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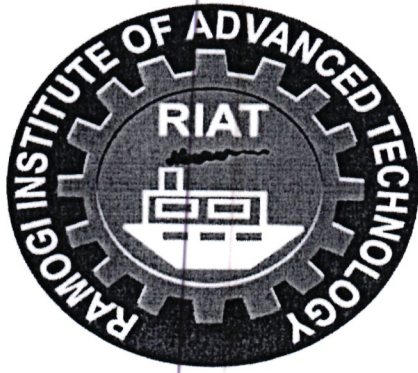
 THE NATIONAL ASSEMBLY PAPER LAID	
REPORT	
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THE AUDITOR-GENERAL

ON

**RAMOGI INSTITUTE OF ADVANCED
TECHNOLOGY**

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



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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1.0 KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Ramogi Institute of Advanced Technology (RIAT) was established in 1976. It is one of the pioneer technical training institutions started through community initiative. RIAT is a public TVET institution under the Ministry of Education, State Department of Technical, Vocational Education and Training. The Institute is mandated to equip artisans, technicians and technologists with relevant skills for the job market. In accordance with the Technical Vocational Education and Training (TVET) Act 2013, there is a Board of Governors in place appointed by the Cabinet Secretary, Ministry of Education to provide oversight role to management. The Principal who is the Secretary to the Board is assisted by the Deputy Principals, Dean of Students and Registrar in the day to day running of the Institute. The staffing position stands at 129 trainers and 51 non-teaching staff.

Over the years, RIAT has experienced tremendous growth with a total enrolment of 4226 students. Currently, RIAT has 8 academic departments, i.e. Electrical and Electronics engineering, Automotive Engineering, Business Studies, Building and Civil Engineering, Clothing and Textile, Information Communication Technology, Food and Beverage, Fisheries and Agriculture, and Social Work and community development. Courses offered are at artisan, certificate and diploma levels, and exams offered are by KNEC and NITA.

(b) Principal Activities

The principal activity of RIAT is to provide vocational and technical training for self-reliance to graduates of secondary and primary schools to enable them enter the global world of work.

Objectives of RIAT are:

1. To produce graduates who are knowledgeable, skilled and competent human resource
2. To extend technological solutions through research in appropriate and emerging technologies
3. To promote technology through linkages with institutions and the community
4. To expand and harness use of ICT in service delivery
5. To exploit the potential of the institutes' incubator facilities to stimulate a work situation for our graduates that will equip them with skills to meet challenges of the industry
6. To promote and maintain a qualified workforce

Vision

To be a leader in quality training that responds to the vocational and technological needs of the local and global society

Mission

To produce skilled and self-driven Technical Education graduates with quality vocational and technical training, and innovative and creative competencies for Kenya development.

(c) Key Management

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

- Principal
- Deputy Principal
- Registrar
- Dean of students

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- 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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Maren Omondi
2.	Head of Finance	George Odera
3.	Head of Procurement	Claire Obwolo

(e) Fiduciary Oversight Arrangements

Board Audit committee/Finance committee/internal Audit office

(f) Headquarter

P.O. BOX 1738-40100
KISUMU, KENYA.

(g) Institute Contacts

Telephone: (254) 0734251622/0734257622
E-mail: riatcollege2015@gmail.com
Website: ramogiinstitute.ac.ke

(h) Institute Bankers

1. NATIONAL BANK OF KENYA
P.O. Box 1152-40100
KISUMU.
2. CO-OPERATIVE BANK OF KENYA
P.O. Box 1511-40100
KISUMU.
3. KENYA COMMERCIAL BANK
P.O. Box 17
KISUMU.
4. ECO BANK
P.O. Box 172-536
KISUMU, Kenya

(i) Independent Auditors
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya

(j) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 - 00200
Nairobi, Kenya

2.0 THE BOARD OF GOVERNORS

The Board members are a total of nine. They provide oversight role to management. They advise, constructively challenge and monitor the success of the management in delivering their mandate in line with government policies and agreed performance targets. The roles and responsibilities of the Chairperson of the Board, the Board members and Director General remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles are clearly spelt out and are expected to be independent and free from conflict upon appointment.

**1. PROF. PETER A.
ODHIAMBO
CHAIRMAN OF THE
BOARD**



Year of Birth: 1942

Key Qualifications:

MKNAS, FACC, FCS(ECSA) FRCS(Edin.), MMED(Surg.) Nbi, MBBS(C
ALCUTTA) THORACIC & CARDIOVASCULAR SURGEON,

Work Experience: 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.

**2. MAREN OMONDI
(MRS)
BOARD SECRETARY**



Year of Birth: 1962

Key Qualifications: Masters in Guidance and Counselling

Work Experience:

- 2019 to date- Principal Ramogi Institute of Advanced
Technology (RIAT)
- 2015-2019- Principal Shamberere TTI
- 2012-2015 – Principal Baringo Technical College
- 2009- 2012 – Principal Moi Institute of Technology
- 2002- 2009 – Senior lecturer RIAT
- 1990- 1991- Teacher Orero Boys High School
- 1987 – 1989 – Teacher Nyabola Girls SDA School

**3.BENTER
ABONYO OWIYO**



BOARD MEMBER

Year of Birth: 1977
Key Qualifications: 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.

**4.JULIA KAMAU
BOARD MEMBER**



Year of Birth: 1992
Key Qualifications: Bsc in Agribusiness ManagementEnterprise Development JKUAT
Work Experience: Volunteer Graduate Assistant (Kisumu County)
-Currently working with Greatness United(G-United) a non-governmental organisation as a volunteer
-Has vast experience in Agribusiness, Aquaculture

**5.IVAN KIPCHUMBA
KELUNYO
BOARD**



MEMBER

Year of Birth: 1974
Key Qualifications: Bachelor of Architecture (Hons)University of Nairobi
Work Experience: Consulting Architect (Kelunyo & Partners)
-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.

**6.DR. GEORGE
ONGARI OMBUKI
BOARD**



Year of Birth:1951
Key Qualifications: PhD, MA Counselling
Sociology(UON),B.Ed.(psychology)Kenyatta University
Work Experience: Part-time Lecture UON
-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

MEMBER

**7.FLORENCE AKUMU
BOARD MEMBER**



Year of Birth:
Key Qualifications: B.A. Social Work
Work Experience: Private Business

**8.KENNETH OULA
BOARD MEMBER**



Year of Birth:
Key Qualifications: BScComputer Studies
Work Experience: Computer Studies Consultant

**9.MR. JOSEPH
SUNGUTI
COUNTY DIRECTOR**



Year of Birth: 1961
Key Qualification: Masters in Use of Technology in Learning, BEd.
Business Education and Geography
Work Experience: County Director TVET, Kisumu/Siaya

3.0 MANAGEMENT TEAM

This comprises the Principal and top management that is responsible for the day to day running of the Institute and implementation of key policies passed by the Board.

