Information System</li> <li>❖ ICT courses</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop adequate ICT capacity and infrastructure</li> <li>❖ Institutionalized Management Information System (MIS)</li> <li>❖ Promote the use of ICT in Curriculum delivery and management systems</li> </ul>	ICT courses are being offered in the institution MIS is in the process of being upgraded.
	Enhance Equipment and Technology	<ul style="list-style-type: none"> <li>❖ Institution incubator and use of modern equipment and Technology</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop institution incubator</li> <li>❖ Promote use of modern equipment and Technology</li> </ul>	To be implemented
<b>Pillar 4: RESEARCH AND DEVELOPMENT</b>	Institutionalize effective research and development	<ul style="list-style-type: none"> <li>❖ Research and development infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>❖ Develop mechanisms for R&amp;D collaboration among TVET institutions.</li> <li>❖ Promote the use of research results in technology development and transfer</li> <li>❖ Develop R&amp;D infrastructure.</li> </ul>	The Institute has got Research and Development department and often participates in Agribusiness shows and ASK and TVET fairs.
<b>Pillar 5: COLLABORATION AND LINKAGES</b>	Enhance collaboration and linkages	<ul style="list-style-type: none"> <li>❖ Development partners on board</li> <li>❖ Mentorship</li> </ul>	<ul style="list-style-type: none"> <li>❖ Establish collaborations and linkages</li> <li>❖ Strengthen existing collaboration and linkages</li> <li>❖ Establish benchmarks and joint cooperation</li> </ul>	Currently the Institute has the following collaborations and linkages: Cooperative Bank, KCB bank and Equity bank,

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			networks with international TVET institutions	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.
<b>Pillar 6: COMPETITIVENESS</b>	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.
<b>Pillar 7: INSTITUTIONAL GOVERNANCE</b>	<b>Improve Institutional Corporate Governance</b>	❖ 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
<b>Pillar 8: HUMAN RESOURCE</b>	❖ 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"> <li>❖ Improve and sustain relevance of skills</li> </ul>		<ul style="list-style-type: none"> <li>❖ Ensure quality assurance and standards</li> <li>❖ Promote innovativeness in ST&amp;I</li> <li>❖ Establish the Centre of excellence</li> <li>❖ Improve the quality of work culture Strategy</li> <li>❖ Encourage investment in the development and commercialization of TVET products and services including ICT</li> </ul>	
<b>Pillar 9: FINANCIAL RESOURCES</b>	<ul style="list-style-type: none"> <li>❖ Diversify sources and increase funding</li> </ul>	<ul style="list-style-type: none"> <li>❖ New development partners</li> <li>❖ Enhanced existing partners' relationship</li> <li>❖ Increase in government development funds</li> </ul>	<ul style="list-style-type: none"> <li>❖ Increase GoK funding</li> <li>❖ Exploit external funding possibilities through developed criteria</li> <li>❖ Expand income generation at institutional level</li> </ul>	<ul style="list-style-type: none"> <li>❖ There are development partners funding development projects.</li> <li>❖ Students receives HELB</li> </ul>
<b>Pillar 10: COMMUNICATION AND PUBLIC RELATIONS</b>	<ul style="list-style-type: none"> <li>❖ To develop an effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of RVIST.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Improved institution</li> </ul>	<ul style="list-style-type: none"> <li>❖ Improve the image of TVET</li> </ul>	<ul style="list-style-type: none"> <li>❖ Objective achieved</li> </ul>

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<b>Pillar 11: Perception towards TVET</b>	❖ Inculcate appreciative culture in the community for TVET services and products	❖ Increased student enrollment	❖ Sensitizing society on the role of TVET	❖ Holding of TVET fairs, agribusiness fairs, ASK show and community outreach visits to showcase TVET products and services.
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**VII. Corporate Governance Statement**

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-Sammy K. Chemoiwa.

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**Board meeting attendance**

The board of governors held four Full board meetings in the financial 2021/2022 as follows:

NAME	Designation	Special meeting					Remuneration Per meeting
		2nd Aug 2021	26th Jan 2022	14th Feb 2022	17th May 2022	29th June 2022	
Mr. Harun Bomett	Chairman	Present	Absent	Present	Absent	Absent	28,714.29
Prof. Johnson Changeiywo	Member	Present	Present	Present	Present	Present	25,714.29
Dr. Richard Moindi	Member	Present	Present	Present	Present	Present	25,714.29
Eng. Esther Rutto	Member	Present	Absent	Present	Present	Present	25,714.29
Mr. Seleila Ole Mwanik	Member	Present	Present	Absent	Present	Present	25,714.29
Ms. Henrieta Namava	Member	Present	Present	Present	Present	Present	25,714.29
Mr. Ben Samoei	Member	Absent	Absent	Present	Absent	Absent	25,714.29
Mr. S. K. Chemoiwa	Principal	N/A	Present	Present	Present	Present	21,428.57
Dr. C. D. Mutai	Former Principal	Present	N/A	N/A	N/A	N/A	21,428.57
Mr. Joseph Njau	Member	Absent	Absent	Present	Absent	Absent	25,714.29
Mr. Njoroge Gichuhi	Member	Absent	Absent	Absent	Absent	Absent	0

The committee meeting held during the year are as follows:

**Finance and general-purpose committee meeting**

		28th Sept 2021	2nd Nov 2021	13th May 2022	8th June 2022	Remuneration Per meeting
Mr. Ben Samoei	Committee chair	Present	Present	Present	Present	25,714.29
Dr. Richard Moindi	Member	Present	Present	Present	Present	25,714.29
Eng. Esther Rutto	Member	Absent	Present	Present	Present	25,714.29
Mr. Seleila Ole Mwanik	Member	Present	Present	Present	Absent	25,714.29
Ms. Henrieta Namava	Member	Present	Present	Absent	Absent	25,714.29
Mr. S. K. Chemoiwa	Principal	Absent	Present	Present	Present	21,428.57

**Risk and audit committee meeting**

		26th May 2022	2nd June 2022	10th June 2022	Remuneration Per meeting
Prof. Johnson Changeiywo	Member	Present	Present	Present	25,714.29
Dr. Richard Moindi	Member	Absent	Absent	Present	25,714.29
Ms. Henrieta Namava	Member	Present	Present	Present	25,714.29
Mr. Seleila Ole Mwanik	Member	Absent	Present	Absent	25,714.29
Mr. S. K. Chemoiwa	Principal	Absent	Absent	Present	21,428.57

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

On expiry of the tenure of the current board (12<sup>th</sup> 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;
- (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

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(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 resulting 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.

