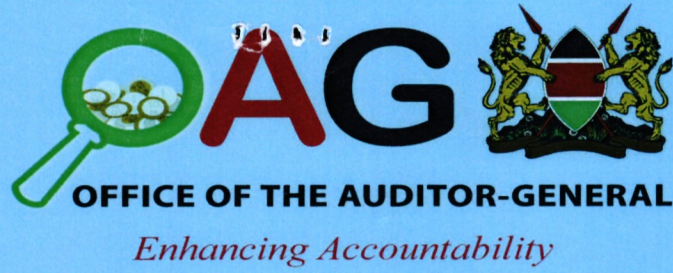


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PADOOC TAITD	
DATE: 09 FEB 2022	DAY: Wed
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PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**RAMOGI INSTITUTE OF
ADVANCED TECHNOLOGY**

**FOR THE YEAR ENDED
30 JUNE, 2019**

COLLEGE COPY
7/7/2020



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2019.**

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

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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KEY INFORMATION AND MANAGEMENT

KEY INFORMATION AND MANAGEMENT

(a) Background information

Ramogi institute of Advanced Technology (RIAT) is a public tertiary institution under the Ministry of Education. The institute was established in 1976.

In accordance with the Technical Vocational Education and Training (TVET) Act 2013, the institute is managed by a Board of Governors appointed by the Permanent secretary responsible for Technical Vocational Education and Training.

The Board of Governors sets out internal policies and development priorities for the institute and approves the budget for both the current and development expenditure. The Board is also responsible for the implementation of government policies.

The principal is the chief Executive of the institute and Secretary to the Board of Governors. The principal is responsible for the day to day management of the institute on behalf of and in consultation with the Board of Governors.

In this task the Principal is assisted by the Deputy Principal, Heads of Departments and established institutional committees.

(b) Principal Activities

The principal activity of the institute is to provide vocational and technical training for self-reliance to graduates of secondary and primary schools to enable them enter the world of work either as self or salaried employees. The institute accomplishes this mandate by providing:-

- Regular courses to students from primary and secondary schools
- Skill upgrading courses to those already in employment whether salaried or self-employed
- Short tailor-made courses to meet the special needs of individuals or groups
- Continuing education and further training through distance or part-time modules or any other appropriate mode.

(c) Key Management Structure

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

- Principal
- Deputy Principal
- Registrar
- Dean of students
- Industrial Liaison Officer
- Heads of Departments
- Finance Officer
- Procurement Officer
- Established committees-Academic committee, Disciplinary committee, Guidance and counselling committee, Time-Table committee and Boarding committee

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name	Duration
1.	Principals	1.Mr Jorim Guya	1 st July-20 th September 2018
		2.Mr.Kenneth Odero	21 st September 2018 -5 th March 2019
		3.Maren Omondi(Mrs)	6th March 2019 to Date
2.	Head of Finance	George Otieno Adero	
3.	Head of Procurement	Cleah Obwolo	

(e) Fiduciary Oversight Arrangements

Auditor general is responsible for the Audit of the financial statements of the in accordance to TVET act 2013.

(f) Headquarters

The headquarter of Ramogi institute of Advanced Technology (RIAT) is located at the main campus on RIAT HILL off Kisumu-Kakamega Highway
P.O.BOX 1738-40100
KISUMU, KENYA.

(g) Contacts

Telephone: (254) 0734251622/0734257622

E-mail: riatcollege2015@gmail.com

Website: ramogiinstitute.ac.ke

(h) Bankers

1. National Bank of Kenya
Kisumu Branch
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Ecobank

...

...

...

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019




P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

THE BOARD OF GOVERNORS

 <p style="text-align: center;">PROF. PETER A. ODHIAMBO CHAIRMAN OF THE BOARD</p>	<p>Born in 1942 MKNAS, FACC, FCS(ECSA) FRCS(Edin.), MMED(Surg.) Nbi, MBBS(CALCUTTA) THORACIC & CARDIOVASCULAR SURGEON, Professor of Thoracic and Cardiovascular surgery since 2000 at the university of Nairobi. -Associate professor from 1988 -Has won several national and international honours and awards -1984 listed in 'MEN OF ACHIEVEMENT' international Biographical Centre, Cambridge, UK -1983 outstanding contribution to medicine and distinguished service to cardiology in Africa. -2008 awarded by WHO for fight against tobacco -Exemplary contribution to surgical training by surgical society of Kenya.</p>
 <p style="text-align: center;">DR. GEORGE OMBUKI CHAIRMAN OF THE BOARD</p>	<p>-Holds PhD, MA Counselling Sociology(UON), BED(psychology) Kenyatta University -Has served in several capacities: Classroom teacher, Teacher Advisory Centre, Tutor, KIE panel members, Inspector of Schools, National Drama and Music Adjudicator, Divisional Education Officer, and Educational Officer in charge of Guidance and Counselling programme, DICECE and ECDE Lecturer</p>
 <p style="text-align: center;">IVAN KIPCHUMBA KELUNYO BOARD MEMBER</p>	<p>Born in 1974. -An Architect by profession -Holds a Bachelor of Architecture(Hons) University of Nairobi -Has served as county works officer in several counties/districts under public service commission from 2006-2016. -Currently consulting Architect(Kelunyo and partners) -From 2005-2016 he served as project Manager/Architect with the Government of Kenya with key responsibilities in all classes of projects.</p>

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019



BENTER ABONYO OWIYO
BOARD MEMBER
 Date of Birth:
 Qualification:

-Holds a Bachelor of commerce(Finance option)
 -Currently pursuing Masters of Business Administration(Finance option at Kisii University)
 -A professional accountant with over 15yrs working experience in the private sector and non-profit sectors in Kenya.



JULIA KAMAU
BOARD MEMBER
 Date of Birth:
 Qualification:

-Holds a BSC(Agribusiness management and Enterprise Development JKUAT)
 -Currently working with Greatness United(G-United) a non-governmental organisation as a volunteer
 -Has vast experience in Agribusiness, Aquaculture



KENNETH OULA
BOARD MEMBER
 Date of Birth:
 Qualification:

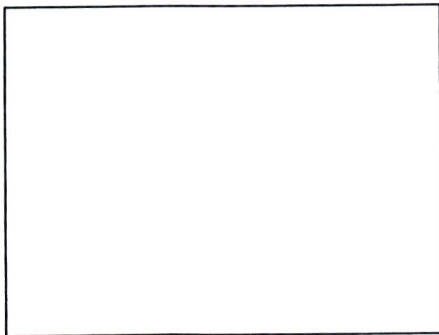
BSC Computer Studies

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019



FLORENCE AKUMU
BOARD MEMBER
Date of Birth:
Qualification

BA (social work)



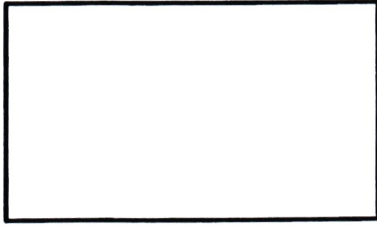
LUKAS OCHARO
COUNTY DIRECTOR TVET
Date of Birth:
Qualification

County Director TVET, Kisumu County
Representing the principal Secretary, state Department of
Vocational Technical training in the Board.

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

PRINCIPALS

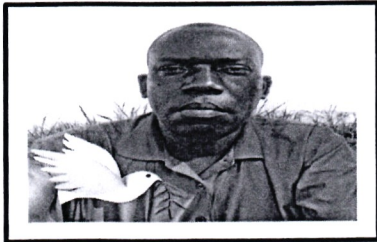
a.



From 1st July 2018 to 20th September 2018

PRINCIPAL
JORIM O. GUYA
Date of Birth: 1958
Qualification:

b.



From 21st September 2018 to 5th March 2019

PRINCIPAL
KENNETH ODERO
Date of Birth:
Qualification:

c.



From 6th March 2019 to date

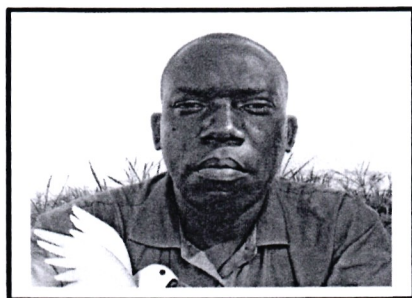
PRINCIPAL
MAREN A. OMONDI (MRS)
Date of Birth: 1962
Qualification:

MANAGEMENT TEAM



PRINCIPAL
JORIM O. GUYA
Date of Birth:1958
Qualification:

- Chief Executive
- Responsible for day to day management of the institute
- Policy implementation
- Budgeting
- Approval of expenditures
- Disciplinary issues
- Curriculum implementation and supervision
- Approval of procurement and tenders



PRINCIPAL
KENNETH ODERO
Date of Birth:
Qualification:

- Chief Executive
- Responsible for day to day management of the institute
- Policy implementation
- Budgeting
- Approval of expenditures
- Disciplinary issues
- Curriculum implementation and supervision
- Approval of procurement and tenders



PRINCIPAL
MAREN A. OMONDI (MRS)
Date of Birth:1962
Qualification:

- Chief Executive
- Responsible for day to day management of the institute
- Policy implementation
- Budgeting
- Approval of expenditures
- Disciplinary issues
- Curriculum implementation and supervision
- Approval of procurement and tenders

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019



DEPUTY PRINCIPAL ADMINISTRATION
KENNETH ODERO

Date of Birth:

Qualification:

- Principals Chief Assistant
- Students Discipline
- Approval of training budgets and requisitions
- Director of studies
- Supervises curriculum implementation
- Chair Academic Committee
- Research and innovations
- TVET Fair and Exhibitions
- Chair Graduation committee



DEPUTY PRINCIPAL ADMINISTRATION
ALICE DULO

Date of Birth:1964

Qualification:

- Principals Chief Assistant
- Students Discipline
- Approval of training budgets and requisitions
- Director of studies
- Supervises curriculum implementation
- Chair Academic Committee
- Research and innovations
- TVET Fair and Exhibitions
- Chair Graduation committee



DEPUTY PRINCIPAL ADMINISTRATION
GEORGE OLERO

Date of Birth:1963

Qualification:

- Principals Chief Assistant
- Students Discipline
- Approval of training budgets and requisitions
- Director of studies
- Supervises curriculum implementation
- Chair Academic Committee
- Research and innovations
- TVET Fair and Exhibitions
- Chair Graduation committee

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

i.



DEPUTY PRINCIPAL ACADEMICS
ALICE DULO
 Date of Birth:1964
 Qualification:

ii.