**1. MRS. MAREN OMONDI
PRINCIPAL**



Maren Omondi is the Principal, RIAT. She has vast experience in management of TVET institutions with over 11 years experience as principal. Before becoming a principal, Mrs Omondi held different administrative positions including head of department, and guidance and counselling coordinator. In addition to this practical experience, she holds a Masters degree in Guidance and Counselling, Bachelor of Education, Diploma in Business Management, and management courses from Kenya School of Government (SMC and SLDP)

**2. MRS. LYNETTE ODHIAMBO
DEPUTY PRINCIPAL - ADMINISTRATION.**



Key Qualifications: BEd Arts Literature and Linguistics

Mrs Odhiambo joined TVET in the year 2004 from secondary Education teaching. She served at the Kisumu National Polytechnic both as a trainer and Head of Department before being deployed to RIAT as the Deputy Principal in charge of Administration in 2020.

**3. MR. DAVID OMONDI
DEPUTY PRINCIPAL – ACADEMIC**



Key Qualifications: B.ED. Botany/Zoology
He joined TVET in 2008 after having taught in two secondary schools. He is quite conversant with ISO 9001 quality management systems having served as a Management Representative (MR) at the Sigalagala National Polytechnic. He was deployed to RIAT in 2020.

**4. MR. GEORGE OLERO
REGISTRAR**



Key Qualifications: B.Ed Technology-
Mr Olero is a trainer in the Building and Civil Engineering Department

**5. MS. GRACE TITI
DEAN OF STUDENTS**



Key Qualifications: M.A in Design

**6.MR.GEORGE ADERO
FINANCE OFFICER**

Key Qualifications: CPA-K



**7.MS. CLARE OBWOLO
PROCUREMENT OFFICER**

Key Qualifications: Diploma in Purchasing and
Supply Management



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Board committees

The following committees were in place;

i) Finance, Infrastructure and Resource Mobilization

No.	Name	Position
1	BentaOwiyo	Chair
2	Ivan Kelunyo	Member
3	Julia Kamau	Member
4	Florence Akumu	Member
5	Joseph Sunguti	Member/County Director, TVET
6	Maren Omondi	Principal

ii) Education, Research and Training

No.	Name	Position
	George Ombuki	Chair
	Kenneth Oula	Member
	Julia Kamau	Member
	Florence Akumu	Member
	Joseph Sunguti	Member/County Director TVET
	Maren Omondi	Secretary/Principal

4.0 CHAIRMAN'S STATEMENT



On behalf of the Board of Governors of RIAT and the entire RIAT fraternity, it is my pleasure to make this statement. The Annual Report and Financial Statement for the year ended 30th June 2020 is presenting us with an opportunity to reflect on our past achievements and at the same time to plan for the future as an institution. The Board, through its three Board Committees, continued to exercise its oversight role and providing strategic direction to the Institute in line with the TVET Act 2013, Mwongozo guidelines, Government circulars and directives issued from time to time.

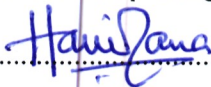
The Board remains focused on its mandate in regard to addressing the country's TVET agenda, to contribute in making TVET attractive. The Institute embraces fully the government's vision on Technical Training as envisioned in Vision 2030 and the government's Big 4 Agenda. To this end the Institute's Board and management the focus is on the goal of the institution which is to produce highly trained technical graduates who will contribute to Kenya's nation building efforts in the area of industrial and commercial development, while at the same time providing the necessary man power for rural development. RIAT's vision is to be a leader in quality training that responds to the vocational and technological needs of the local and global society.

Significant reforms by the government in TVET sector in the last four years through improvement of infrastructure, introduction of capitation, provision of loans and bursaries to TVET trainees by Higher Education Loans Board (HELB) and recruitment of trainers by the Public Service Commission have resulted in high trainee enrolment and improved image of TVET.

The Institute boasts of strong linkages and collaborations with several partners and stakeholders. The programmes are: a) ENABLE, a joint project by Ministry of Agriculture, Livestock, Fisheries and Irrigation, ADB and Agricultural Finance Corporation; b) Associated Schools Project Network (ASPnet) by UNESCO; (c) Comprehensive Africa Agriculture Development Program with Agricultural Technical and Vocational Education Project (CAADP-ATVET) by GIZ; (d) Latia Agri Business Solution Center; (e) Sharing training resources with Jaramogi Oginga Odinga University; (f) Commonwealth of Learning, and (e) MASHAV, Embassy of Israel.

RIAT has a bigger vision of a "Super RIAT" that will include the current Institute of Advanced Technology, a general University and a technical University.

Despite the rapid growth RIAT is not short of challenges which range from inadequate boarding facilities, training equipment, library, computers and human resources. The government continues to put in place measures to mitigate these challenges although not at a pace commensurate to the rising number of trainees. The major challenge the Institute faces concerns the institution's land. It is important to note that some of the individuals, whose parcels of land were acquired and paid for by RIAT, later sold the same parcels to others, creating a series of land wrangles currently facing the institution. I take this opportunity to acknowledge the commitment and contribution of my fellow Board members during the year under review and thank the Principal, Mrs Maren Omondi, her management team and staff for their continued improved performance. I also laud the students and Parents for continued support and cooperation with the Institute and extend my appreciation to the Ministry of Education, State Department of Vocational and Technical Training for the continued support, leadership and guidance.



Prof. Peter Odhiambo
Chairman, Board of Governors

5.0 REPORT OF THE PRINCIPAL



The Institute's mandate and core activities are anchored in the Technical Vocational and Education Act 2013. The Institute's functions include equipping trainees with quality and relevant training that make them job creators and not job seekers. The Institute is responsible for creation of interventions to increase access to TVET and to also improve its image.