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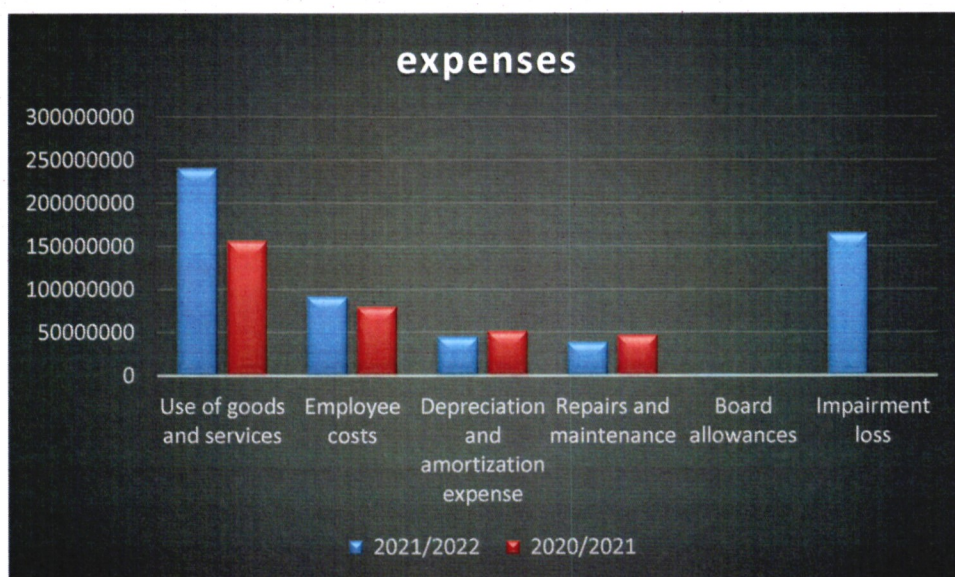
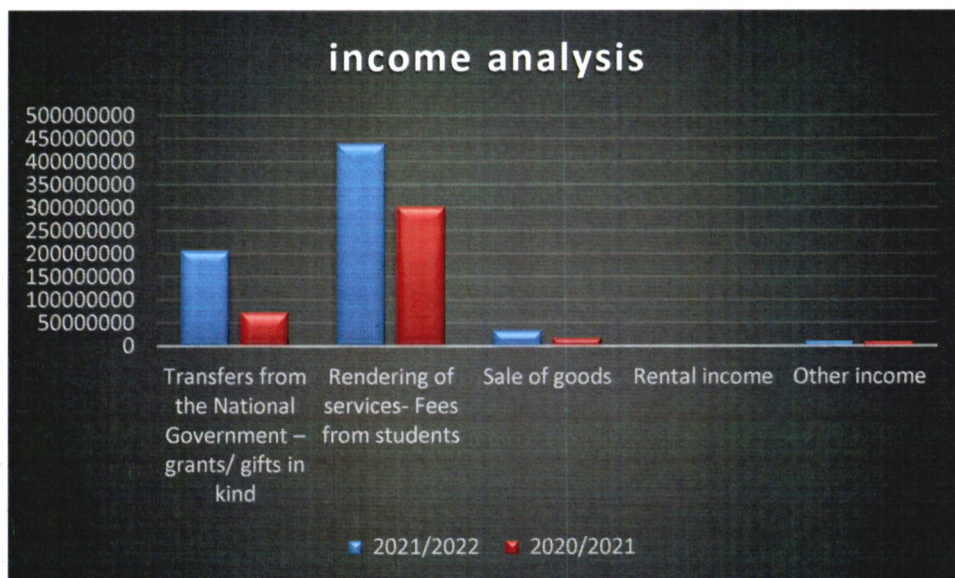
**VIII. Management Discussion and Analysis**

**Rift Valley Institute of Science and Technology operational and financial performance**

During the year ended June 2022, the Institution had 9,698 students compared to 8,598 in year 2020/2021. The institute received significant amount of capitation from the ministry as compared to the year 2020/2021. In the year 2020/2021, the institute received capitation for only two quarters as compared to capitation for three quarters in the year 2021/2022.

The increase in the number of students attributed to the increase of revenue.

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



**Rift Valley Institute of Science and Technology compliance with statutory requirements**

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**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

**Key projects and investment decisions**

*The projects under consideration in the FY 2021/2022 are summarised in the table below*

S/N	Name of Project	Location	Budget (Kshs)	Key deliverables	Starting date	Percentage of completion	Expected completion
	Catering and accommodation workshop and Labs	Main campus	42,000,000	ongoing	1 <sup>st</sup> April 2022	83%	2year
	Access roads and parking area	Main campus	10,000,000	Completed	1 <sup>st</sup> April 2021	100%	1 year
	Removal of Asbestos roof and replacement with the modern roof	Main campus	7,000,000	Completed	26 <sup>th</sup> July 2021	100%	1 year
	Elevated concrete water tank	Main campus	6,000,000	Completed	July 2021	100%	1 year

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**IX. Environmental and Sustainability Reporting Statement**

*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.

<b>Activity</b>	<b>Description</b>
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.
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.

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

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**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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**X. Report of the Board of Governors**

The Board members submit their report together with the audited report for the year ended June 30, 2022 which show the state of Rift Valley Institute of Science and Technology affairs.

**Principal activities**

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

**Results**

The results of the RVIST for the year ended June 30, 2022 are set out on page 1 to 30

**Board of governance**

The members of the Board who served during the year are shown on pages vi to vii.

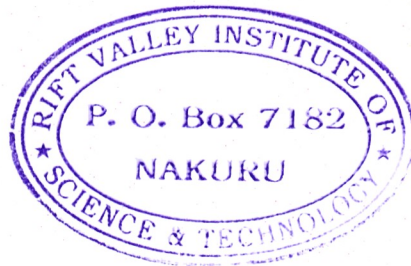
**Auditors**

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

By Order of the Board



**Mr. Sammy. K Chemoiwa**  
Principal/ Secretary BOG  
Date. 17<sup>th</sup> May 2023



**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY  
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**XI. 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 *Institute*, which give a true and fair view of the state of affairs of the *Institute* at the end of the financial year/period and the operating results of the *Institute* for that year. The board of governance are also required to ensure that the *Institute* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Institute*. The board of governance are also responsible for safeguarding the assets of the *Institute*.


The board of governance are responsible for the preparation and presentation of the *Institute*'s financial statements, which give a true and fair view of the state of affairs of the *Institute* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Institute*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Institute*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board of governance accept responsibility for the *Institute*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The board of governance are of the opinion that the *Institute*'s financial statements give a true and fair view of the state of *Institute*'s transactions during the financial year ended June 30, 2022, and of the *Institute*'s financial position as at that date. The board of governance further confirm the completeness of the accounting records maintained for the *Institute*, which have been relied upon in the preparation of the *Institute*'s financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

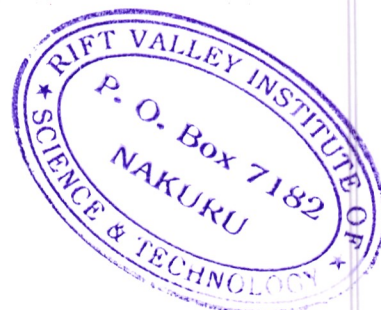
The *Institute*'s financial statements were approved by the Board on **17<sup>th</sup> May 2023** and signed on its behalf by:



Chairperson of the Board



accounting officer/Principal

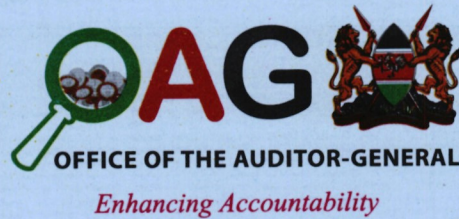


**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY  
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**XII. Report of the Independent Auditors on Rift Valley Institute of Science and Technology**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Rift Valley Institute of Science and Technology set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of

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*Report of the Auditor-General on Rift Valley Institute of Science and Technology for the year ended 30 June, 2022*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Rift Valley Institute of Science and Technology as at 30 June, 2022 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 Training Act, 2013 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Variances between Balances in the Financial Statements and Balances in the Supporting Schedules**

A review of the statement of financial performance and the corresponding notes to the financial statements revealed the following variances between balances in the financial statements and balances in the supporting schedules as tabulated below:

<b>Component</b>	<b>Balance as per Financial Statements (Kshs.)</b>	<b>Balance as per Schedules (Kshs.)</b>	<b>Variance (Kshs.)</b>
Rendering Services – Fees from Students	439,187,836	385,317,550	53,870,286
Sale of Goods	33,116,018	0	33,116,018
Other Income	9,938,730	10,088,320	(149,590)
Admin Expenses	13,757,256	15,559,546	(1,802,290)
Accommodation Prod. Unit	482,287	0	482,287
Boarding Expenses	33,282,937	37,097,359	(3,814,422)
Afforestation Project	699,020	0	699,020
Bank Charges	503,380	0	503,580
Contingencies	687,764	0	634,970
Dairy Unit	4,245,946	4,454,138	(208,192)
Farm Expenses	2,215,338	2,327,107	(111,769)
Exam Materials	15,755,034	15,754,934	100
Licenses and Statutory	211,400	0	211,400
Medical	937,715	0	937,715
Postage	795,240	0	795,240
Publicity and Advertising	1,638,740	0	1,638,740
Student ID Expenses	798,694	0	798,694

<b>Component</b>	<b>Balance as per Financial Statements (Kshs.)</b>	<b>Balance as per Schedules (Kshs.)</b>	<b>Variance (Kshs.)</b>
Student Union	3,151,890	3,949,432	(797,542)
Guidance and Counselling	460,954	0	460,954
Firefighting Equipment and Services	372,570	0	372,570
Printing and Stationary	3,855,164	3,143,951	711,213
Community Outreach	534,100	0	534,100
Newspaper and Periodicals	441,320	0	441,320
Telephone and Tel Ext.	695,792	0	695,792
Staff Uniform and Protective Gear	732,478	0	732,478
Membership and Subscription	197,000	0	197,000
Poultry Unit	182,000	0	182,000
TIVET Fair	779,640	0	779,640
Baseline Survey	110,000	0	110,000
Legal Fees	114,740	0	114,740
ISO Process	720,283	0	720,283
Cutlery and Utensils	328,960	0	328,960
Contingencies Health Safety	559,830	0	559,830
Welding Expenses	437,700	0	437,700
RVIST Nursery Expenses	57,176	0	57,176
Research and Development	35,600	0	35,600
KATTI	592,091	0	592,091
Science Technology and Innovation	384,200	0	384,200
Consultancy Expense	930,000	0	930,000
Student Refunds	19,300	0	19,300
Centre Expenses	1,504,500	0	1,504,500
Carpentry Expenses	60,590	0	60,590
Pig/sheep Production	3,600	0	3,600
Contingent Income	1,393,490	1,543,800	(150,310)
Miscellaneous Collections	7,620	6,900	720
Centre Fees	4,072,280	3,943,540	128,740
Compensation to Employees	91,737,648	82,204,003	9,533,645
Repairs and Maintenance - Buildings	36,831,615	33,613,068	3,218,547
Repairs and Maintenance - Motor Vehicles	1,779,979	2,264,328	(484,349)

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

## **2. Unsupported Balances**

The financial statements reflect some balances that have not been supported by various documents as detailed below:

### **2.1 Administrative Expenses**

The statement of financial performance reflects use of goods and services expenditure of Kshs.240,434,680 which, as disclosed in Note 11 to the financial statements, includes an amount of Kshs.13,757,256 in respect of administrative expenses. However, only an amount of Kshs.3,575,606 was supported by details of payees, nature of services rendered, and/or goods procured, leaving a balance of Kshs.10,181,650 unsupported.

In the circumstances, the accuracy, validity and completeness of the administrative expenses of Kshs.13,757,256 could not be confirmed.

### **2.2 Local Transport and Travel Expenses**

The statement of financial performance reflects use of goods and services expenditure of Kshs.240,434,680 which, as disclosed in Note 11 to the financial statements, includes an amount of Kshs.19,021,816 in respect of local transport and travel expenses. However, only an amount of Kshs.6,554,430 was supported by a list of vehicles used, bulk fuel register and detail orders, leaving a balance of Kshs.12,467,386 unsupported.

In the circumstances, the accuracy, validity and completeness of the local transport and travel expenses of Kshs.19,021,816 could not be confirmed.

### **2.3 Human Resource Development Expenses**

The statement of financial performance reflects use of goods and services expenditure of Kshs.240,434,680 which, as disclosed in Note 11 to the financial statements, includes an amount of Kshs.8,401,313 in respect of human resource development. However, the amount was not supported by a training needs assessment report, courses approvals and a list of the staff trained.

In the circumstances, the accuracy, validity and completeness of the human resource development expenses of Kshs.8,401,313 could not be confirmed.

### **2.4 Repairs and Maintenance Expenses**

The statement of financial performance reflects repairs and maintenance expenditure of Kshs.38,611,594 which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.38,831,615 in respect of buildings repairs. However, the amount was not supported by a list of the buildings repaired, pre and post inspection reports as well as the amounts incurred.

In the circumstances, the accuracy, validity and completeness of the repairs and maintenance expenses of Kshs.38,611,594 could not be confirmed.

## **2.5 Board Allowances**

The statement of financial performance reflects board allowances totalling Kshs.1,365,216 which were however, not supported by a detailed schedule showing board members' names, description of allowance, meetings attended, allowance rates and amount paid.

In the circumstances, the accuracy, validity and completeness of the expenditure on Board allowances of Kshs.1,365,216 could not be confirmed.

## **2.6 Refundable Deposits from Customers**

The statement of financial position reflects refundable deposits from customers of Kshs.25,748,749. However, the balance has not been supported with a movement schedule, list of new students' admissions and contract documents/payment certificates in respect of retention monies.

In the circumstances, the accuracy, existence and completeness of the balance of Kshs.25,748,749 in respect of refundable deposits from customers could not be confirmed.

## **2.7 Trade and Other Payables from Exchange Transaction**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.2,269,259. However, the movement schedule showing the individual composition of the payables and the payables age analysis were not provided for audit.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transaction balance of Kshs.2,269,259 could not be confirmed.

## **2.8 Revaluation Reserve**

The statement of financial position reflects a revaluation reserve balance of Kshs.1,139,901,086 which increased from the prior year's balance of Kshs.1,073,655,117 by an unsupported amount of Kshs.66,245,969. As previously reported, the valuation report was not provided for audit.