DEPUTY PRINCIPAL ACADEMICS
PENINAH OGUTU
 Date of Birth:1971
 Qualification: Masters in Education



REGISTRAR
GEORGE O. OLERO
 Date of Birth:1963
 Qualification: BED Technology Education

- Student Admissions
- Students records
- Examinations
- Time-Tabling
- Course Advertisement and Publicity
- Secretary Graduation committee

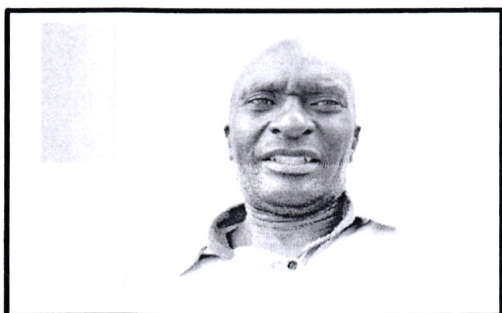
- General students welfare
- Students Accommodation
- Guidance and Counselling

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019



DEAN OF STUDENTS
GRACE TITI
 Date of Birth:1969
 Qualification:

- Co-curricular activities
- Student Mentorship
- student collection
- Club and Societies
- Students trips/Tours



INDUSTRIAL LIAISONS OFFICER
OK WIRI MOSES
 Date of Birth:1962
 Qualification:

- Fostering industrial linkages and partnerships
- Industrial attachment placement
- Industrial attachment supervision and assessment
- Internships
- student insurance
- Attachment certification



BURSAR
GEORGE ADERO
 Date of Birth:1983
 Qualification: CPA

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019



PROCUREMENT OFFICER
CLAIRE OBWOLO
Date of Birth: 1983
Qualification: Diploma in Purchasing and
Supplies management

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

CHAIRMAN'S STATEMENT



The Institute is pleased to present this Annual report and financial statement for the financial year ended 30th June 2019.

Besides being a statutory requirement, the report provides an opportunity for self-evaluation of the Institute's achievements or otherwise, and a chance to draw out fresh strategies for improved performance. It also enables the Institute to focus on its core mandate in order not to lose sight of the Institute's ultimate goal of making RIAT a centre of excellence in technical training and technological development.

RIAT as a tertiary institution is charged with the mandate of training middle-level manpower in the field of technology and business. The Institute's primary objective is to equip trainees with occupational skills that would make them both self-reliant and able to compete in the job market. The Institute endeavours to be a global leader in science, technology and innovation by providing quality and relevant technical training.

The Vision of the Institute is to grow and develop in a manner that will enhance and advance the government's present policy that emphasises technical and vocational training.

Currently there is a deliberate and more aggressive effort to expand the capacity and improve the quality of training in TVET institutions.

One of the key responsibilities of the Board is to implement government policies. It also sets out internal policies and development priorities for the Institute and approves the budget for both the recurrent and development expenditure. The Board has effectively carried out this mandate.

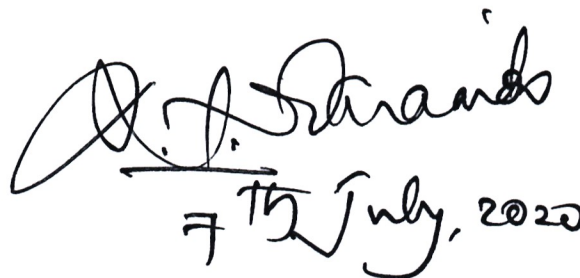
Despite limited financial resources, the Institute has been able to meet its financial obligation through prudent financial management.

Transparency and accountability on use of finances has been closely monitored by the Board.

Strict adherence to budgetary provisions and budgetary reviews where necessary has enabled the Institute to settle its bills promptly and stay clear of creditors. Through prudent financial management and effective planning, the Institute has been able to win the confidence of suppliers and stakeholders. This has greatly enhanced the image of The Institute.

Whereas, delays in fees payments by sponsors, disbursement of grants and HELB loans/Bursaries have a negative impact on our revenue, we have been able to accomplish our obligation albeit with a lot of difficulties.

We look forward to a speedier disbursement of funds by the Ministry of Education and other agencies that sponsor students to our Institution.


7th July, 2020

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

REPORT OF THE PRINCIPAL



Since its inception, Ramogi Institute of Advanced Technology (RIAT) has made a remarkable progress in terms of academic and physical development. However a lot still remains to be done. The provision of training facilities and equipment has not kept pace with changes in technology as well as rapid increase in student's population in view of the emphasis by Government on Technical Vocational and Education and training (TVET).

Shortage of lecturers/trainers continues to be a major challenge.

Recruitment of trainers by government has been slow and has not kept pace with the demand. Currently the institute has a staff shortage of about 50 trainers. More trainers need to be employed if TVET institutions are to offer quality training.

The financial year 2018/2019 had its share of successes and challenges almost in equal measure.. Delay in disbursement of capitation and development grants have generally affected service delivery and ability to meet our financial obligations.

Uncertainty about the new system of funding TVET institutions of Kshs 30,000 per student per year may also affect the revenue thus adversely affecting service delivery. Recent years have also witnessed a consistent reduction in recurrent and development grants.

The institute has, as a matter of priority allocated more resources in the budget towards the provision of learning/teaching materials in line with our core mandate.

Repair and maintenance of equipment of equipment and facilities which directly affect training have been accorded due attention to ensure effective training.

The escalating prices of food commodities, fuel and energy has also posed a major challenge in implementing the budget. It is important to note that fees may not be increased to a level that would lock out potential students as this would defeat the Government policy of increasing access to technical training. Furthermore fees have now been fixed by the MOE at Kshs 56,420 per year out of which kshs 30,000 will be from capitation. Needy students are expected to obtain the rest through HELB loans.

This explains why Government capitation should be disbursed in time. Equally the Higher Education Loans Board (HELB) should also process loan application and disburse the loans to the students promptly. Otherwise the institute may not meet her financial obligations.

Disbursement of fees to students sponsored by other government agencies has also been slow. For example students sponsored by NYS and LAPSET. Disbursement of HELB loans also delay thereby seriously affecting budgetary control and implementation.

[Handwritten signature]
7/07/2020





RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

CORPORATE GOVERNANCE STATEMENT

As has been mentioned elsewhere in this report Ramogi Institute of Advanced Technology (RIAT) is managed by a Board of Governors appointed by the Permanent Secretary responsible for Technical, Vocational Education and Training (TVET)

The Board is responsible for the implementation of government policies and development priorities for the institute. Approval of Budget for both recurrent and development expenditure is also a key function of the Board.

The principal is the Chief Executive officer and secretary to the Board responsible for the day to day management of the institute and in consultation with the Board. The institute core values are

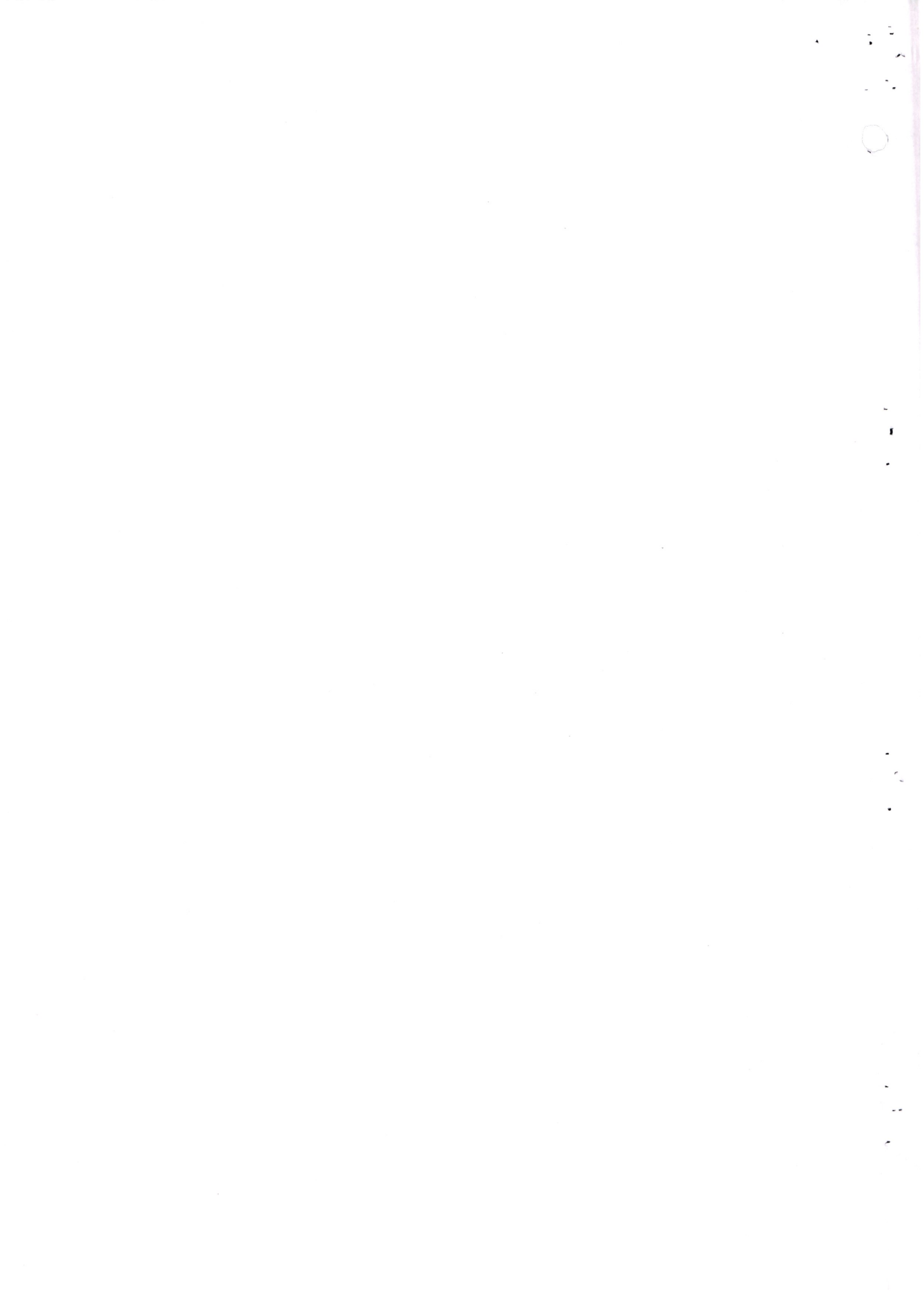
- Integrity and Honesty
- Accountability and Transparency
- Excellence and Team work
- Innovation and Creativity

The management and administration of RIAT is committed to serving with courtesy, honesty, integrity, fairness and justice. Prudent management of financial and other institutional resources and accountability for the same is our goal.

Continual improvement of facilities and infrastructure is a key consideration in order to ensure customer satisfaction. This in effect has the potential to attract more trainees thereby increasing access in line with government policy.

By embracing accountability and transparency in governance, it is envisaged that the institute will emerge a global leader in science, Technology and Innovation.

The board held six meetings during the year under review. Two day induction training for the Board was organised in August 2018 presided over by the Director TVET.