Achievements

Under the able strategic leadership and guidance of the Board, the management and staff of the Institute managed to accomplish various targets that were set in the financial year 2019/2020. Steady increase in trainees' enrolment was realized. By March 2020 the trainee enrolment stood at 4227. Asbestos sheets that have been lying in the compound over the years were disposed of. The floor of the multipurpose hall that is also used as training restaurant by Food and Beverage trainees was tiled. This has gone a long way to improve the training environment. The period under contemplation also saw the initiation of three projects: construction of modern gate, construction of the ladies hostel, and fencing of the compound. The Institute has not had proper fence over the years posing serious security threat both to trainees and Institute property. Therefore, the start of the fencing project was laudable. The Institute acquired some modules of Enterprise Resource P (ERP) that enhanced service delivery. During the same financial year, the Institute bought a 62 seater Isuzu bus, a driving school truck; RIAT continues to enjoy cordial relationship with the community. The past year has seen RIAT collaborating with the GIZ, IFAD in areas of horticulture, Aquaculture, Solar PV installation and Pastry making. As part of corporate social responsibility, the Institute donated hand washing machines, and face masks to the community to help fight COVID-19.

Challenges

The staff shortage remained acute. Recruitment of trainers by government has not matched the Curriculum Based Establishment (CBE). Currently, the Institute has a staff shortage of over 50 trainers which is impacting negatively on service delivery. Inadequate infrastructure (classrooms, workshops, laboratories and other facilities) is a major challenge. The Institute is yet to receive ISO certification. Internal audit has been undertaken and all standard operating procedures documented. All efforts are geared towards certification. Delay in disbursement of capitation and development grants affected service delivery and ability to meet financial obligations. Last but not the least was the COVID 19 pandemic that led to abrupt closure of the Institute in March 2020 and disruption of activities.

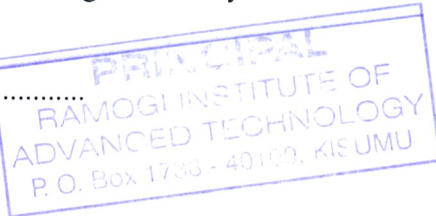
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I am sincerely grateful to the Ministry of Education, State Department of Vocational and Technical Education for the support given to the Institute in the financial year 2019/2020. My appreciation and thanks also go to the Board of Governors for the dedication, support and guidance provided during the year; and to the staff for their teamwork and cooperation that led to the realization of the Institute's mandate. The intention is to consolidate all the gains made so far, find ways around existing and future challenges and continuously improve our performance by ensuring compliance with the law and value for money to the citizens of our great country.



Maren Omondi (Mrs)

PRINCIPAL



6.0 REVIEW OF RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY PERFORMANCE FOR FY 2019/2020

RIAT has 9 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2022. These strategic pillars are as follows:

- i. Access and equity for both gender
- ii. Institutional corporate governance/Management strengthening
- iii. Increased ICT infrastructure, Equipment and Technology
- iv. Research and Development
- v. Resources (funds and human)
- vi. Communication and public relations (Recognition)
- vii. Enhanced collaboration and linkages.
- viii. Competitiveness of the institution
- ix. Physical Infrastructure

RIAT develops its annual work plans based on the above 9 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2019/2020 period for its 12 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
i. Access and equity for both gender	Enhance Access and equity	<ul style="list-style-type: none"> • Increased enrolment in SET • construction of workshops • Improvement of training programmes, HNDip programmes, introduction of short flexible programmes 	<ul style="list-style-type: none"> Expand facilities based on government priorities 26 • 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 • Offer short flexible programmes for increased access 	<ul style="list-style-type: none"> Mechanical workshop constructed, Industrial attachment of 1200 trainees, increased girl's enrolment in Science Engineering Technology from 1213 to 1400, incorporated UHC into guidance and counselling department, solar PV training for ladies, facilitated HNDip students to sit Examinations, offered vehicle panel beating course.

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<p>ii. Institutional corporate governance/M management strengthening</p>	<p>Improve institutional corporate governance</p>	<p>Development and implementation of policy guidelines, embrace of results based management in the Institution, implementation of ISO, M&E tools, 2019/2020 reviewed budgets</p>	<ul style="list-style-type: none"> • Develop and implement institutional policies, strategies and programmes (HIV/AIDS, drug abuse and health and safety, and environment) • Embrace results based management in the training system • Meet ISO certification requirements • Develop and implement M&E systems • Fast track institutional expenditure review 	<p>.HIV/AIDS, drug abuse and OSHA, environment policy guidelines implemented, prepared students transcripts, RIAT SOPS documented, ISO internal audits done, awaiting implementation, trainees monitoring tool, trainers weekly class attendance record developed and implemented, Institutional expenditure reviewed</p>
<p>iii. Increased ICT infrastructure, Equipment and Technology</p>	<p>Promote effective application of ICT</p>	<p>Training of staff in ICT, online teaching and learning, implementation of MIS</p>	<ul style="list-style-type: none"> • Develop adequate ICT capacity and infrastructure • Institutionalise Management Information System (MIS) • Promote the use of ICT in Curriculum delivery and management systems 	<p>.Staff trained on MIS, MIS soft ware procured, online classes introduced, smart class rooms equipped.</p>
<p>iv. Research and Development</p>	<p>Institutionalize effective research and development</p>	<p>. Innovation exhibits, participation in exhibitions,</p>	<ul style="list-style-type: none"> • Develop mechanisms for Innovations, R&D collaboration among TVET institutions. • Promote the use of research results in technology development and transfer • Develop Innovations, and R&D infrastructure. • Promote Innovations among students and staff 	<p>Exhibits developed for TVET Fair, collaborations with Nyegezi in Tanzania on fish farming, participation in Kisumu ASK shows, developed foot operated hand washing machine</p>

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v. Resources (funds and human)	Diversify sources and increase funding	.	<ul style="list-style-type: none"> • Increase GoK funding • Exploit external funding possibilities through developed criteria • Expand income generation at institutional level. Increase number of staff at both TSC and BoG levels • Develop competencies in staff 	.Increased capitation, developed funding proposals, increased acreage cultivated at Kibos farm,
vi. Communication and public relations (Recognition)	To develop an effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of RIAT	• community participation	Improve the image of TVET	. Participated in community activities, participated in sports, collaboration with the County office,
vii. Enhanced collaboration and linkages	Enhance collaboration and linkages	Signing of MOUs, community trainings.	<ul style="list-style-type: none"> • Establish collaborations and linkages • Strengthen existing collaboration and linkages Establish benchmarks and joint cooperation networks with international TVET Institutions 	. Collaboration established between RIAT and RIO Fish Holdings, strengthened collaboration with world bank on Solar PV, work staff sent to Bonn Germany for TVET bench marking
viii. Competitiveness of the institution	Enhance competitiveness	. Improved infrastructure like playgrounds, introduction of unique and competitive courses	<ul style="list-style-type: none"> • Strengthen existing competitiveness benchmarks • Establish new competitiveness benchmarks 	. Improved infrastructure, introduction of a driving school
ix. Physical Infrastructure	Upgrade infrastructure	. Reviewed master plan, improved TVET equipment, improved information and communications systems	<ul style="list-style-type: none"> • Develop a framework for improving and increasing physical facilities • Improve TVET equipment, information and communication systems 	. Revised RIAT master plan, installed Refrigeration and Air Conditioning equipment, installed ERP data base