In the circumstances, the accuracy and completeness of revaluation reserve balance of Kshs.1,139,901,086 could not be confirmed.

## **3. Anomalies in the Cash and Cash Equivalents Balance**

The statement of financial position, and as disclosed in Note 17 to the financial statements, reflects cash and cash equivalents balance of Kshs.363,806,935. However, the bank reconciliation statements supporting the balance disclosed unrepresented cheques amount of Kshs.32,005,253 whose subsequent clearance could not be confirmed. Further, the reconciliation statements reflect cash in bank and not in cash book

balance of Kshs.4,539,421 that had not been updated in the cash books as at the time of the audit. In addition, the cash in hand balance of Kshs.148,307 was not supported by a board of survey report whereas the negative M-Pesa balance was not supported by a statement or balance confirmation from Safaricom. It was also noted that the balance in one of the local bank accounts had been omitted from the cash and cash equivalents balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.363,806,935 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 Institute of Science and Technology 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 on in the year under review.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.725,582,200 and Kshs.689,032,626 respectively, resulting to a shortfall of Kshs.36,549,574 or 5% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.458,582,200 and Kshs.372,149,318 respectively, resulting to an under-expenditure of Kshs.86,432,882 or 19% of the budget.

The under-collection and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Inappropriate Composition of the Board of Governors**

The statement of financial performance reflects expenditure on board allowances of Kshs.1,365,216. However, a representative of the County Government of Nakuru was excluded from the membership of the Board in breach of Section 2(c) of the second schedule of Technical and Vocational Education and Training Act, 2013 which states that, the membership of the Board of Governors shall comprise a representative of the County Governor of the County within which the Institution is located.

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

### **2. Lack of a Risk Management and Fraud Policy**

The institute did not have a risk management and fraud policy during the year under review in breach of Regulation 165 of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal controls that builds robust business operations.

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

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

### **Basis for Conclusion**

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

## **Responsibilities of Management and the Board of Governors**

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

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 money is applied in an effective manner.

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

### **Auditor-General's Responsibilities for the Audit**

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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Institute's 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 controls.
- 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain 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 controls 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

10 July, 2023

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**XIII. Statement of Financial Performance for the Year Ended 30 June 2022**

	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	206,295,000	72,765,000
<b>Total Revenue from non-exchange transactions</b>		<b>206,295,000</b>	<b>72,765,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	439,187,836	302,646,922
Sale of goods	8	33,116,018	16,566,034
Rental income	9	495,042	409,264
Other income	10	9,938,730	9,068,202
<b>Revenue from exchange transactions</b>		<b>482,737,626</b>	<b>328,690,422</b>
<b>Total revenue</b>		<b>689,032,626</b>	<b>401,455,422</b>
<b>Expenses</b>			
Use of goods and services	11	240,434,860	156,338,339
Employee costs	12	91,737,648	79,894,772
Depreciation and amortization expense	13	44,662,565	51,785,903
Repairs and maintenance	14	38,611,594	46,957,806
Board allowances	15	1,365,216	370,000
Impairment loss	16	165,158,566	-
<b>Total expenses</b>		<b>581,970,449</b>	<b>335,346,820</b>
<b>Net Surplus for the year</b>		<b>107,062,177</b>	<b>66,108,602</b>

The notes set out on pages'6 to 30 form an integral part of the Annual Financial Statements.



Chairman of Board of Governors

Date. 17<sup>th</sup> May 2023



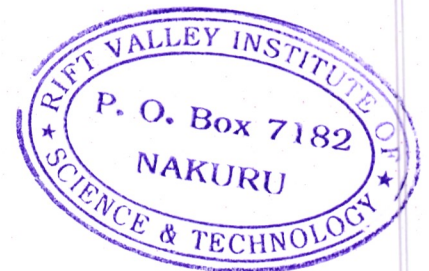
Finance Officer

Date. 17<sup>th</sup> May 2023



Principal

Date. 17<sup>th</sup> May 2023

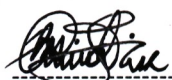


**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY**  
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**XIV. Statement of Financial Position as at 30 June 2022**

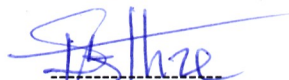
	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	363,806,935	244,514,164
Receivables from exchange transactions	18	334,165,039	233,846,442
Inventories	19	5,401,528	2,298,320
Biological assets	20	4,117,000	2,885,000
<b>Total Current Assets</b>		<b>707,490,502</b>	<b>483,543,926</b>
<b>Non-current assets</b>			
Property, plant and equipment	21	2,104,586,792	2,184,436,067
<b>Total Non-current Assets</b>		<b>2,104,586,792</b>	<b>2,184,436,067</b>
<b>Total assets</b>		<b>2,812,077,294</b>	<b>2,667,979,993</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	22	2,269,259	8,657,290
Deferred income	23	41,646,776	73,886,136
Refundable deposits from customers	24	25,748,749	16,332,203
<b>Total Current Liabilities</b>		<b>69,664,784</b>	<b>98,875,629</b>
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b>69,664,784</b>	<b>98,875,629</b>
<b>Capital and Reserves</b>			
<b>Reserves</b>			
Accumulated surplus	25	798,391,424	665,814,247
Capital Grants	27	804,120,000	829,635,000
Revaluation reserve	26	1,139,901,086	1,073,655,117
<b>Total Reserves</b>		<b>2,742,412,510</b>	<b>2,569,104,364</b>
<b>Total Liabilities and Reserves</b>		<b>2,812,077,294</b>	<b>2,667,979,993</b>

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Institute Board of Governors by:



Chairman of Board of Governors

Date 17<sup>th</sup> May 2023



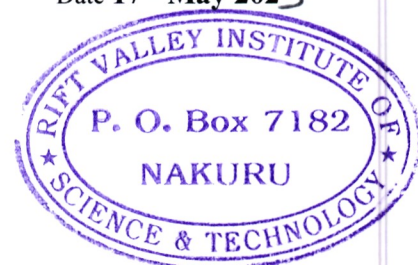
Finance Officer

Date 17<sup>th</sup> May 2023



Principal

Date 17<sup>th</sup> May 2023



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**XV. Statement of Changes in Net Assets for the Year ended 30 June 2022**