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING

The core mandate of the institute is to provide trainees with employable skills. The institute also provides short tailor-made skills upgrading courses to those already in employment whether salaried or self-employed.

To reach out to the community, the institute regularly mounts short courses in identified areas relevant to their needs. The institute offers such courses at highly subsidised fees. The institute also seeks to get sponsors for such programmes.

The Board notes that such programmes promotes cordial working relations and creates a sense of ownership. Qualified students from the locality have been encouraged to pursue regular courses through a special arrangement with the parents/guardians and the constituency development fund whereby fees payment is done in mutually agreed instalments.

The institute has identified solar PV Technology, Bee-keeping, Carpentry, Aquaculture and Bread making as some of the courses to be promoted among the community. A number of youth were trained in these areas.

The memorandum understanding between the institute and Kisumu water and Sewerage Company (KIWASCO) is also intended to provide water to the institute and also the community around the college. The institute also hosted the Agricultural Society of Kenya (ASK), National Tree planting Day in May 2019 where over 6500 trees were planted.

The institute will continue to identify and explore new areas of support to the community. More community outreach programmes will thus be initiated and implemented based on the availability of funds and or support from our collaborators/partners.

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the *institute's* affairs.

Principal activities

The principal activities are set out in page 1(one)

Results

The results of the entity for the year ended June 30 are set out on page 32-40

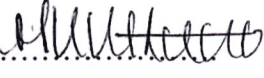
BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 4-7

Auditors

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

By Order of the Board

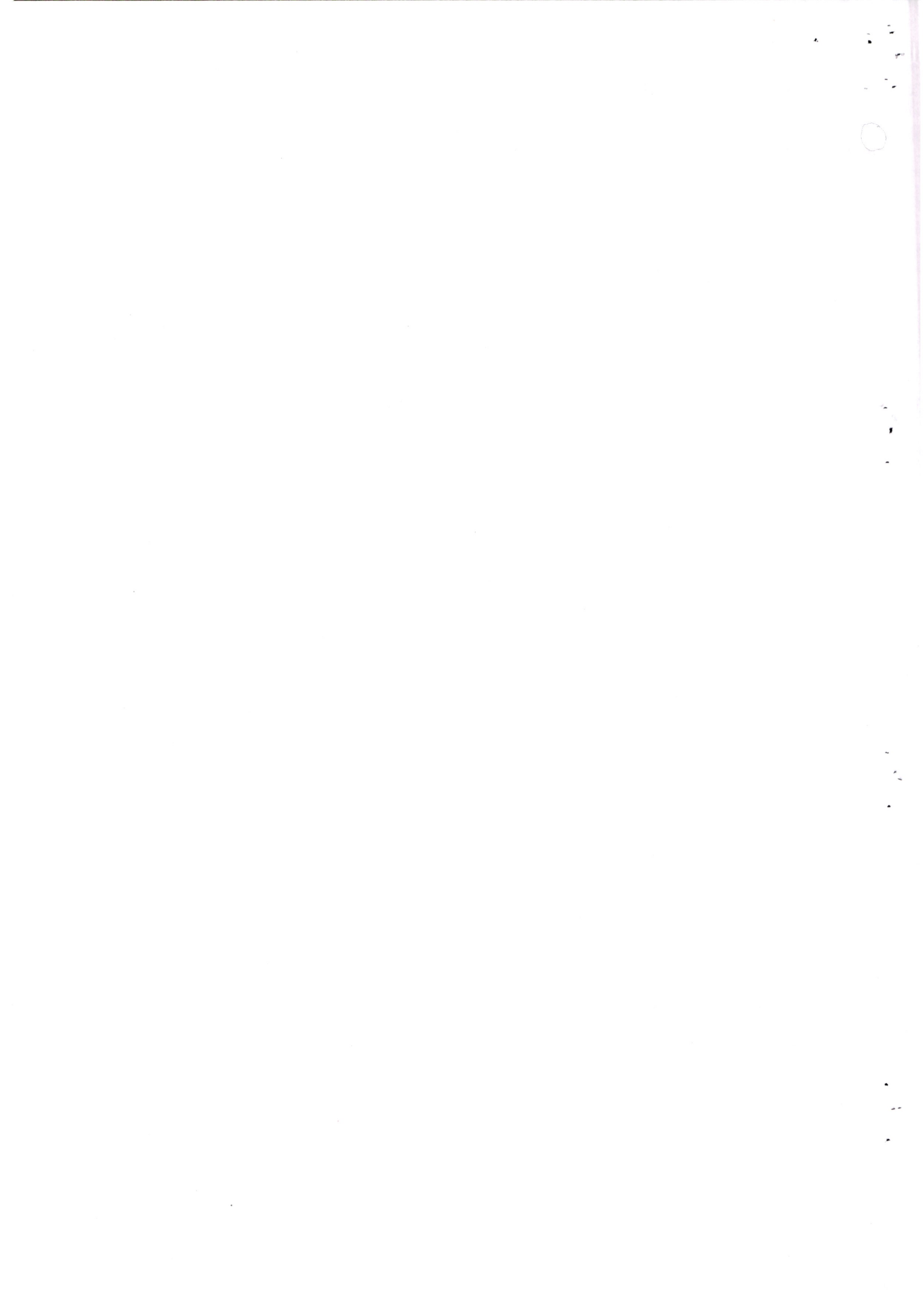
Sign:.....

The Principal

Kisumu

Date:.....7/07/2020





RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF BOARD OF GOVERNORS

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

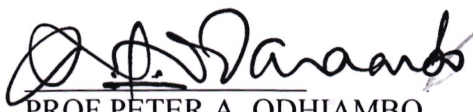
The Board members are responsible for the preparation and presentation of the *institute's* financial statements, which give a true and fair view of the state of affairs of the *institute* for and as at the end of the financial year ended on June 30th, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the TVET Act*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2019, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

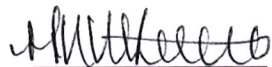
Nothing has come to the attention of the Board members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements


The *Institutes* financial statements were approved by the Board on 29th November 2019 and signed on its behalf by:



PROF. PETER A. ODHIAMBO
Board Chairman

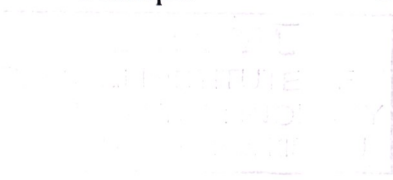


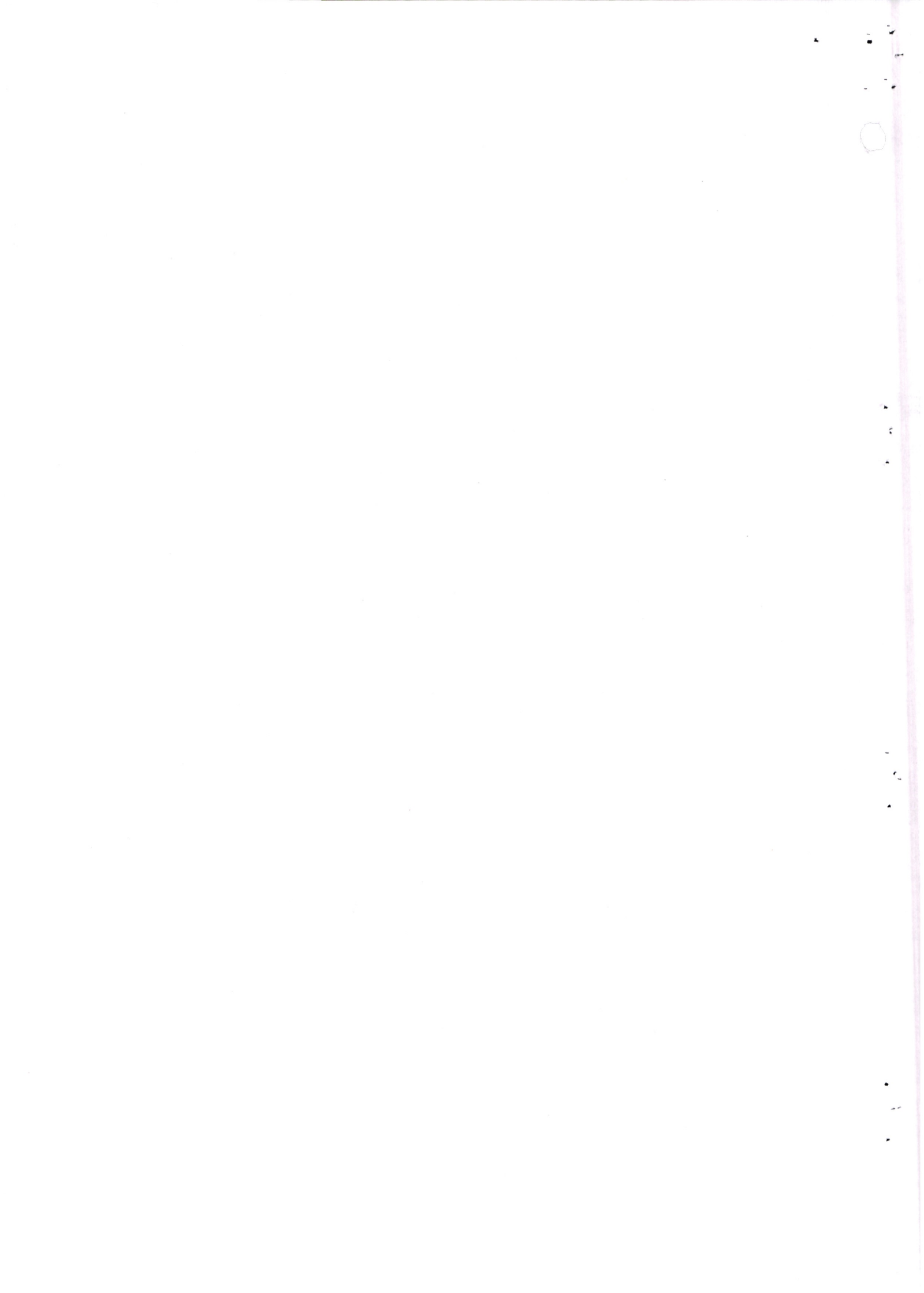
MAREN OMONDI (MRS)
Principal



MS BENTER A. OWIYO
Independent Board member

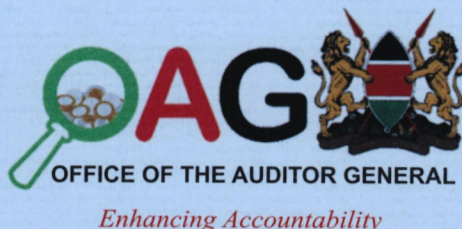
7th July 2020





REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Ramogi Institute of Advanced Technology set out on pages 22 to 45, which comprise of statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Ramogi Institute of Advanced Technology as at 30 June, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1.0 Late Submission of Financial Statements

The Institute's 2018/2019 financial statements were submitted for audit on 10 January, 2020, which is one-hundred and two (102) days after the statutory date of 30 September, 2019. This is contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare and submit the financial statements to the Auditor-General within three months after the end of financial year to which the accounts relate.