7.0 CORPORATE GOVERNANCE STATEMENT

RIAT Board of Governors (BOG) operates in accordance with TVET ACT 2013; the Board of Governors meets at least once every four months. Every meeting of the Board of Governors is convened by giving at least fourteen days' notice in writing to every member unless three quarters of the total members of a Board of Governors otherwise agree. The chairperson of a Board of Governors may, on his own motion or upon requisition in writing by at least five members of the Board, convene a special meeting of the Board of Governors at any time for the transaction of specific business. In the last one year, RIAT Board of Governors has held 9 meetings with attendance as indicated below:

SNo	Name	No of Meetings	Actual meetings attended	No of meetings missed
1	Prof. Peter Odhiambo	9	9	0
2	Benter A. Owiyo	9	9	0
3	Kenneth Oula	9	5	4
4	Dr. George O. Ombuki	9	7	2
5	Julia Kamau	9	9	0
6	Florence Akumu	9	7	2
7	Maren Omondi	9	9	0
8	Evan Kelunyo	9	8	1
9	Joseph Sunguti	9	7	2

The Board of Governors consists of nine members appointed by the Cabinet Secretary. The membership of the Board of Governors comprises—

- (a) A chairperson;
- (b) A representative of the Principal Secretary in the Ministry responsible for technical and vocational training;
- (c) A representative of the county Governor of the county within which the institution is located; and
- (d) Six other persons appointed on the basis of their knowledge and experience in—

- (i) Leadership and management;
- (ii) Financial management;
- (iii) Technology;
- (iv) Industry;
- (v) Engineering;
- (vi) Information communication technology.

The appointment of a member to a Board of Governors or to its committees may be revoked and the member may vacate office if the member

- (a) Resigns by giving notice in writing to the cabinet Secretary; the person shall cease to be a member of the Board from the date specified in the notice.
- (b) becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors;
- (c) Is sentenced by a court of law to imprisonment for a term of six months or more;
- (d) Is incapacitated by physical or mental illness;
- (e) Has been absent from three consecutive meetings of the Board of Governors without leave;
- (f) Where the member is a representative, has his appointment revoked by the nominating body; or

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(g) is otherwise unable or unfit to discharge his functions as a member of the Board' of Governors on account of any matter in this Act.

The role of the Board includes:

- (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;
- (f) 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
- (h) Mobilizing resources for the institutions;
- (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 practicing 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
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

If a member of the Board has any Conflict of Interest he/she declares the same in the meeting
A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. And a member of the Board of Governors who contravenes this commits an offence is liable to a fine or imprisonment.

Members of a Board of Governors are paid in respect of their services such remuneration or allowances as the Board of Governors, with the approval of the Cabinet Secretary, determine.

The Board of Governors keeps all proper books and records of accounts of the income, expenditure and assets of the institution and within a period of four months from the end of each financial year, a Board of Governors submit to the Auditor- General or to an auditor appointed, the accounts of the institution together with—

- (a) a statement of the income and expenditure of the institution during that year; and
- (b) a balance sheet of the institution on the last day of that year.

The accounts of the institution are audited and reported upon in accordance with the Public Audit Act, 2003.

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The Board of Governors furnishes the Cabinet Secretary with a certified copy of the audited annual statement of accounts and such other information about the revenue, expenditure, assets and liabilities of the institution as he may require

8.0 MANAGEMENT DISCUSSION AND ANALYSIS

Summary of financial results against the budget

Year ending June 30, 2020	Budget FY2019/2020	Actual FY2019/2020	Utilisation FY 2019/2020
Receipts	215,968,257	101,699,818	47%
Payments	215,968,257	83,548,744	38%

The Institute was able to raise 47% of the budgeted revenue and utilised 38% of the budgeted expenditure. This reduction was as a result of a delay in disbursement of grants and the Corona pandemic.

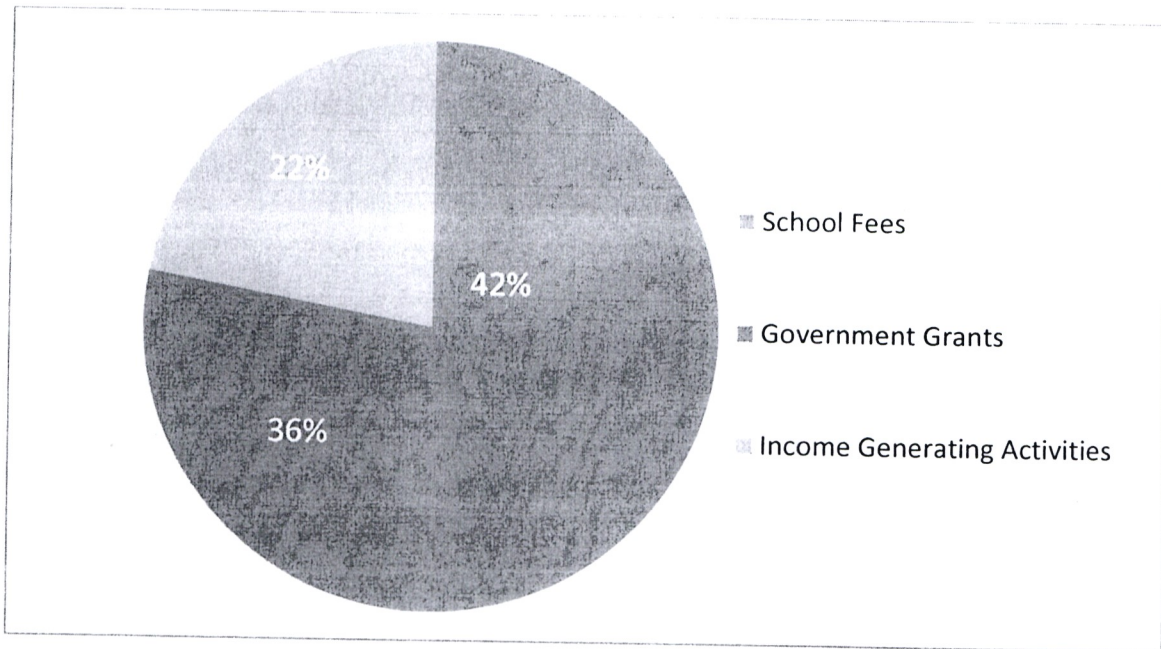
Statement of financial performance

Revenue

Sources of revenue for the institute include:

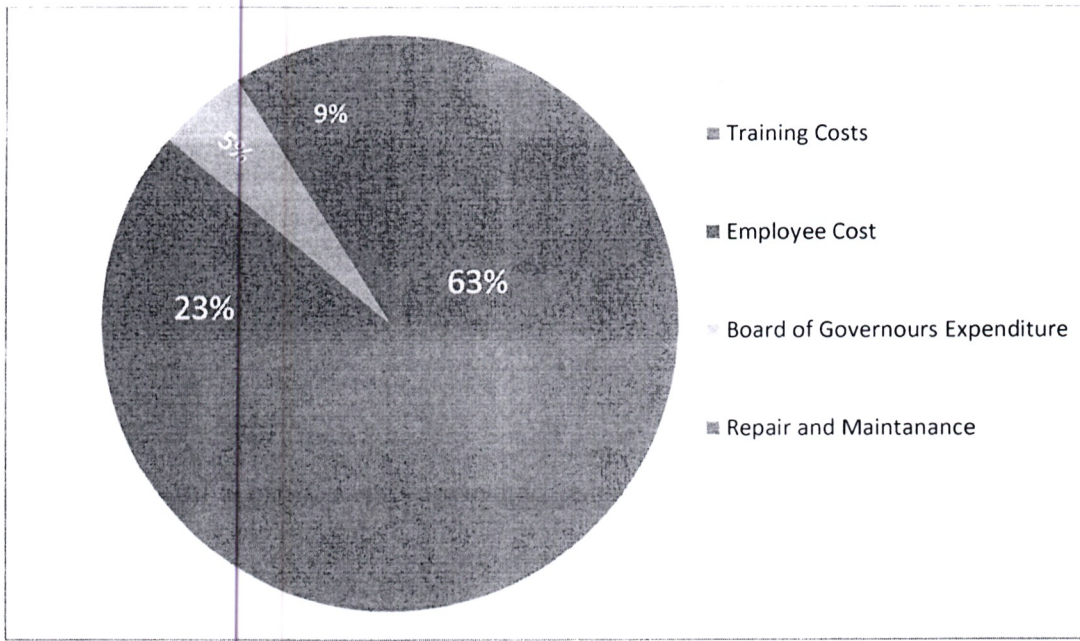
- i. School fees
- ii. Government grants
- iii. Income Generating activities

The pie chart below shows income by categorisation



Expenses

The Board incurred expenses on various line items



Surplus for the period

The surplus for the year ended 30 June amounted to kshs18,151,074. This surplus includes fees arrears and grants receivable in compliance with IPSAS 1.

Other compliance and operational results

Entity's compliance with statutory requirements

The institute complied with TVET Act of 2013 and the PFM Act, 2012. It also complied with other legal requirements such as submission of statutory deductions to KRA, NSSF, NHIF. There are no instances of non-compliance that would lead to finance loss.

Key projects and investment decisions the entity is planning/implementing

The projects include:

- i. Construction of new ladies hostel
- ii. Construction of new gate
- iii. Mentoring RiatRachuonyo TVC
- iv. Renovation of play fields
- v. New ERP system

Major risk facing the entity

Major risk facing the Institute is going concern risk because of COVID 19 since we are not sure when things shall normalise.

9.0 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

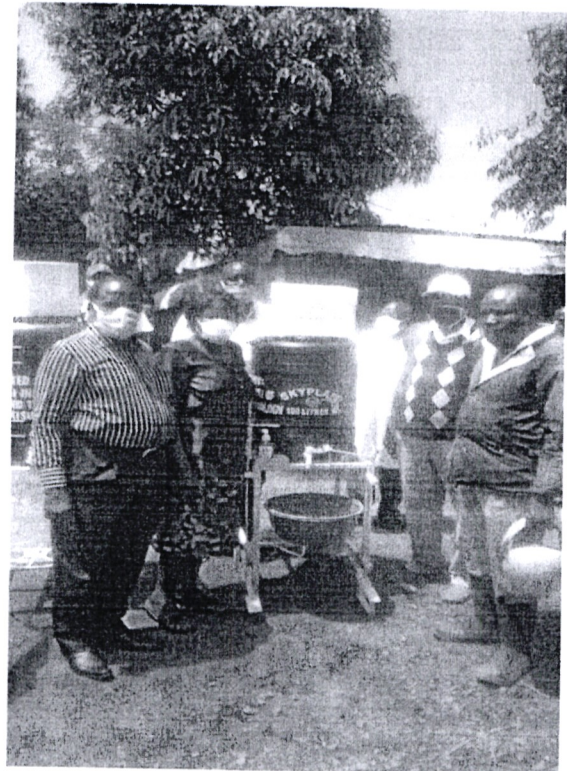
1. Sustainability strategy and profile

RIAT key sustainability strategies include environmental and social responsibility, human resource development, innovation and strict adherence to statutory and regulatory guidelines of the Government of Kenya.

RIAT has planted over 10,000 trees in the past one year, assisted the immediate community with land for installation and reticulation of clean drinking water, made foot operated hand washing machines and face masks distributed in the markets to counter COVID-19, allowed members of the community regulated access to her facilities for trainings, meetings, weddings, and adheres to government regulations as are communicated from time to time.



The Board Chair and Principal donating Facemasks to the RIAT Community



The Board Chair and the Principal donating a foot operated hand washing machine to the RIAT Community

2. Environmental performance

RIAT follows directives and guidelines from NEMA (National Environmental Management Authority) and institutes Environmental Impact Assessment (EIA) of all her projects and programs. The top management is well seized of the policy content and requirements as a guide in environmental decision making.

RIAT has established a botanical garden to preserve the biodiversity of the area it operates. Native and indigenous trees have been preserved even in the beautification efforts by the institution. The biggest challenge has been unpredictable weather patterns.

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Over the past year RIAT has procedurally disposed of asbestos roofing materials and re-roofed her structures with more environmentally sound construction materials in conjunction with NEMA and the County Government of Kisumu. Environmental awareness and sensitization of students and staff has been placed at the center stage of RIAT operations.