	Notes	Revaluation reserve	Accumulated surplus	Capital Grants	Total
		Kshs.	Kshs.	Kshs.	Kshs.
<b>Balance as at 30 June 2021</b>					
At start of year		-	164,813,359	-	164,813,359
Surplus for the year		-	57,926,019	-	57,926,019
<b>At end of year</b>		-	<b>222,739,378</b>	-	<b>222,739,378</b>
<b>Balance as at 30 June 2021</b>					
At start of year as previously stated		-	222,739,378	-	222,739,378
<b>Prior year adjustments</b>		-	281,817,163	883,500,000	1,165,317,163
<b>At start of year as restated</b>		-	<b>504,556,541</b>	<b>883,500,000</b>	<b>1,388,056,541</b>
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)	-
<b>At end of year</b>		-	<b>574,190,645</b>	<b>855,150,000</b>	<b>1,429,340,645</b>
<b>Balance as at 30 June 2022</b>					
At start of year		-	574,190,645	855,150,000	1,429,340,645
Revaluation reserve		1,073,655,117	-	-	1,073,655,117
Surplus for the year		-	66,108,602	-	66,108,602
Transfer of depreciation from accumulated surplus to capital fund		-	25,515,000	(25,515,000)	-
<b>At end of year</b>		<b>1,073,655,117</b>	<b>665,814,247</b>	<b>829,635,000</b>	<b>2,569,104,364</b>
<b>Balance as at 30 June 2022</b>					
At start of year		1,073,655,117	665,814,247	829,635,000	2,569,104,364
Revaluation reserve		66,245,969	-	-	66,245,969
Surplus for the year		-	107,062,177	-	107,062,176.57
Transfer of depreciation from accumulated surplus to capital fund		-	25,515,000	(25,515,000)	-
<b>At end of year</b>	26	<b>1,139,901,086</b>	<b>798,391,424</b>	<b>804,120,000</b>	<b>2,742,412,509</b>

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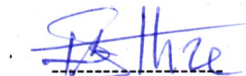
**XVI. Statement of Cash flows for the Year ended 30 June 2022**

		2021/2022	2020/2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
Net cash flows from operating activities	28	183,018,659	41,575,194
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	21	(63,725,888)	(48,295,149)
<b>Net cash flows used in investing activities</b>		<b>(63,725,888)</b>	<b>(48,295,149)</b>
<b>Net increase in cash and cash equivalents</b>		<b>119,292,771</b>	<b>(6,719,955)</b>
Cash and cash equivalents at start of year		244,514,164	251,234,119
<b>Cash and cash equivalents at end of year</b>	17	<b>363,806,935</b>	<b>244,514,164</b>



Chairman of Board of Governors

Date 17<sup>th</sup> May 2023



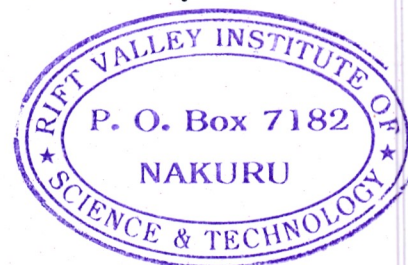
Finance Officer

Date 17<sup>th</sup> May 2023



Principal

Date 17<sup>th</sup> May 2023



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**XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

	Original budget		Adjustment		Final budget		Actual on comparable basis		Performance difference		% change
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	
<b>Revenue</b>											
Transfers from government	180,600,000		-		180,600,000		206,295,000		(25,695,000)		-12%
Government development grants	212,577,500				212,577,500		-		212,577,500		100%
Surplus from production Units	17,822,500				17,822,500						
Rendering of services- Fees from students	267,522,200		-		267,522,200		439,187,836		(171,665,636)		-39%
Sale of Goods	41,060,000		-		41,060,000		33,116,018		7,943,982		24%
Rental Income	500,000		-		500,000		495,042		4,958		1%
Other Income	5,500,000		-		5,500,000		9,938,730		(4,438,730)		-45%
<b>Total income</b>	<b>725,582,200</b>		<b>-</b>		<b>725,582,200</b>		<b>689,032,626</b>		<b>18,727,074</b>		
<b>Expenses</b>											
Compensation of employees	92,587,500				92,587,500		91,737,648		849,852		1%
Use of Goods and services	325,516,700				325,516,700		240,434,860		85,081,840		35%
Repairs and maintenance	38,478,000				38,478,000		38,611,594		(133,594)		0%
Remuneration of directors	2,000,000				2,000,000		1,365,216		634,784		46%
<b>Total expenditure</b>	<b>458,582,200</b>		<b>-</b>		<b>458,582,200</b>		<b>372,149,318</b>		<b>86,432,882</b>		
<b>Surplus for the period</b>	<b>267,000,000</b>		<b>-</b>		<b>267,000,000</b>		<b>316,883,308</b>		<b>(67,705,808)</b>		<b>-21%</b>

Note:

The Institute did not receive any development grants from the government as anticipated which affected the implementation of development projects that were planned for the year 2021/2022.

**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY  
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**XVIII. 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 Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute'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 Institute'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 Institute.

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

**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY  
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**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>No impact of the standard to the Entity</i></p>

**RIFT VALLEY INSTITUTE OF SCIENCE AND TECHNOLOGY  
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Standard	Effective date and impact:
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> 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: (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. <i><b>No impact of the standard to the Entity</b></i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. <i><b>No impact of the standard to the Entity</b></i>
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><i>No impact of the standard to the Entity</i></p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>No impact of the standard to the Entity</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>No impact of the standard to the Entity</i></p>

**iii. Early adoption of standards**

(The entity) did not early-adopt any new or amended standards in year 2022.

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**4. Summary of significant accounting policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

• **Rendering of services**

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

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

• **Sale of goods**

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

• **Interest income**

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

• **Rental income**

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

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**b) Budget information**

The original budget for FY 2021/2022 was approved by the Board in 30<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

**c) Taxes**

**i) Current income tax**

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

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:

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	<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.

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 is 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 Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

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**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**

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

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

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

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- **Loans and receivables**

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

- **Held-to-maturity**

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

- **Impairment of financial assets**

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

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

**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 Institute determines the classification of its financial liabilities at initial recognition.

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

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• **Loans and borrowing**

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

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

**i) Inventories**

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

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

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

**j) Provisions**

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

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

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

- **Contingent liabilities**

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

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

- **Retirement benefit plans**

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

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

**n) Borrowing costs**

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

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

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**o) Related parties**

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

**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.

**r) Biological assets**

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

**s) 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, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

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**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

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**Notes to the Financial Statements (Continued)**

**6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional grants</b>		
Capitation	206,295,000	72,765,000
<b>Total Government grants and subsidies</b>	<b>206,295,000</b>	<b>72,765,000</b>

**7. RENDERING OF SERVICES**

Description	2021-2022	2020-2021
	KShs	KShs
Facilities and materials	18,190,389	29,028,216
Tuition fees	415,641,711	270,778,068
Activity fees	529,145	1,001,823
Registration	4,826,591	1,838,815
<b>Total Rendering of Services</b>	<b>439,187,836</b>	<b>302,646,922</b>

**8. SALE OF GOODS**

Description	2021-2022	2020-2021
	KShs	KShs
Accommodation prod Unit	2,834,350	116,489
Boarding	22,383,734	10,453,859
Afforestation	60,465	101,600
Agribusiness	410,370	77,606
Garden income	1,043,250	
Dairy	582,560	419,585
Farm	3,241,000	4,555,590
Ploughing /Planting PU (Tractor)	-	175
Welding	678,000	678,000
Pig/Sheep Production Unit	378,139	33,500
Carpentry	4,150	129,630
Other accommodation income	1,500,000	-
<b>Total Sale of goods</b>	<b>33,116,018</b>	<b>16,566,034</b>