Management was therefore in breach of the law.

2.0 Inaccuracies in the Financial Statements

The statement of financial performance reflects balances in respect of four items which differ from the amounts disclosed in the statement of cash flows and the statement of comparison of budget and actual amounts as follows;

Item	Statement of Financial Performance (Kshs.)	Statement of Cash Flows (Kshs.)	Statement of Comparison Budget and Actual (Kshs.)
Actual Revenue	117,692,776	104,713,589	94,169,716
Sale of Goods	6,885,242	6,221,967	6,885,242
Use of Goods & Services	44,860,119	39,953,261	44,860,119
Rental Revenue	987,478	936,927	987,478

The differences between the three statements have not been reconciled.

As a result, the accuracy and completeness of the financial statements for the year ended 30 June, 2019 could not be ascertained.

3.0 Cash and Cash Equivalents

The statement of financial position reflects a cash and cash equivalents balance of Kshs.47,192,230, which as further disclosed under Note 13 to the financial statements, includes an amount of Kshs.39,642,617 in respect of the main bank account at National Bank. However, this amount differs from the reconciled cash book balance of Kshs.45,829,617 resulting to an unexplained variance of Kshs.6,187,000. Further, the cash and cash equivalents includes cash at hand of Kshs.37,166, which was not supported by a board of cash survey report.

Consequently, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.47,192,230 could not be confirmed.

4.0 Long Outstanding Receivables from Exchange Transactions

As disclosed in Note 14 to the financial statements, the statement of financial position reflects receivables from exchange transactions balance of Kshs.51,105,197. Review of a schedule on aging analysis showed that the balance included fees arrears and rent debtors totalling Kshs.29,175,269 and Kshs.1,153,052 respectively which date back to the financial year 2014/2015 had not been recovered as of 30 June, 2019. However, the Management did not explain reasons for not collecting the debt or include a provision for bad and doubtful debts in these financial statements.

Consequently, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.51,105,197 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

5.0 Unconfirmed Ownership of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,679,796,448. However, the following anomalies were noted in respect to the balance;

- i. Contrary to the requirements of the Public Sector Accounting Standards Board (PSASB), depreciation charge and amortization on the assets was not charged against revenue for the year. Further, an asset movement schedule was not prepared and included in the financial statements under review.
- ii. Included under Note 17 to the financial statements is a new bus worth Kshs.11,000,000 which has been classified under work in progress instead of disclosing the asset as a motor vehicle.
- iii. Disclosed under Note 17 to the financial statements is an amount of Kshs.1,120,000,000 in respect of land. The balance includes land measuring 200 acres at Kibos valued at Kshs.120,000,000. However, records confirming ownership of the land by the Institute were not provided for audit review. Further, records presented for audit revealed that, a National Government entity had claimed ownership against a portion of the land measuring approximately 150 acres, resulting in a dispute.
- iv. Valuation report provided for audit showed that the Institute has a 200-acre parcel of land at RIAT Dago. However, the title deed issued to the Institute indicated ownership of 156 acres. Available information indicated that, the balance of 44 acres had been sub-divided and ownership given to private developers and individuals.

In the circumstances, the ownership, existence, completeness and accuracy of the property, plant and equipment balance totalling Kshs.1,679,796,448 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Ramogi Institute of Advanced 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 adverse opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unauthorized Over Expenditure

As reflected in the statement of comparison of budget and actual amounts for the year under review, the Institute had an expenditure budget of Kshs.17,429,099 and Kshs.18,761,500 in respect of employees' cost and general expense respectively and incurred actual expenditure on comparable basis of Kshs.20,235,140 and Kshs.23,263,345 resulting to an over expenditure of Kshs.2,806,041 and Kshs.4,501,845 in respect of the two items. However, there was no evidence to show that Management sought necessary approvals before incurring the expenditure.

Management was therefore in breach of the law.

2. Long Outstanding Employee Benefit Obligation

As disclosed in Note 24 to the financial statements, the statement of financial position reflects a balance of Kshs.5,259,782 in respect to employee benefit obligation relating to the financial years 2010/2011 to 2018/2019. However, no satisfactory explanation was provided for the failure to settle the long outstanding liability.

The delays in settling the debt, is likely to expose the Institute to unnecessary penalties and interests.

3. Failure to Charge Tax on Board of Governors' Expenses

Note 11 to the financial statements reflect Board of Governors' (BOG) costs amounting to Kshs.2,312,500. However, the Management did not charge and remit due taxes totaling Kshs.303,900 on allowances and benefits paid to the Board Members during the year under review contrary to the Income Tax Act.

Consequently, the 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Segregation of Duties on Cash Management

A review of the Institutes accounting records in respect of cash management revealed that the duties of maintaining cashbook and preparation of bank reconciliations were being handled by one person instead of segregating among other officers. No explanation was provided for the failure to segregate duties. Further, there was no evidence that the cash book was checked and balanced regularly. This is contrary to Regulation 23(1)(c) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to maintain effective systems of internal control and measures taken to ensure that they are effective.

In the circumstances, key processes and internal controls of the Institute may be prone to risk of abuse or errors.

2. Lack of Audit Committee

Section 73(5) of the Public Finance Management Act, 2012 provides that every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. However, the Institute did not have an Audit Committee in place to oversee governance and promote transparency in the management of public resources.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement,

whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain 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 cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue 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 Ramogi Institute of Advanced Technology to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

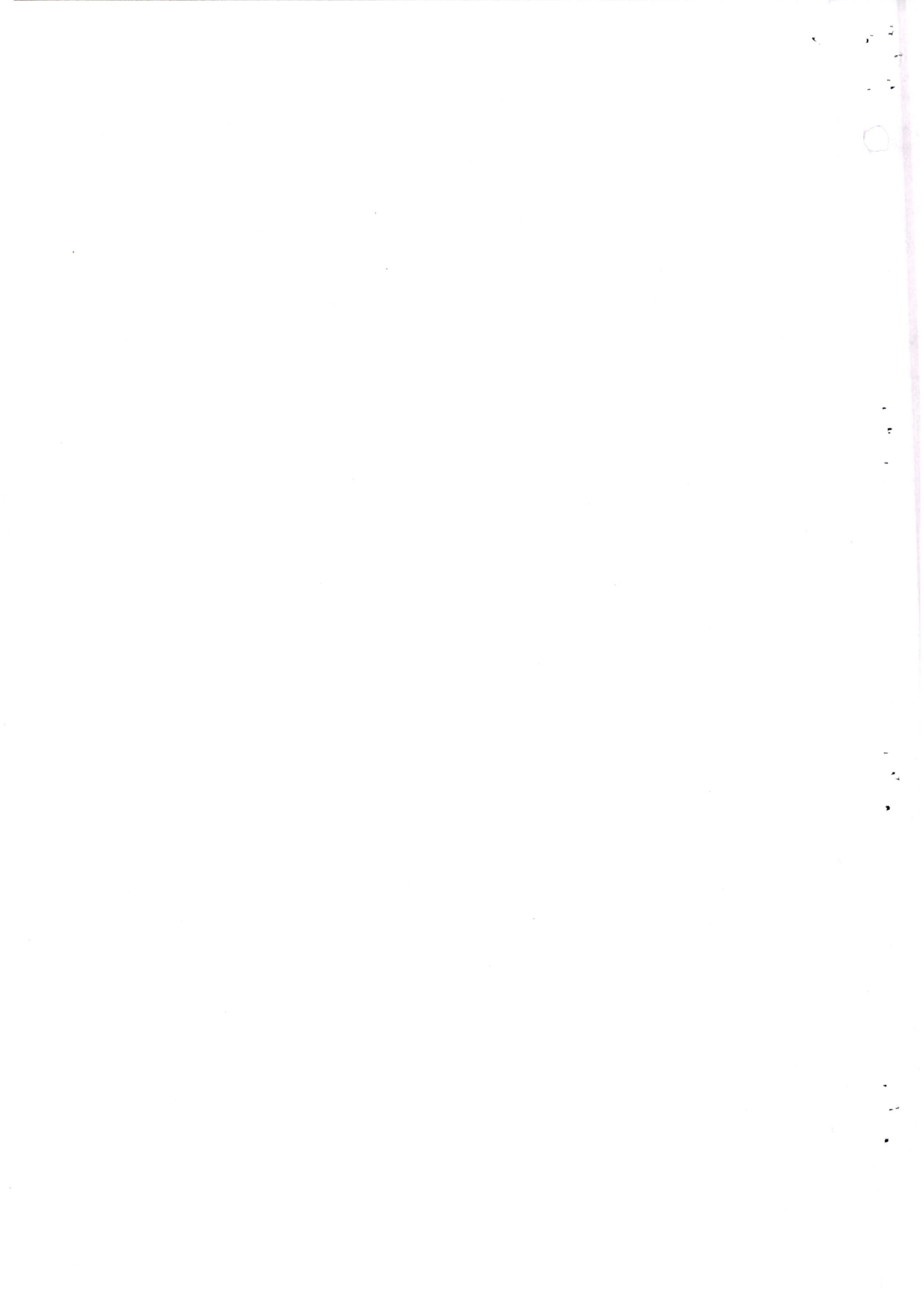
Nairobi

24 November, 2021

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2019

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2019.

	Notes	Amount
Revenue-Non-Exchange transaction		Kshs
Transfers from State department of TVET	1	88,870,000
Revenue from Exchange transactions		
Rendering of Services-Fees from students	2	20,912,056
Sale of goods	3	6,885,242
Rental revenue	4	987,478
Other income	5	38,000
Total Revenue		<u>117,692,776</u>
Expenses		
use of goods and services	6	44,860,119
Employee costs	7	20,235,140
Board of Governors Expenses	8	2,312,550
Repairs and Maintenance	10	6,434,185
General Expenses	12	23,263,345
Total Expenses		<u>97,105,339</u>
Surplus for the year		<u>20,587,437</u>



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2019

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019.