Tree planting exercise at Ramogi Institute of Advanced Technology

3. Employee welfare

RIAT has a recruitment and selection policy. The management involved employees when it formulated the policy. The policy has significantly reduced employee turnover and made it easier for the organization to select the right staff. The RIAT recruitment policy has ensured: Gender balance, transparency, merit based hiring and consistency. RIAT continually develops skills for her employees to improve organization performance.

Annual Performance Appraisal and Training Needs Assessment are done to establish how well the employees are performing their duties as well as the employees that need training, salary increment and job promotion.

RIAT adheres to OSHA Act 2007 guidelines to: identify workplace hazards, evaluate health safety conditions, design and conduct health and safety surveys, recommend training for new and existing employees, recommend and track new safety practices and Accident / Incident Investigations

4. Market place practices

RIATs fidelity to anti corruption practices remains steadfast. A committee on anti corruption is operational and reports to the EACC quarterly and annually on progress. Students and staff are allowed to do public participation both internally and for the county program based budgets and national public participation activities.

RIAT remains committed to access to Government Procurement Opportunities and promotion of local content in her procurement processes. The Board reserves 30% of all procurement for Persons with disabilities(PWDs), Youth and Women and a further 2% specifically for PWDs. RIAT announces all tenders in mainstream media and follows all laid down guidelines in evaluating and awarding contracts. All pending bills are maintained at less than or equal to zero every financial year.

RIAT programs are advertised on her website, through the print and electronic media with clear guidelines on maintenance of ethical community standards.

Lastly, RIAT practices the three consumer rights in all her operations. An inquiry desk handles those seeking information, service delivery charters are prominently displayed at every service counter and a complaints and complements desk exists for those willing to complain about a service or offer complements. A complaints hotline is provided for those wishing to call.

5. Community Engagements

The plight of the immediate community remains a daily concern for RIAT. This financial year 10% of produce from The RIAT Kibos farm has been set aside as donation to members of the community affected by hunger and COVID-19 among other Corporate Social Responsibility engagements

6. Education

RIAT admits students from all walks of life without discrimination. In the past year RIAT has admitted disadvantaged/marginalized students through the NYS and LAPSET programs. This is besides admitting countless others and assisting them to get HELB funding to remain in school. This has enhanced access to college education and acquisition of skills by students from all walks of life.

7. Sports

RIAT participates in competitive sports within and without through KATTI organized sporting activities as well as friendly matches with partner institutions. However, this FY the sporting activities were disrupted by COVID-19 pandemic. These sports have enhanced cohesiveness within the institution and the country at large.

8. Healthcare

RIAT has established an operational clinic manned by a qualified Clinical Officer to attend to both students and staff as well as operationalized an effective Guidance and Counseling Unit that also promotes Universal Health Care activities within the RIAT community. The cumulative impacts of these have been decreased incidence of STIs, general awareness creation and good health within the school community.

9. Labour Relations

RIAT carries out Training Needs Assessment, Gap Analysis as well as staff performance appraisals and commits to the same as yearly performance targets in PC. The same has enabled the top management to make decisions on placement for training from time to time.

10. Water and Sanitation Initiatives

RIAT extensively harvests rain water and in the last financial year increased rain water storage facilities by 60,000 litres. Kisumu Water and Sewerage Company equally provides the institution with clean drinking water for the School community. Currently, plans are underway to expand ablution facilities in the institute to take care of COVID-19 reopening preparations as well as to enhance hygiene.

10.0 REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report and financial statements for the year ended June 30, 2020, which show the state of the RIAT affairs.

Principal activities

The principal activities of the Board are explained in page 4

Results

The results of the institution for the year ended June 30, are set out on page 32-42

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 7-9

Auditors

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

By Order of the Board



Maren Omondi (Mrs)

PRINCIPAL



11.0 STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

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 Boardmembers to prepare financial statements in respect of that *institution*, which give a true and fair view of the state of affairs of the *institution* at the end of the financial year/period and the operating results of the *institution* for that year/period. The Boardmembers are also required to ensure that the *institution* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *institution*. The Boardmembers are also responsible for safeguarding the assets of the *institution*.

The Boardmembers are responsible for the preparation and presentation of the *institution's* financial statements, which give a true and fair view of the state of affairs of the *institution* for and as at the end of the financial year (period) ended on June 30th 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institution; (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 *institution*; (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 institution'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*) – *institutions should quote applicable legislation as indicated under*). The Board members are of the opinion that the *institution's* financial statements give a true and fair view of the state of *institution's* transactions during the financial year ended June 30th, 2020, and of the *institution's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *institution*, which have been relied upon in the preparation of the *institution's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the *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 institution's financial statements were approved by the Board on 01/09/2020 and signed on its behalf by:

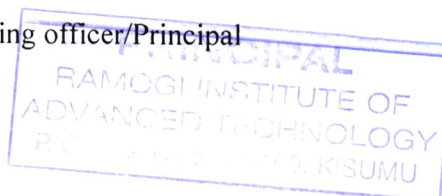


For

Chairperson of the Board



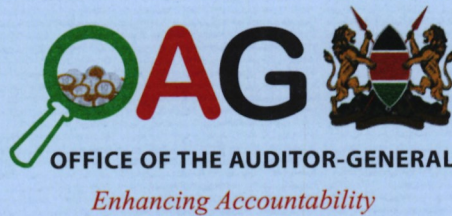
Accounting officer/Principal



12.0 REPORT OF THE INDEPENDENT AUDITORS ON THE INSTITUTE

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, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ramogi Institute of Advanced technology as at 30 June, 2020 and 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 Public Finance Management Act, 2012 and the Technical Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1. Cash and Cash Equivalent

The statement of financial position as at 30 June, 2020 reported cash and cash equivalent of Kshs.117,435,906 as disclosed in Note 14. However, the following anomalies were noted:

- i. The certificates of bank balances for bank accounts provided for audit did not include the name of the Bank Officer confirming the bank balances casting doubt on the validity of the certificates.
- ii. Board of survey report on a KCB bank account indicated bank balance at National while financial statement indicated that the account is held at Kenya Commercial Bank.

Consequently, the accuracy, validity, and completeness of the cash and cash equivalent of Kshs.117,435,906 as at 30 June, 2020 could not be confirmed.

2. Receivables Exchange Transactions

The statement of financial position includes receivables from exchange transaction of totaling to Kshs.12,805,437. However, receivable ledgers for students and staff were not provided for the audit review. Further the Institute did not have in place a debt management policy and in turn no provision for bad and doubtful debts was made in the financial statements.