**9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

Description	2021-2022	2020-2021
	KShs	KShs
Hire of Buses	145,544	38,539
Hire of facility	-	120,000
Rental Houses	247,048	208,425
RVIST Nursery	102,450	42,300
<b>Total rentals</b>	<b>495,042</b>	<b>409,264</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. OTHER INCOME**

Description	2021-2022	2020-2021
	KShs	KShs
Medical	150,000	812,925
T-shirts	23,600	105,050
Contingent Income	1,393,490	6,272,117
Misc-Collection	7,620	1,410
Centre Fees	4,072,280	1,830,700
Graduation fee	610,500	4,000
Tender	-	42,000
Stale cheques previously replaced	1,354,220	-
Fair value gain on biological assets	1,232,000	-
KATTI games accommodation income	972,000	-
Disposal of scrap metal	89,220	-
Feld & machinery day - income	6,800	-
MAA Trust Career Booklet	27,000	-
<b>Total other income</b>	<b>9,938,730</b>	<b>9,068,202</b>

**11. USE OF GOODS AND SERVICES**

Description	2021-2022	2020-2021
	KShs	KShs
Electricity and Water	6,356,964	6,513,289
Admin expenses	13,757,256	14,518,879
Accommodation Prod Unit	482,287	-
Activity	5,695,111	1,430,802
Tuition expense	77,215,637	36,095,392
Boarding	33,282,937	17,760,832
Afforestation Project	699,020	228,850
Attachment	2,930,237	2,487,650
Bakery Unit	-	-
PSC - Subsistence expenses	-	-
Bank Charges	503,380	346,686
Contingencies	687,764	555,557
Dairy Unit A/C	4,245,946	2,938,067
Farm expenses	2,215,338	4,040,665
Exams Material fee	15,755,034	5,562,125
Cleaning services Town branch	1,800,000	1,800,000
Licenses & Statutory Charges	211,400	254,400
Local transport and travel	19,021,816	9,177,179
Medical	937,715	294,150
Bad debts written off	-	9,001,994
Misc-Collection	-	-

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Postage & Registration	795,240	56,960
Publicity & Advertising	1,638,740	701,000
Rent expenses	12,971,056	12,891,874
Student ID expense	798,694	394,040
Student Union	3,151,890	1,490,738
T/Shirt	-	-
Graduation Expense	5,229,402	-
Guidance & Counselling	460,954	143,120
ASK Show	1,830,119	-
Fire Fighting equipment & Services	372,570	242,085
Printing & Stationery	3,855,164	4,810,820
Community Outreach	534,100	196,100
Newspaper & Periodicals	441,320	272,540
Telephone & Tel Ext.	695,792	628,485
Staff Uniform & Prot gear	732,478	755,360
Membership & Subscription	197,000	116,200
Poultry Unit	182,000	89,332
TIVET Fair	779,640	-
Baseline Surveys	110,000	560,000
V.A.T	-	6,223
Legal Fees	114,740	228,000
PAYE	-	209,281
Corporate taxes and penalties	5,286,536	
ISO Process	720,283	396,522
Garment Production Unit	424,440	-
Cutlery & Utensils	328,960	18,529
Contingencies Health Safety	559,830	8,340,371
Assets Valuation	-	6,960,000
Welding expenses	437,700	124,500
Human Resource Development	8,401,313	3,618,430
RVIST nursery expense	57,176	81,312
Research and development	35,600	-
KATTI	592,091	-
Science technology & innovation	384,200	-
Consultancy expense	930,000	-
Student refunds	19,300	-
Centre expenses	1,504,500	-
Carpentry expenses	60,590	-
Pig/Sheep Production	3,600	-
<b>Total good and services</b>	<b>240,434,860</b>	<b>156,338,339</b>

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**12. EMPLOYEE COSTS**

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	86,783,572	70,380,700
Facilitators allowance	-	9,243,241
Gratuity & staff benefits	4,954,076	270,831
<b>Total Employee costs</b>	<b>91,737,648</b>	<b>79,894,772</b>

**13. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	44,662,565	51,785,903
<b>Total depreciation and amortization</b>	<b>44,662,565</b>	<b>51,785,903</b>

**14. REPAIRS AND MAINTENANCE**

Description	2021-2022	2020-2021
	KShs	KShs
Buildings repairs	36,831,615	36,729,053
Motor vehicles fuel and repairs	1,779,979	3,136,978
Equipment repairs	-	7,091,775
<b>Total Repairs and Maintenance</b>	<b>38,611,594</b>	<b>46,957,806</b>

**15. REMUNERATION OF DIRECTORS**

Description	2021-2022	2020-2021
	KShs	KShs
Board allowances	1,365,216	370,000
<b>Total director emoluments</b>	<b>1,365,216</b>	<b>370,000</b>

**16. IMPAIRMENT LOSS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Plant and machineries and generator</b>		
Cost	356,700,000	-
Depreciation	(124,320,680)	-
Net book value	<b>232,379,320</b>	-
Market value	69,165,000	-
<b>Impairment loss</b>	<b>163,214,320</b>	-
<b>Bakery equipment</b>		
Cost	6,734,000	-
Depreciation	(3,975,754)	-
Net book value	<b>2,758,246</b>	-
Market value	814,000	-
<b>Impairment loss</b>	<b>1,944,246</b>	-
	<b>165,158,566</b>	-

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**17. CASH AND CASH EQUIVALENTS**

Description	2021-2022	2020-2021
	KShs	KShs
Current account	363,720,702	248,856,217
Others (Cash on hand)	148,307	665,592
M-pesa Pay bill No.557642	(62,074)	(5,007,645)
<b>Total cash and cash equivalents</b>	<b>363,806,935</b>	<b>244,514,164</b>

**(a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

Financial institution	Account number	KShs	KShs
Family	18000058186	378,336	298,536
TNLB	43916	1,342,798	986,201
KCB	1101786221	11,064,068	12,589,972
Equity	1460261269263	8,501,017	4,004,247
COOP – KESSP	01139087643400	57,748	57,747
COOP Development	01136087643401	28,636,025	55,909,303
COOP Current Account	01136087643400	12,048,072	15,961,615
COOP Savings Account	01100087643400	43,390,909	23,390,858
COOP-Collection Account	01129087643400	258,301,729	135,657,738
<b>Sub-Total</b>		<b>363,720,702</b>	<b>248,856,217</b>
Cash -in –Hand		148,307	665,592
M-pesa Pay Bill	557642	(62,074)	(5,007,645)
<b>Sub-Total</b>		<b>86,233</b>	<b>(4,342,053)</b>
<b>Total</b>		<b>363,806,935</b>	<b>244,514,164</b>

**18. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Student debtors	332,468,645	232,437,668
Rent debtors	46,400	46,400
Rent deposit	1,228,000	1,228,000
Other exchange debtors	301,600	-
Advances	120,394	134,374
<b>Total current receivables</b>	<b>334,165,039</b>	<b>233,846,442</b>

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.