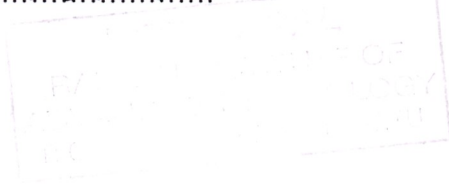
Assets		As at 30th June 2019
Current Assets	Notes	Kshs
Cash and Cash equivalents	13	47,192,230
Receivables-Exchange transaction	14	51,105,197
Receivables- Non-Exchange transaction	15	41,685,000
Inventories	16	1,030,150
		141,012,577
Non-current Assets		
Property, Plant and Equipment	17	1,679,796,448
Intangible Assets	18	150,000
		1,679,946,448
Total Assets		<u>1,820,959,025</u>
Liabilities		
Current Liabilities		
Trade and other payables	20	5,047,340
Refundable deposits	21	20,417,488
Deffered Income	23	119,551,416
Employee benefit obligation	24	5,259,782
Accumulated surpluses		116,041,843
Capital fund	19	1,554,641,156
		<u>1,820,959,025</u>

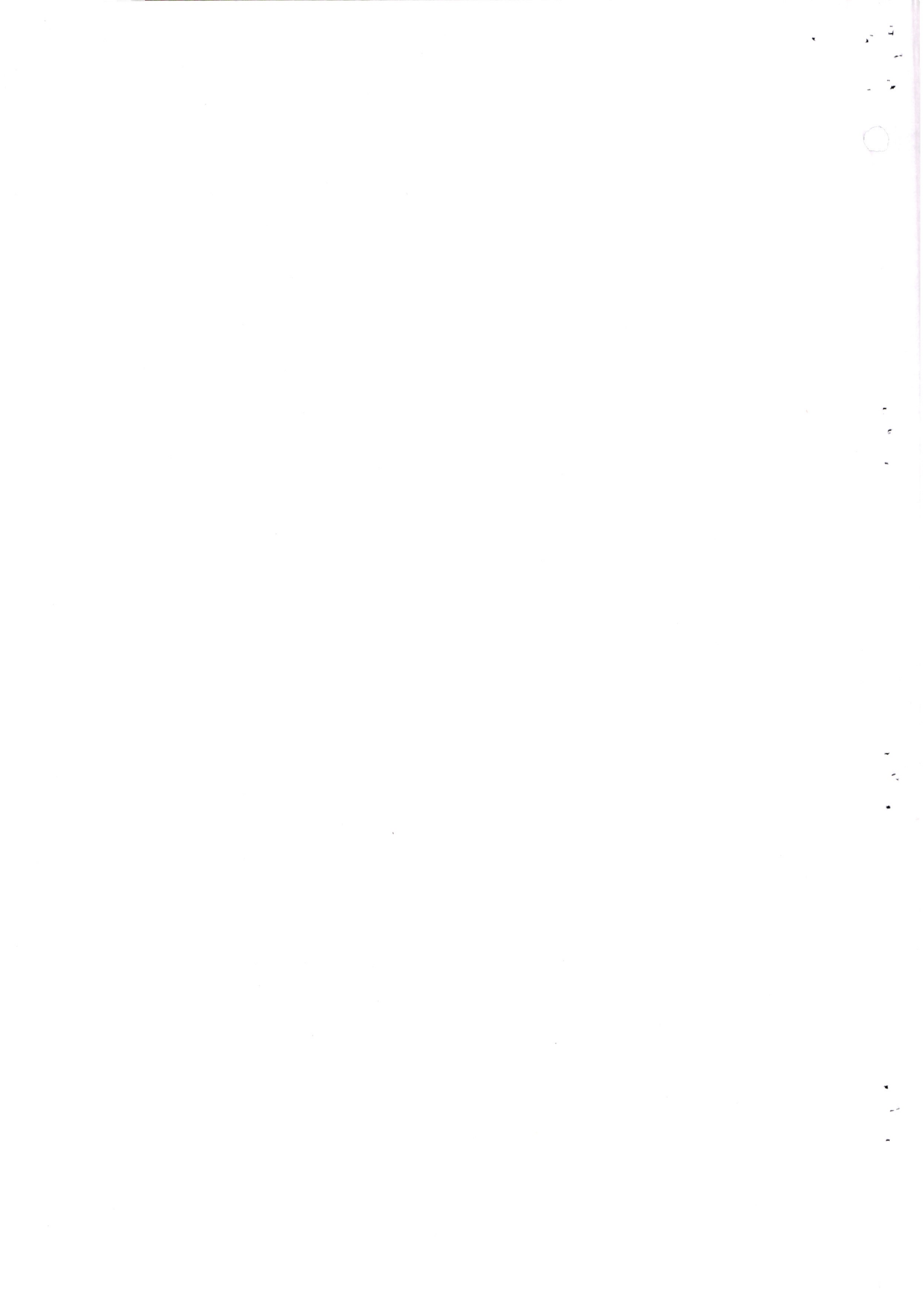
The financial statements set out in pages-- were signed on behalf of the Institute Board of Governors by:

Chairman B.O.G.: *Peter A. Odhiambo*
 Name: **PROF. PETER A. ODHIAMBO**
 Date: **7th July 2020**

Principal: *Maren Omondi*
 Name: **MAREN OMONDI**
 Date: **7/07/2020**

Finance Officer: *Cherem*
 Name: **FINANCE OFFICER**
 ICRAK No: **RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY**
 P.O. BOX 138, KISUMU
 Date: **7/7/2020**
 DATE:





RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2019

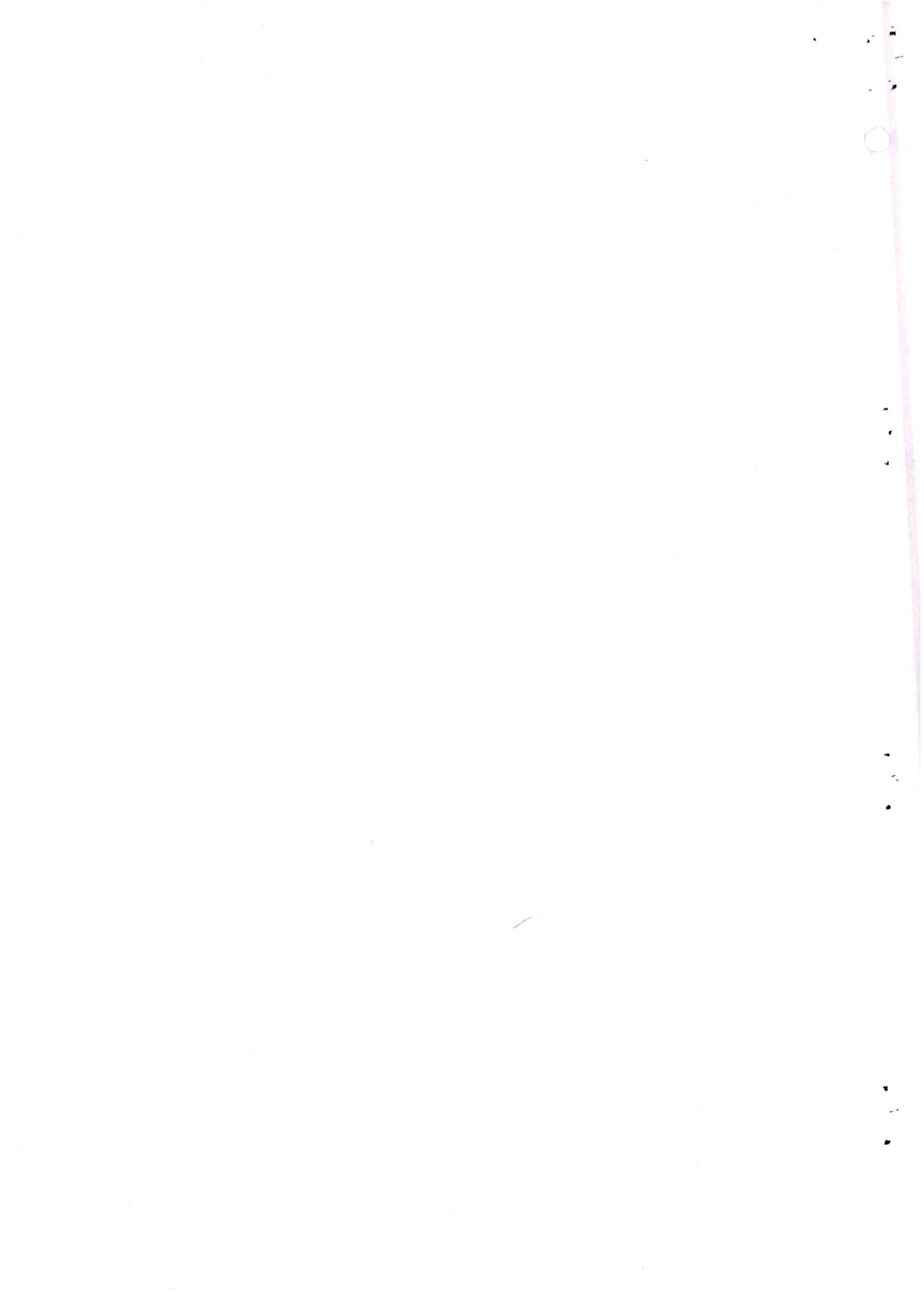
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2019

	R/Earnings	Capital Fund	Total
Opening bal as at 1-7-2018	95,454,406	1,554,641,156	1,650,095,562
surplus/Additions during the year	20,587,437	-	20,587,437
Total	<u>116,041,843</u>	<u>1,554,641,156</u>	<u>1,670,682,999</u>

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019.

Cash flows from operating activities

Receipts	Notes	Kshs
Transfers from MOE	1	65,346,940
Transfers from HELB	1	16,320,500
Transfer from Communication Authority	1	537,672
Rendering of services-Fees from students	2	15,311,583
Sale of goods	3	6,221,967
Rent received	4	936,927
Other income	5	38,000
		<u>104,713,589</u>
Payments		
Use of goods and services	6	39,953,261
Employee costs	7	20,235,550
Board of Governors expense	8	2,312,550
Repairs and Maintenance	10	6,434,185
General Expense	12	23,263,345
		<u>92,198,891</u>
Net cash inflow from operating Activities		12,514,698
Cash flow from Investing activities		
Purchase of new bus		(11,000,000)
Rachuonyo TVC		(1,626,290)
Mechanical Engineering W/Shop		(610,908)
Net cash outflow from Investing Activities		(13,237,198)
Net cash decrease from cash and equivalents		(722,500)
Cash and cash equivalents at 1.7.208		<u>47,914,738</u>
Cash and cash equivalents at 30th June 2019		<u>47,192,230</u>