Consequently, the accuracy, completeness and collectability of the receivables from exchange balance of Kshs.12,805,437 as at 30 June, 2020 could not be confirmed.

3. Inaccurate Presentation of Property, Plant and Equipment in the Financial Statements

The statement of financial position reflects property, plant and equipment of Kshs.1,680,193,141 as at 30 June, 2020. However, the fixed assets movement schedule disclosed in Note 18 did not include movements and balance of the previous year as per the format recommended in the Public Sector Accounting Standard Board (PSASB) reporting template.

In the circumstances, the financial statements were not prepared in accordance with the reporting template format and the accuracy, validity and completeness of the property, plant, and equipment of Kshs.1,680,193,141 could not be confirmed as at 30 June, 2020.

4. Unsupported Additions to Work-In-Progress

The statement of financial position reflects a balance of Kshs.1,680,193,141 as at 30 June, 2020 in respect of property, plant and equipment which further includes work in progress of Kshs.63,308,578 as disclosed in Note 18 to the financial statement. However, the additions of Kshs.17,214,117 was not supported with documentary evidence. Further, Note 4 on capital commitments reflected a balance of Kshs.37,616,893 in respect to the ongoing projects which is at variance with the work in progress of Kshs.63,308,578 resulting to unexplained variance of Kshs.25,691,685.

In the circumstances, the accuracy, validity and completeness of the work in progress of Kshs.63,308,578 as at 30 June, 2020 could not be confirmed.

5. Unsupported Inventories Balance

The statement of financial position statement as at 30 June, 2020 reflects inventories of Kshs.507,900. However, the closing stock report and stores ledgers did not indicate the quantity of items (units) and their costs as at 30 June, 2020. Further the inventories were not recorded in the store's ledgers.

In the circumstances, the accuracy, validity, and completeness of the inventories of Kshs.507,900 could not be confirmed as at 30 June, 2020.

6. Unsupported Deferred Income

Statement of financial position and Note 22 to the financial statements reflects a balance of Kshs.51,547,055 in respect of deferred income. However, explanations on the composition and documentary evidence in support of the deferred income was not provided for audit review.

In the circumstances, the accuracy, validity, and completeness of the deferred income of Kshs.51,547,055 could not be confirmed as at 30 June, 2020.

7. Non Deduction of Retention Fees on Works

The statement financial position as at 30 June, 2020 and Note 21 to the financial statements reflects Kshs.4,816,511 in respect of refundable deposits. However, retention fees of 10% were not deducted in respect to work in progress valued at Kshs.63,308,578 included in the plant, property and equipment figure of Kshs.1,680,193,141.

In the circumstances, the accuracy, validity, and completeness of the refundable deposits of Kshs.4,816,511 as at 30 June, 2020 could not be confirmed.

8. Unsupported Use of Goods and Services

The statement of financial performance for the year ended 30 June, 2020 reflects a balance of Kshs.55,199,488 in respect of use of goods and services. The balance further includes tuition expenses of Kshs.5,474,222 as disclosed in at Note 9 to the financial statements. However, the stores ledgers, payment vouchers and other supporting documents of the goods received in store totalling to Kshs.1,904,340 were not availed for audit review. This is contrary to Section 48(2) and 162(1) of the Public Procurement and Asset Disposal Act, 2015 which requires that, an accounting officer of a procuring entity shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity.

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

9. Board of Governors Expenditure

The statement of financial performance as at 30 June, 2020 and Note 11 to the financial statements reflects a figure Kshs.4,311,778 as Board of Governors expenses for the year under review. However, the budgeted Board of Governors expenditure was Kshs.3,600,000 resulting to an over expenditure of Kshs.711,778 as a result of several board meetings contrary to circular OP/CAB.9/1A dated 11 March, 2020 on Board meetings which states that, the board meetings shall be restricted to a minimum of four (4) as provided in the State Corporations Act, 446 and capped at a maximum six (6) for each financial year.

In the circumstances, the propriety of the extra cost of Kshs.711,778 could not be confirmed for the year ended 30 June, 2020.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the 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 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. There were no key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of budget and actual amounts for the year under review reflects total budget receipts of Kshs.215,968,257 and actual receipts of Kshs.101,699,818 respectively resulting to an under funding of Kshs.114,268,439 or 53%. Similarly, the statement reflects total final budget expenditure of Kshs.215,968,257 and actual expenditure of Kshs.83,548,744 resulting to a budget under expenditure Kshs.132,419,551 or 61%.

The overall under funding and under expenditure may have negatively impacted on the delivery of services to the Institute's stakeholders.

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 Compliance with 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

Incomplete Works at RIAT Rachuonyo Technical Vocational Training

The Ramogi Institute of Advanced Technology contracted a building & civil engineering limited company at a contract sum of Kshs.53,188,200 on 7 October, 2015 for erection and completion of twin workshop, classroom, and office block. The works were expected to be completed in 52 weeks but has not been realized to date due to delay in funding. The amounts paid to the contractor during the previous years amounted to Kshs.49,730,218. Further, addition of amounting to Kshs.1,300,000 was paid during the year under review as per note 4 of related party relationships bringing the total payments

to Kshs.51,030,218. The following unsatisfactory matters were noted during physical verification carried out on 16 February, 2021;

- i. Paint on the walls was not properly done and only one paint coat had been done.
- ii. The bill of quantities had specified the floors to be done with terrazzo but instead red Oxide was used yet no approved variations orders were availed for our audit review to confirm the change of work. In addition, the bill of quantities had provided for construction of site office worth Kshs.200,000 complete with fittings but there was no evidence that this was done.
- iii. There was no evidence that the Riat Rachuonyo Technical Institute has been registered by the Ministry of Education.