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**19. INVENTORIES**

Description	2021-2022	2020-2021
	KShs	KShs
Consumable stores	5,401,528	2,298,320
<b>Total Inventories</b>	<b>5,401,528</b>	<b>2,298,320</b>

**20. BIOLOGICAL ASSETS**

Description	2021-2022	2021-2022
	KShs	KShs
Cows	3,230,000	2,585,000
Sheep	384,000	300,000
Pigs	495,000	-
Rabbits	8,000	-
<b>Total Biological assets</b>	<b>4,117,000</b>	<b>2,885,000</b>

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**21. PROPERTY, PLANT AND EQUIPMENT**

	Land		Buildings		Borehole and steel tank		Pave ways and parking		Motor vehicles		Computers and Accessories		Office Equipment & Furnitures		Plant and machineries and generator		Bakery equipment		Other office equipment		Farm implements		W.I.P		Total			
	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%
At 30th June 2021	1,080,000,000	0%	833,000,000	2%	8,671,426	2%	17,017,328	5%	37,990,499	25%	4,272,000	30%	12,405,926	12.5%	350,000,000	10%	6,734,000	20%	14,580,000	20%	6,700,000	20%	-	-	38,313,270	-	2,371,371,179	-
Transfer of farm inputs to machineries																												
Additions	-	-	7,809,181	-	6,008,528	-	3,218,780	-	1,200,000	-	4,237,300	-	7,176,129	-	-	-	-	-	-	-	-	-	-	-	38,313,270	-	63,725,888	-
Valuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(287,535,000)	-	(5,920,000)	-	(6,497,980)	-	(6,700,000)	-	-	-	-	(268,332,506)	-	
At 30th June 2022	1,080,000,000	0%	840,809,181	2%	14,679,954	2%	20,236,108	5%	39,190,499	25%	8,509,500	30%	46,965,029	12.5%	69,165,000	10%	814,000	20%	8,082,020	20%	6,700,000	20%	-	-	38,313,270	-	2,166,764,561	-
Comprising																												
Cost	600,000,000		259,100,986		14,679,954		20,236,108		39,190,499		4,272,000		19,582,055		356,700,000		6,734,000		14,580,000		-		-	-	38,313,270		1,373,388,871	
Valuation	480,000,000		581,708,196		-		-		-		4,237,300		27,382,974		(387,535,000)		(5,920,000)		(6,497,980)		(6,700,000)		-	-	-	-	793,375,690	
At 30th June 2021	1,080,000,000	0%	840,809,181	2%	14,679,954	2%	20,236,108	5%	39,190,499	25%	8,509,500	30%	46,965,029	12.5%	69,165,000	10%	814,000	20%	8,082,020	20%	6,700,000	20%	-	-	38,313,270	-	2,166,764,561	-
At 30th June 2018	-	-	4,063,026	-	-	-	-	-	8,372,500	-	1,281,600	-	1,125,000	-	35,000,000	-	1,346,800	-	2,916,000	-	-	-	-	-	-	-	55,444,926	-
At 30th June 2019	-	-	3,981,765	-	-	-	-	-	6,279,375	-	897,120	-	984,375	-	31,500,000	-	1,077,440	-	2,332,800	-	-	-	-	-	-	-	48,124,875	-
At 30th June 2020	-	-	8,044,791	-	-	-	-	-	14,651,875	-	2,178,720	-	2,109,375	-	66,500,000	-	2,424,240	-	5,248,800	-	-	-	-	-	-	-	103,569,801	-
At 30th June 2021	-	-	3,902,130	-	71,272	-	-	-	5,834,656	-	627,984	-	1,154,495	-	28,350,000	-	861,952	-	1,866,240	-	-	-	-	-	-	-	43,526,329	-
At 30th June 2022	-	-	11,946,921	-	71,272	-	-	-	20,486,531	-	2,806,704	-	3,263,870	-	94,850,000	-	3,286,192	-	7,115,040	-	-	-	-	-	-	-	147,096,130	-
Reversal of depreciation upon valuation	-	-	11,946,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,946,921	-
At 30th June 2021	-	-	16,421,062	-	172,003	-	850,866	-	4,375,992	-	439,589	-	1,142,757	-	25,515,000	-	689,562	-	1,492,992	-	-	-	-	-	-	-	51,785,903	-
At 30th June 2022	-	-	16,421,062	-	243,275	-	830,866	-	24,862,523	-	3,246,293	-	4,406,627	-	120,365,000	-	3,975,754	-	8,608,032	-	-	-	-	-	-	-	186,935,112	-
Transfer of farm equipment depreciation to merchentes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,955,680	-	-	-	-	-	-	-	-	-	-	-	(3,955,680)	-
Depreciation reversal on re-valuation	-	-	-	-	-	-	-	-	(24,862,523)	-	(3,246,293)	-	(4,406,627)	-	(124,320,680)	-	(3,975,754)	-	(8,608,032)	-	-	-	-	-	-	-	(169,419,909)	-
At 30th June 2021	-	-	16,487,762	-	288,334	-	969,262	-	9,797,624.75	-	2,552,850	-	5,870,629	-	6,916,500	-	162,800	-	1,616,404	-	-	-	-	-	-	-	44,662,565	-
At 30th June 2022	-	-	32,908,824	-	532,009	-	1,820,128	-	9,797,625	-	2,552,850	-	5,870,629	-	6,916,500	-	162,800	-	1,616,404	-	-	-	-	-	-	-	62,177,768	-
Net book values																												
At 30th June 2022	1,080,000,000	0%	807,900,357	2%	14,147,945	2%	18,415,980	5%	29,392,874	25%	5,956,650	30%	41,094,400	12.5%	62,248,500	10%	651,200	20%	6,465,616	20%	-	-	-	-	38,313,270	-	2,104,586,792	-
At 30th June 2021	1,080,000,000	0%	816,578,939	2%	8,428,151	2%	16,166,462	5%	13,127,976	25%	1,025,707	30%	7,999,299	12.5%	229,635,000	10%	2,758,246	20%	5,971,968	20%	-	-	-	-	-	-	2,184,436,067	-

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**22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	2,269,259	8,657,290
<b>Total trade and other payables</b>	<b>2,269,259</b>	<b>8,657,290</b>

**23. DEFERRED INCOME**

Description	2021-2022	2020-2021
	KShs	KShs
Fees paid in advance	71,215,688	46,167,692
Prepaid examination fee	(29,676,788)	27,610,568
Kipsoen TTI fund	17,112	17,112
Koibatek TTI fund	90,764	90,764
	<b>41,646,776</b>	<b>73,886,136</b>

**24. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2021-2022	2020-2021
	KShs	KShs
Caution money	6,446,170	4,761,720
Student deposits	9,282,345	7,395,868
Customers Retention Account	4,174,615	4,174,615
KUCCPs	5,845,619	-
<b>Total deposits</b>	<b>25,748,749</b>	<b>16,332,203</b>

**25. ACCUMULATED SURPLUS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>As at start of year</b>	<b>665,814,247</b>	<b>574,190,645</b>
Surplus for the year	107,062,177	66,108,602
Transfer of capital grants depreciation	25,515,000	25,515,000
<b>Accumulated surplus as at 30 June 2021</b>	<b>798,391,424</b>	<b>665,814,247</b>