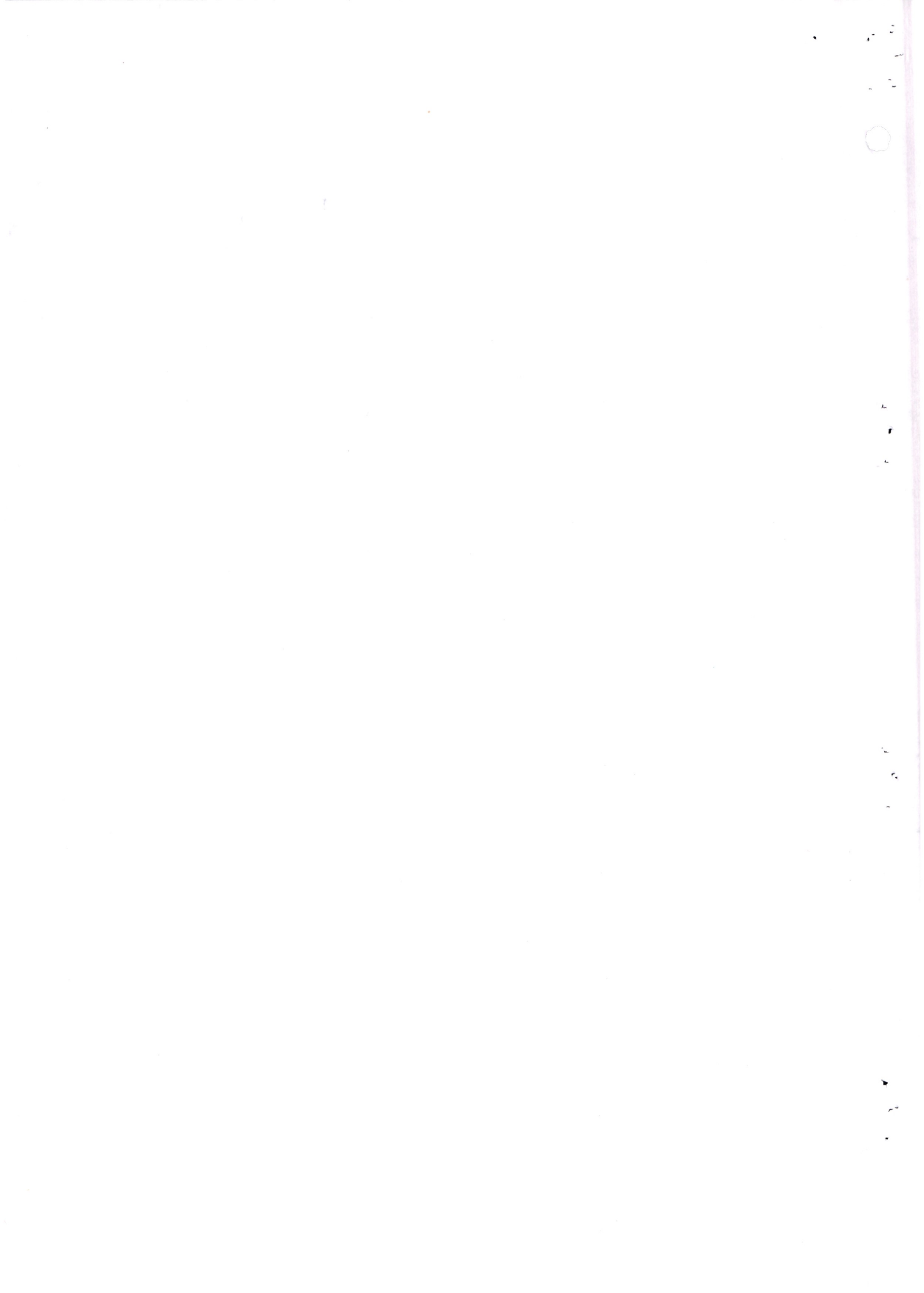
RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2019.

	Note	Original budget	Actual	Performance Difference
Revenue		2018-2019	2018-2019	2018-2019
Government grant	1	112,407,118	65,346,940	47,060,178
Rendering of services	2	52,840,000	20,912,056	31,927,944
Sale of Goods	3	11,358,600	6,885,242	4,473,358
Rental Income	4	908,640	987,478	(78,838)
Other Income	5	-	38,000	(38,000)
		177,514,358	94,169,716	
Expenses				
Use of goods and services	6	62,818,001	44,860,119	17,957,882
Employee costs	7	17,429,099	20,235,140	(2,806,041)
Board of Governors Expense	8	3,540,000	2,312,550	1,227,450
Repairs/maintenance	10	9,020,000	6,434,185	2,585,815
General expenses	12	18,761,500	23,263,345	(4,501,845)
WIP		65,945,758	28,657,538	37,288,220
Surplus/deficit			(31,593,161)	
Total		177,514,358	94,169,716	

Notes

- a) Deficit in employee cost is as a result of B.O.G. trainers engaged to replace transferred/retired trainers.
- b) Deficit in General expense is as a result of increases in food prices
- c) The deficit in the overall budget is as a result of delay by the Ministry to disburse funds for project they had committed and approved.



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Ramogi Institute is established by and derives its authority and accountability from TVET Act 2013. It is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of the institute is to provide technical and vocational training.

a) 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 liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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

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.

b) REVENUE RECOGNITION-REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

C) REVENUE FROM EXCHANGE TRANSACTIONS

Rendering of services

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

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

Sale of goods

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

30TH JUNE 2019

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

Interest income

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

Rental income

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

d) BUDGET INFORMATION

The budget for FY 2018/2019 was approved by the Board on *30th June 2018*

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

e) TAXES

Current income tax

The entity is exempt from paying taxes as per the income Act.

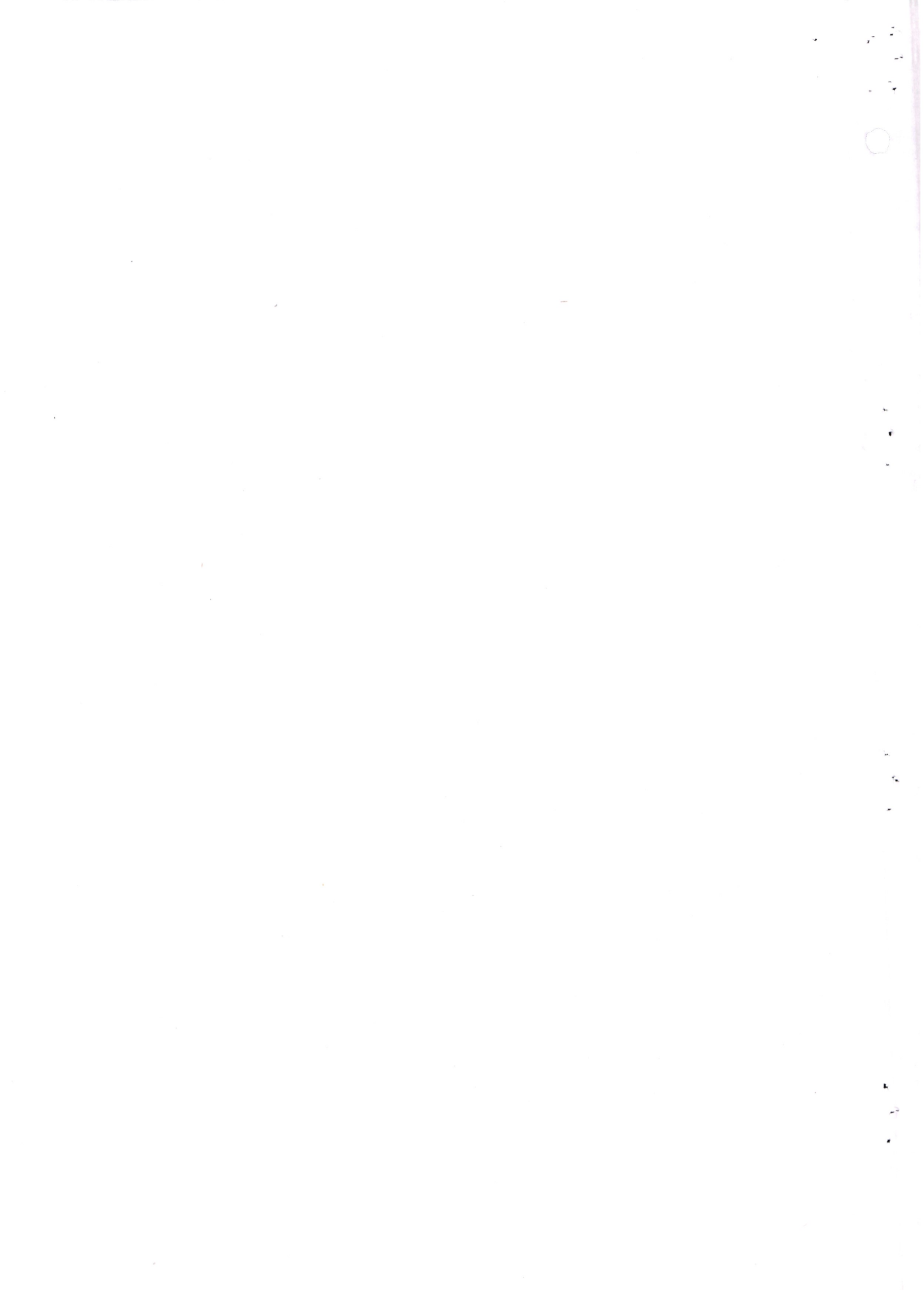
f) PROPERTY, PLANT AND EQUIPMENT

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

Leases

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

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



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

30TH JUNE 2019

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

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

g) INTANGIBLE ASSETS

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

h) 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 Entity.

i) PROVISIONS

The institute has no policy on provisions.

j) CONTINGENT LIABILITIES

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

k) CONTINGENT ASSETS

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

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Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

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

j) FOREIGN CURRENCY TRANSACTIONS

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

k) RELATED PARTIES

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

l) 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.

Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

m) SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future



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developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

n) FINANCIAL RISK MANAGEMENT

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

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

Credit risk

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

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

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

Credit risk

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

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The entity has significant concentration of credit risk on amounts due from xxxx

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Liquidity risk management

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

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

Market risk

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

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

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

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

Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage

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point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2012 – KShs xxx)

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m) EVENTS AFTER THE REPORTING PERIOD

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

o) ULTIMATE AND HOLDING ENTITY

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

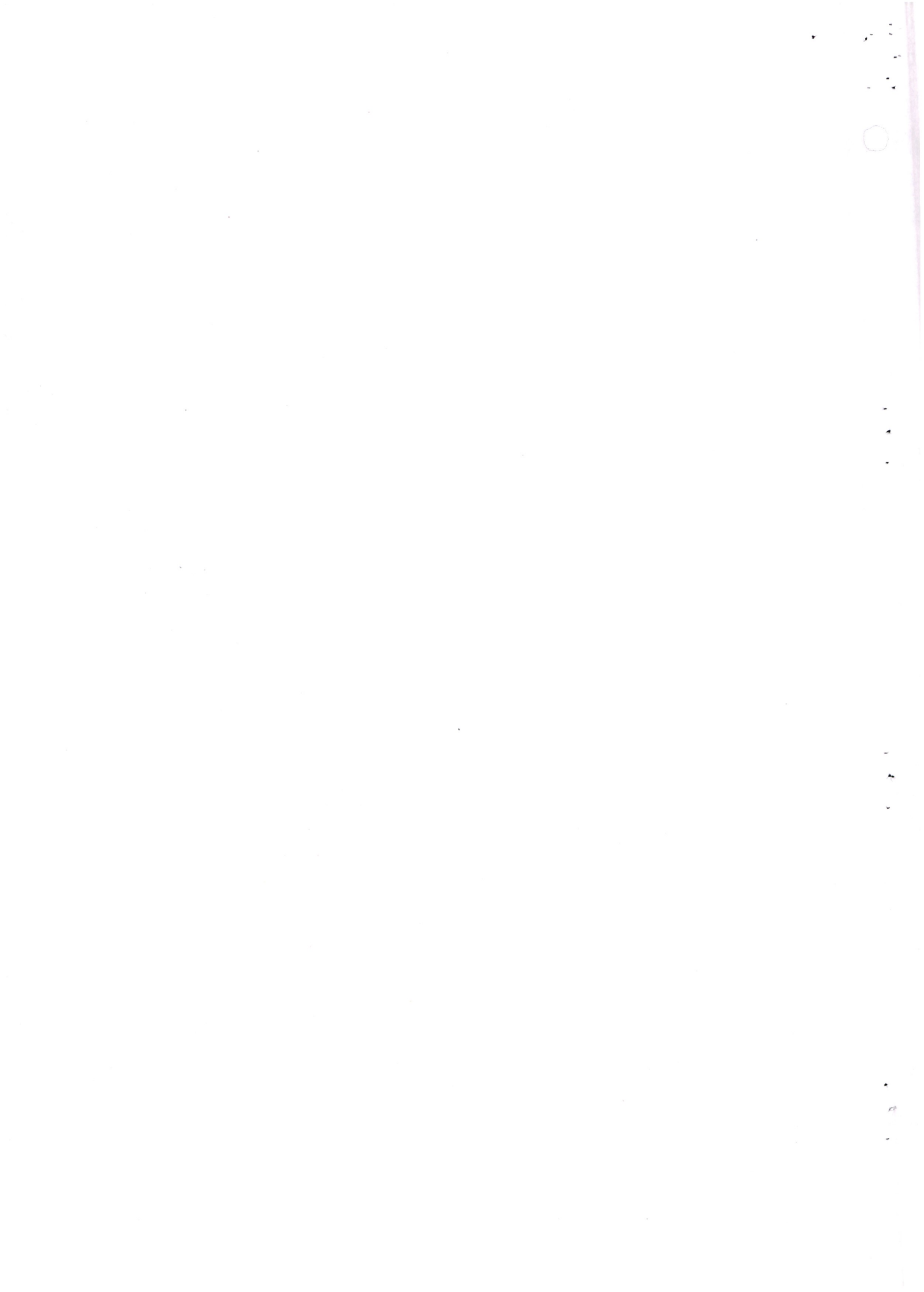
p) Currency

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

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1(a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	Kshs	Budget 2018/2019
Unconditional grants		
Operation grant	4,500,000	4,500,000
Capitation	41,685,000	83,370,000
Operation grant-Omuga TVC	1,000,000	-
Total Cash received	<u>47,185,000</u>	<u>87,870,000</u>
Add:Capitation accrued	41,685,000	
Total	<u>88,870,000</u>	<u>87,870,000</u>
Conditional grants		
Mechanical Engineering W/shop	2,695,255	4,734,033
Riat Rachuonyo TVC	7,992,425	12,328,825
Riat Omuga TVC	7,474,260	7,474,260
Total Cash received	<u>18,161,940</u>	<u>24,537,118</u>
Grand Totals	<u>107,031,940</u>	<u>112,407,118</u>
All grants were received through state department of TVET	-	
TRANSFER FROM OTHER LEVELS OF GOVERNMENT		
Name of the Entity sending funds	Recognised as Income	
	Kshs	
HELB-Bursaries/Loans for students	16,320,500	
Communication Authority	537,672	
National youth Service	2,896,640	
Total cash received	<u>19,754,812</u>	
2 RENDERING OF SERVICES		
Tuition fees	2,191,960	
Activity fees	850,330	
Registration fees	737,000	

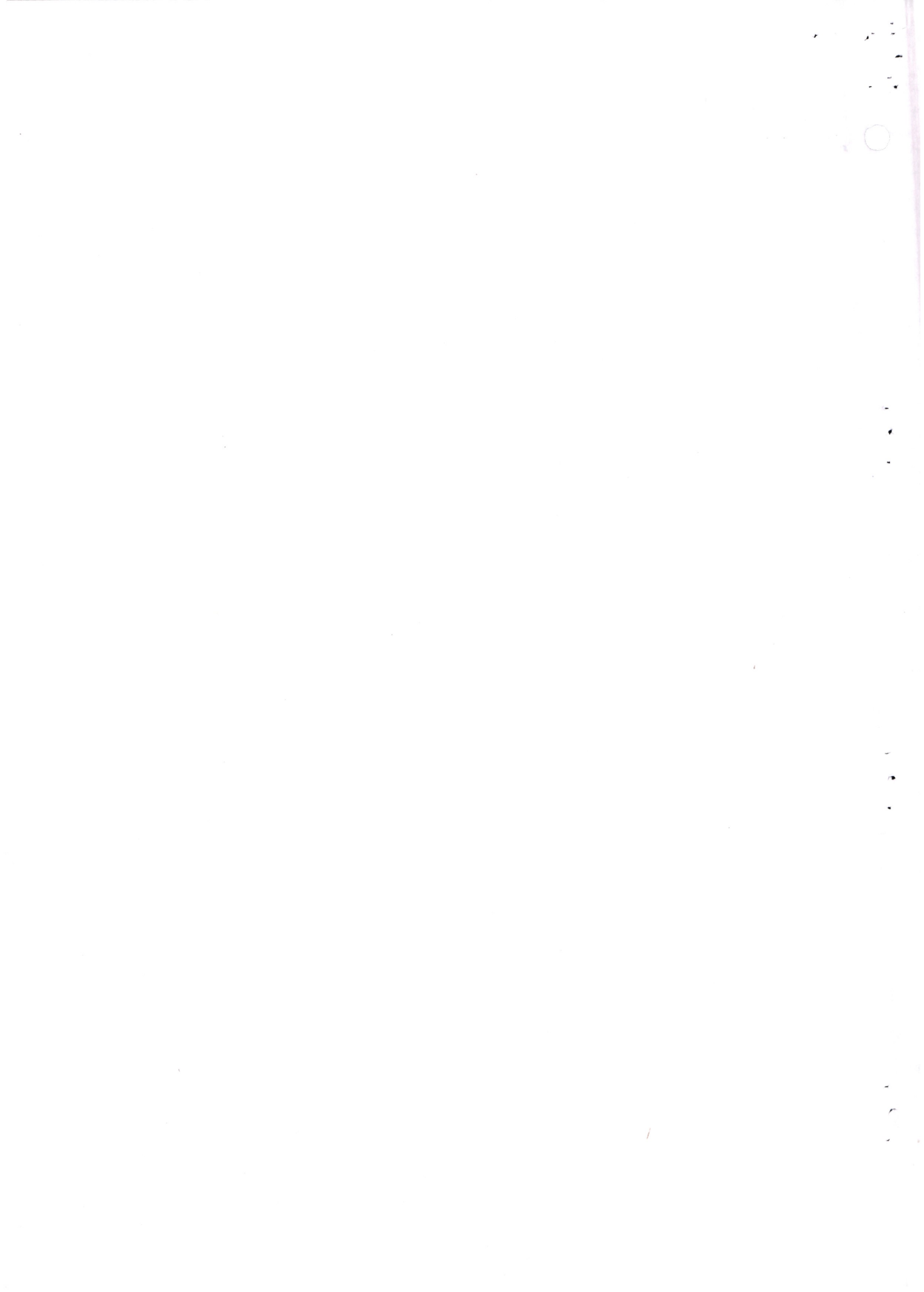


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Damages Recoveries	238,940	
Electricity, Water and Conserva.	604,311	
P.Emoluments	174,680	
Admin Costs	481,800	
Local Travel and Transport	1,099,248	
Repairs, maintenance and Impr.	1,586,000	
Medical Income	447,710	
Practical	511,650	
Bus fund	7,947,389	
Food/Beverage practical	38,740	
Insurance	579,520	
Centre fees	564,780	
KNEC practical	337,470	
Oral Exams	30,510	
Trip fee	16,000	
Stage Certificate	4,500	
Students accommodation	2,469,518	
Sub-total	<u>20,912,056</u>	<u>52,840,000</u>
Less Un-collected Fee)	(5,600,473)	
Actual cash received	<u>15,311,583</u>	
3 SALE OF GOODS		
Production Units Income	4,667,257	3,639,000
Income from Cafeteria	1,431,510	7,719,600
Maize Income	123,200	-
Sugarcane plantation	663,275	-
Total	<u>6,885,242</u>	<u>11,358,600</u>
Less Sugar plantation	(663,275)	
Net cash received		

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		<u>6,221,967</u>	
4	RENTAL INCOME		
	Rent income from staff	202,150	198,000
	Lease income	785,328	710,640
	Total	987,478	<u>908,640</u>
	Less rent arrears	(50,551)	
	Net cash received	936,927	
5	OTHER INCOME		
	Sale of tender	<u>38,000</u>	
6	USE OF GOODS AND SERVICES		
	Tuition	12,318,457	20,888,241
	Electricity, Water and Conserva.	4,367,218	9,750,000
	Admin Costs	11,615,074	10,947,760
	Local Travel and Transport	9,610,263	5,314,500
	Medical Expense	472,209	3,600,000
	Activity fees	2,000,039	5,300,000
	Practical	420,916	-
	Food/Beverage practicals	821,937	-
	Insurance	1,163,388	1,737,500
	KNEC practicals	295,882	-
	Losses	588,656	-
	Registration	559,440	5,280,000
	Center cost	621,240	
	Oral Exams	5,400	
	Total	<u>44,860,119</u>	<u>62,818,001</u>
	Less pending bills	(4,906,858)	
	Actual cash paid	<u>39,953,261</u>	
7	EMPLOYEE COST		
	P.Emoluments	<u>20,235,140</u>	<u>17,429,099</u>