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**26. REVALUATION RESERVE**

Description	2021-2022	2020-2021
	KShs	KShs
Land:		
Cost	600,000,000	600,000,000
Revalued amount	1,080,000,000	1,080,000,000
<b>Revaluation reserve</b>	<b>480,000,000</b>	<b>480,000,000</b>
Buildings:		
Cost	251,291,805	251,291,805
Less: depreciation	(11,946,921)	(11,946,921)
Net book value	239,344,884	239,344,884
Revalued amount	833,000,000	833,000,000
<b>Revaluation reserve</b>	<b>593,655,117</b>	<b>593,655,117</b>
<b>Computers</b>		
Cost	4,272,000	-
Less: depreciation	(3,246,293)	-
Net book value	<b>1,025,707</b>	-
Revalued amount	8,509,500	-
<b>Revaluation reserve</b>	<b>7,483,793</b>	-
<b>Motor vehicles</b>		
Cost	37,990,499	-
Less: depreciation	(24,862,523)	-
Net book value	13,127,976	-
Revalued amount	37,990,499	-
<b>Revaluation reserve</b>	<b>24,862,523</b>	-
<b>Office Equipment &amp; Furniture</b>		
Cost	12405926	-
Less: depreciation	(4,406,627)	-
Net book value	7,999,299	-
Revalued amount	39,788,900	-
<b>Revaluation reserve</b>	<b>31,789,601</b>	-
<b>Other equipment</b>	14,580,000	-
Cost	(8,608,032)	-
Less: depreciation	5,971,968	-
Net book value	8,082,020	-
Revalued amount	2,110,052	-
<b>Revaluation reserve</b>	<b>14,580,000</b>	-
<b>Total Revaluation reserve</b>	<b>1,139,901,086</b>	<b>1,073,655,117</b>

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**27. CAPITAL GRANTS**

Description	2021-2022	2020-2021
	KShs	KShs
Land	600,000,000	600,000,000
Plant and machineries	350,000,000	350,000,000
Less: accumulated depreciation brought forward	(120,365,000)	(94,850,000)
Less: depreciation for the year	(25,515,000)	(25,515,000)
<b>Total capital grants</b>	<b>804,120,000</b>	<b>829,635,000</b>

**28. CASH GENERATED FROM OPERATIONS**

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year	107,062,177	66,108,602
<b>Adjusted for:</b>		
Depreciation and amortisation	44,662,565	51,785,903
Fair value gain on biological assets	(1,232,000)	
Impairment loss	165,158,566	
Working Capital adjustments		
(Increase)/decrease in receivables	(100,318,596)	-
(Increase in non-exchange receivables)	-	-
Decrease in inventories	(3,103,208)	-
Decrease in biological assets	-	415,000
(Decrease)/increase in payables	(29,210,845)	-
<b>Net cash flow from operating activities</b>	<b>183,018,659</b>	<b>118,309,505</b>

**29. FINANCIAL RISK MANAGEMENT**

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

**(i) Credit risk**

The Institute 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.

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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 Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>At 30 June 2022</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
Cash and cash equivalents	363,806,935	363,806,935	-	-
Receivables from exchange transactions	334,165,039	334,165,039	-	-
<b>Total</b>	<b>697,971,974</b>	<b>697,971,974</b>	-	-
<b>At 30 June 2021</b>				
Cash and cash equivalents	244,514,164	244,514,164	-	-
Receivables from exchange transactions	233,846,442	233,846,442	-	-
<b>Total</b>	<b>478,360,606</b>	<b>478,360,606</b>	-	-

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 Institute's directors, who have built an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements. The Institute 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.

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**iii) Capital Risk Management**

The objective of the Institute's capital risk management is to safeguard the Board's ability to continue as a going concern.

**30. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

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

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

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Government	206,295,000	72,765,000
<b>Total</b>	<b>206,295,000</b>	<b>72,765,000</b>

**31. EVENTS AFTER THE REPORTING PERIOD**

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

**32. ULTIMATE AND HOLDING INSTITUTE**

RVIST is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**33. CURRENCY**

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

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**Appendix II: 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Time frame: (Put a date when you expect the issue to be resolved)</b>
N/A	Assets register	The management has worked on the assets register as advised by the office of the auditor general	Susan Koech (FO)	Resolved	
1	Unconfirmed cash and cash equivalent	The management has ensured that cashbook for Mpesa is always updated to ensure that by the time transfer to bank account is done, all Mpesa receipts have been recorded in the Mpesa cashbook to avoid transferring un-receipted Mpesa receipts.	Susan Koech (FO)	Resolved	30 June 2022
2	Unsupported inventories	The inventory movement schedule is being maintained.	Mr. Joseph Seroney (SCM)	Resolved	30 June 2022
3	Unconfirmed biological assets	Biological assets movement schedule is being maintained.	Mr. Joseph Seroney (SCM)	Resolved	30 June 2022
4	<i>Property, plant and Equipment</i>				
4.1	Land without ownership documents	The management is in the process of obtaining land title deed for the Institute	Principal	Ongoing	
4.2	Motor Vehicles not registered in the Name of the Institute	The management is in the process of transferring the log book to the Institute's name	Principal	Ongoing	
4.3	Lack of an updated Assets Register	Assets register has now been updated to reflect all assets owned by the Institute.	Mr. Joseph Seroney (SCM)	Resolved	30 June 2022
5	Unconfirmed Revaluation Reserves	Workings for revaluation reserve has now been provided for review.	Susan Koech (FO)	Resolved	30 June 2022

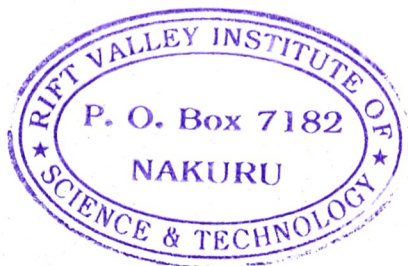
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
6.	Unsupported Local Transport and Travel	All the travel expenses are now supported	Susan Koech (FO)	Resolved	30 June 2022
7.	Unsupported Employees Costs	The management Has now employed a Human resources Officer from year 2022/2023 to oversee all staff issues. All the employee costs are correctly supported.	Susan Koech (FO)	Resolved	30 June 2022

RVIST principal

Date.....

*[Handwritten signature]*



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**Appendix III- Inter-Entity Confirmation Letter**

**Rift Valley Institute of Science and Technology  
P.O. Box 7182 – 20100  
Nakuru**

The *Ministry of Education, Science and Technology, state department Vocational and Technical Training* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June 2022</b>							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2022				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
4	18th Nov 2021	64,777,500				64,777,500	-
5	25th March 2022	64,777,500				64,777,500	-
6	8th June 2022	76,740,000				76,740,000	-
<b>Total</b>		<b>206,295,000</b>				<b>206,295,000</b>	<b>-</b>

In confirm that the amounts shown above are correct as of the date indicated.  
**Head of Accounting department of beneficiary Entity:**  
 Name S.P.S.G.A. K.O.C.O. Sign [Signature] Date 17/06/2023