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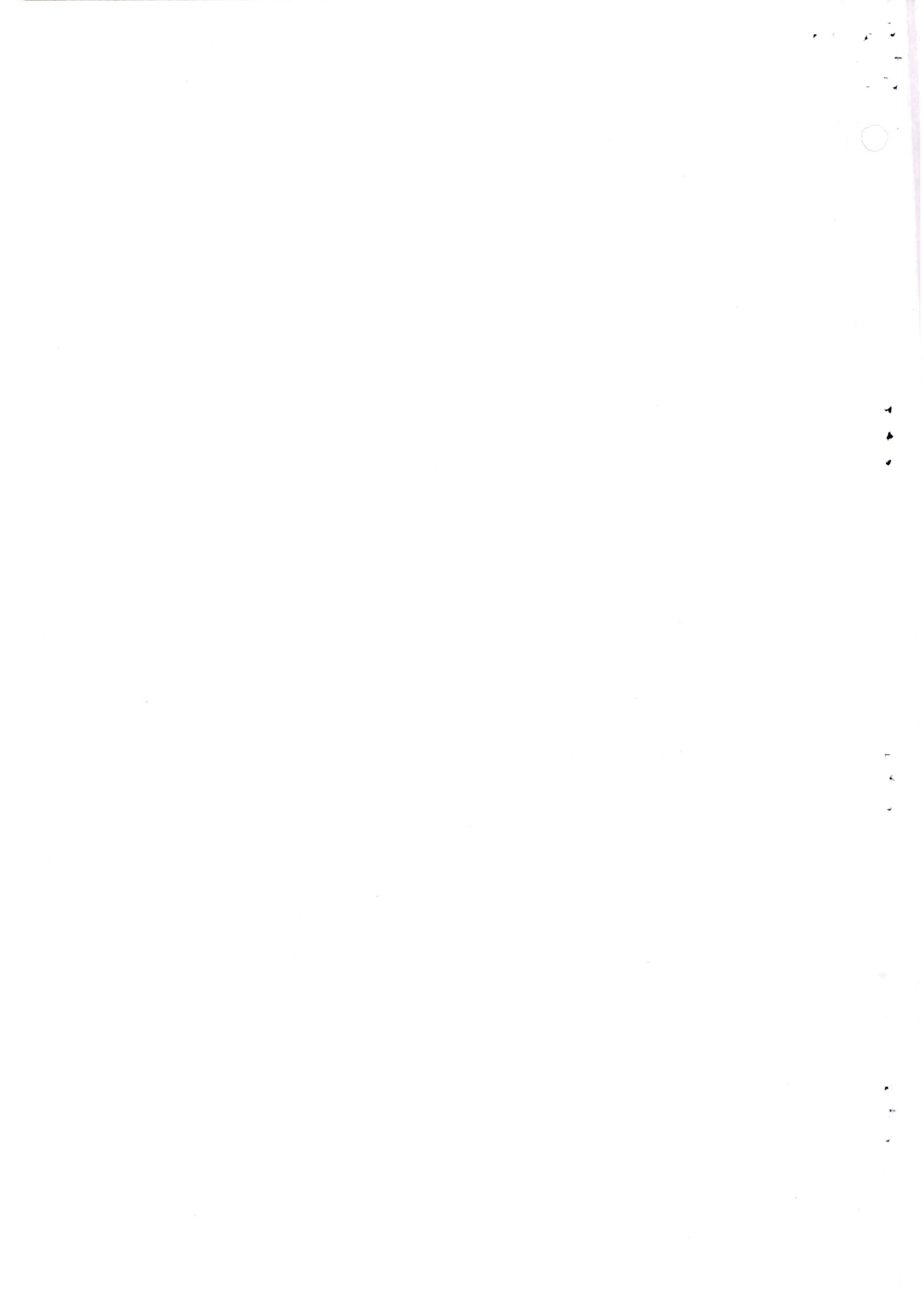
8	BOARD OF GOVERNORS		
	Board Allowances/Transport	<u>2,312,550</u>	<u>3,540,000</u>
9	DEPRECIATION&AMORTIZATION		
	No policy in place		
10	REPAIRSAND MAINTENANCE		
	Buildings and Equipment	6,176,085	
	Staff houses	258,100	
	Total	<u>6,434,185</u>	<u>9,020,000</u>
11	CONTRACTED SERVICES		
	No contracted services in the period		
12	GENERAL EXPENSES		
	Tender Expenses	284,620	
	Riat Omuga TVC	1,264,835	
	Cafeteria Expenses	13,047,225	7,719,600
	Students accomodation	2,678,620	9,000,000
	Bank Charges	36,432	
	Production Units Expenses	5,510,863	2,041,900
	Farm Expenses	440,750	
	Total	<u>23,263,345</u>	<u>18,761,500</u>
13	CASH & CASH EQUIVALENTS		
	Cash at hand	37,166	
	National Bank A/Cno.500	39,642,617	
	National Bank A/Cn.501	-	
	National Bank A/Cno.502	2,111,188	
	National Bank A/Cno.503	-	
	National Bank A/Cno.504	60	
	National Bank A/cno.700	2,757,340	
	National Bank A/Cno.800	377,597	
	Eobank A/C no.601	2,266,262	
	Total	<u>47,192,230</u>	
14	RECEIVABLES -EXCHANGE TRANSACTIONS		
	Fees Arrears 2018/2019		

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		5,600,473	
	Fee Arrears-Knec Exams	10,197,791	
	Fee Arrears-Student Union	1,351,289	
	Fees Arrears 2017/2018	4,338,778	
	Fees Arrears 2016/2017	8,681,098	
	Fees Arrears 2015/2016& back	8,696,790	
	Fees Arrears 2014/2015 and back	7,458,603	
	Rent Arrears 2018/2019	50,551	
	Rent Arrears 2017/2018	104,950	
	Rent Arrears 2016/2017	194,350	
	Rent Arrears 2015/2016	173,600	
	Rent Arrears 2014/2015 &Back	629,601	
	Liberty Insurance	3,866	
	Salary Advance 2017	97,422	
	Refunds	766,847	
	Elimu Sacco	1,740	
	Lapsset	1,409,820	
	Development Fund transfers	1,347,628	
	Total	<u>51,105,197</u>	
15	RECEIVABLES-NON EXCHANGE		
	Government Capitation	<u>41,685,000</u>	
16	INVENTORIES		
	Sugarcane plantation	663,275.00	
	Training materials	366,875.00	
	Total	<u>1,030,150.00</u>	
17	PROPERTY, PLANT AND EQUIPMENT		
	Land	1,120,000,000	
	Buildings	308,980,000	
	Motor Vehicles	6,910,040	

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	Furniture&Fittings	106,210,316	
	Computers	12,390,800	
	WIP-Mechanical W/shop	15,254,793	
	WIP-Rachuonyo TVC	46,094,461	
	WIP-Omuga TVC	52,956,038	
	WIP-New Bus	11,000,000	
	Total	1,679,796,448	
18	INTANGIBLE ASSET		
	EMITS Erp	<u>150,000</u>	
19	CAPITAL FUND COMPOSITION		
	Land	1,120,000,000	
	Buildings	308,980,000	
	Motor Vehicles	6,910,040	
	Furniture&Fittings	106,210,316	
	Computers	12,390,800	
	Intangible Asset-Erp	150,000	
	Total	1,554,641,156	
20	TRADE AND OTHER PAYABLES		
	Sundry creditors 2018-2019	4,906,858	
	Sundry creditors 2017-2018	140,482	
	Total	5,047,340	
21	REFUNDABLE DEPOSITS		
	Caution Money	4,933,511	
	Bursary	2,400,344	
	Prepaid Fees	3,844,349	
	Excess fees	41,462	
	Helb	9,188,419	
	PAYE	9,403	



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	Total	20,417,488	
22	CURRENT PROVISION		
23	DEFERRED INCOME		
	Mechanical workshop	17,365,981	
	Riat Rachuonyo	48,851,800	
	Riat Omuga	53,333,635	
	Total	119,551,416	
	Deferred Income Movmt Schedule	Transfer.National Govt	
	Balance b/f	95,014,298	
	Additions	24,537,118	
	balance c/f	119,551,416	
24	EMPLOYEE BENEFIT OBLIGATION		
	Gratuity to Non-Teaching staffs		
	Fy2010/2011	100,000	
	Fy2011/2012	419,015	
	Fy2012/2013	350,000	
	Fy2013/2014	350,000	
	Fy2014/2015	640,767	
	Fy 2015/2016	600,000	
	Fy 2016/2017	600,000	
	Fy 2017/2018	800,000	
	Fy 2018/2019	1,400,000	
	Total	5,259,782.00	
25	TRANSACTION WITH RELATED PARTIES		
	(a)Grants from Government		
	Unconditional grants		
	Operation grant	4,500,000	
	Capitation	41,685,000	

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	Operation grant-Omuga TVC	1,000,000
	Conditional grants	
	Mechanical Engineering W/shop	2,695,255
	Riat Rachuonyo TVC	7,992,425
	Riat Omuga TVC	7,474,260
	Total Cash received	65,346,940
	(b)Expenses incurred on behalf of related party	
	Omuga TVC	<u>1,264,835</u>
	(salaries/B.O.G. expenses/Marketing)	
	©Key management compensation	
	B.O.G. Costs	<u>2,312,500</u>
26	CONTINGENT ASSETS/LIABILITIES	
	Riat Kibos land disputed and matter in court.	
	Approximate area 150 acres.	
27	CAPITAL COMMITMENTS	
	Construction of a Modern gate	4,500,000
	Construction of new Ladies hostel	39,000,000
	Riat Rachuonyo TVC	4,336,400
		<u>47,836,400</u>

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Principal

Chairman of the Board

Date.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the institute were as follows.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
New mechanical Engineering workshop		GOK	1year	None	None	Yes
Omuga TVC		GOK	2yrs	None	None	Yes
Rachuonyo TVC		GOK	2yrs	None	None	yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	New mechanical Engineering workshop	19,404,759	19,404,759	99.9%	19,404,759	19,404,759	GOK
2	Omuga TVC	53,333,635	53,333,635	99.9%	52,956,038	52,956,038	GOK
3	Rachuonyo TVC	53,188,200	49,730,218	95%	53,188,200	49,730,218	GOK

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	RIAT INSTITUTE		
	Break down of Transfers from the State Department of TVET			
	FY 2018/2019			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Operation grant	8-10-2018	4,500,000	Fy2018/2019
	Capitation	18-2-2019	41,685,000	Fy 2018/2019
	Operation grant_Riat Omuga	27-6-2019	1,000,000	Fy 2018/2019
		Total	47,185,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
	Mechanical Workshop	30-8-2018	1,384,500	Fy 2017/2018
	Mechanical Workshop	8-10-2018	1,310,755	Fy 2017/2018
	Omuga TVC	8-10-2018	7,474,260	Fy 2017/2018
	Rachuonyo TVC	8-10-2018	5,407,687	Fy 2017/2018
	Rachuonyo TVC	25-1-2019	2,584,738	Fy 2017/2018
		Total	18,161,940	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Nil	Nil	Nil	Nil
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Nil	Nil	Nil	Nil

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
Riat Institute

Head of Accounting Unit
Ministry of Education

Sign -----

Sign-----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

There were no any other transfers from the government a part from the inter-entity transfers explained above.

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/ Others	Total Amount - KES	Where Recorded/recognized		
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income
National Youth Service	19-2-2019	Recurrent	xxx	xxx	xxx	xxx
Ministry of Education	xxx	Development	xxx	xxx	xxx	xxx
USAID	xxx	Donor Fund	xxx	xxx	xxx	xxx
Ministry of Education	xxx	Direct Payment	xxx	xxx	xxx	xxx
			xxx	xxx	xxx	xxx
Total			xxx	xxx	xxx	xxx