In the circumstances, it was not possible to establish whether the cumulative expenditure of Kshs.51,030,218 was proper charge to public funds. Further, the management was in breach of the procurement 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 of 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 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 those Charged with Governance

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

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

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

Those charged with governance are responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the entity 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 noncompliance. 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 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 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

**RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020**

13.0 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2020

		FY 2019/2020	Audited 2018/2019
Revenue from non-exchange transactions	Notes	Kshs	Kshs
Transfers from State department of TVET	1	36,990,000	88,870,000
Revenue from Exchange transactions			
Rendering of Services-Fees from students	4	43,080,635	20,912,056
Sale of goods	5	20,619,411	6,885,242
Rental revenue	6	980,584	987,478
Finance Income	7	19,188	
Other income	8	10,000	38,000
Revenue from exchange transaction		64,709,818	28,822,776
Total Revenue		<u>101,699,818</u>	<u>117,692,776</u>
Expenses			
use of goods and services	9	55,199,488	68,123,464
Employee costs	10	17,706,592	20,235,140
Board of Governors Expenses	11	4,311,778	2,312,550
Repairs and Maintenance	13	6,330,886	6,434,185
Total Expenses		<u>83,548,744</u>	<u>97,105,339</u>
Surplus for the year		18,151,074	20,587,437

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

14.0 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2020

Assets		Fy 2019/2020	Audited FY 2018/2019
Current Assets	Notes	kshs	Kshs
Cash and Cash equivalents	14	117,435,906	47,192,230
Receivables-Exchange transaction	15	12,805,437	51,105,197
Receivables- Non-Exchange transaction	16	12,330,000	41,685,000
Inventories	17	507,900	1,030,150
		143,079,243	141,012,577
Non-current Assets			
Property, Plant and Equipment	18	1,680,193,141	1,679,796,448
Intangible Assets	19	2,882,800	150,000
Biological Assets	24	795,650	
		1,683,871,591	1,679,946,448
Total Assets		1,826,950,834	1,820,959,025
Liabilities			
Current Liabilities			
Trade and other payables	20	10,226,956	5,047,340
Refundable deposits	21	4,556,761	20,417,488
Deferred Income	23	51,547,055	119,551,416
Employee benefit obligation	24	6,659,782	5,259,782
Total Liabilities		72,990,554	150,276,026
Net Assets/Equity		1,753,960,280	1,670,682,999
Accumulated surpluses		134,192,917	116,041,843
Capital fund		1,619,767,363	1,554,641,156
		1,753,960,280	1,670,682,999

The Financial Statements set out in pages 32-37 were signed on behalf of the Institute Board of Governors by:

Chairman B.O.G.: *Hanif Rana*
 Name **HANIF RANA**
 Date: **28-04-2021**

Principal: *Maren Omondi*
 Name: **MAREN OMONDI**
 Date: **28/04/2021**

Finance Officer: *G. Adeso*
 Name: **G. ADESO**
 ICPAK No. **24450**
 Date: **28/4/2021**



RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

15.0 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2020

	Retained Earnings	Capital Fund	Total
Balance as at 1.7.2018	95,454,406	1,554,641,156	1,650,095,562
Surplus for the period	20,587,437		20,587,437
Capital funds		-	
As at June 30, 2019	116,041,843	1,554,641,156	1,670,682,999
As at July 1, 2019	116,041,843	1,554,641,156	1,670,682,999
Surplus for the period	18,151,074		18,151,074
Capital funds		65,126,207	65,126,207
As at 30 June 2020	134,192,917	1,619,767,363	1,753,960,280

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16.0 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2020

Cash flows from operating activities		FY 2019/2020	FY 2018/2019
Receipts	Notes	Kshs	
Transfers from State Dept of TVET	1	36,990,000	65,346,940
HELB/Ca		-	16,858,172
Rendering of services-Fees from students	4	43,080,635	15,311,583
Sale of goods	5	20,619,411	6,221,967
Rent received	6	980,584	936,927
Finance Income	7	19,188	-
Other income	8	10,000	38,000
Total Receipts		<u>101,699,818</u>	<u>104,713,589</u>
Payments			
Use of goods and services	9	55,199,488	39,953,261
Employee costs	10	17,706,592	20,235,550
Board of Governors expense	11	4,311,778	2,312,550
Repairs and Maintenance	13	6,330,886	6,434,185
General Expense	12		23,263,345
Total payments		83,548,744	92,198,891
Net cash flows from operating Activities		18,151,074	12,514,698
Fees arrears recoveries form Nys and others	26	62,715,260	
Net cash flows from operating activities		80,866,334	
Cash flow from Investing activities			
Purchase of PPE and Intangibe assets	18	(10,622,658)	(13,237,198)
Net cash Increase from cash and equivalents		70,243,676	(722,500)
Cash and cash equivalents at 1.7.2019		<u>47,192,230</u>	47,914,738
Cash and cash equivalents at 30th June 2020		<u>117,435,906</u>	<u>47,192,238</u>

**RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020**

**17.0 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE, 2020**

	Note	Original budget	Adjustments	Final Budget	Actual	Performance Difference
Revenue		FY 2019-2020	FY 2019-2020	FY 2019/2020	FY 2019-2020	
Government grant	1	115,000,000		115,000,000	36,990,000	78,010,000
Rendering of services	4	76,849,560		76,849,560	43,080,635	33,768,925
Sale of Goods	5	4,500,000	18,626,657	23,126,657	20,619,411	2,507,246
Rental Income	6	992,040		992,040	980,584	11,456
Finance Income	7				19,188	
Other income	8				10,000	
Total		<u>197,341,600</u>	<u>18,626,657</u>	<u>215,968,257</u>	<u>101,699,818</u>	114,297,627
Expenses						-
Use of goods and services	9	160,036,772	18,626,657	178,663,427	55,199,488	123,463,939
Employee costs	10	23,524,868		23,524,868	17,706,592	5,818,276
Board of Governors Expense	11	3,600,000		3,600,000	4,311,778	(711,778)
Repairs/maintenance	13	10,180,000		10,180,000	6,330,886	3,849,114
Totals		<u>197,341,600</u>	<u>18,626,657</u>	<u>215,968,257</u>	<u>83,548,744</u>	<u>132,419,551</u>
Surplus					<u>18,151,074</u>	

- i) Low performance is as a result of Covid 19 pandemic and therefore the Institute was in active operation for 9 months instead of 12 months.
- ii) Over expenditure of Kshs 711,778 in Board of Governors expenditure was caused by several meetings during that year.

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

18.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

1(a)	TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES				
	Description	FY 2019/2020	FY 2018/2019		
	Unconditional grants	KShs	KShs		
	Operational grant	-	4,500,000		
	Capitation(Q1 and Q2)	24,660,000	41,685,000		
	Capitation(Q3 and Q4 for Fy 2018/2019)	41,685,000			
	Capitation grant for Omuga TVC	1,045,000	1,000,000		
	Conditional grants				
	Mechanical Engineering W/shop	2,695,255	2,695,255		
	RiatRachuonyo TVC	-	7,992,425		
	Omuga TVC	-	7,474,260		
	Total Government grants	<u>70,085,255</u>	<u>65,346,940</u>		
(b)	TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES				
	Entity Sending grant	Comp.Income	Amount Diferred	FY 2019/2020	FY 2018/2019
	State Depart of TVET	24,660,000	2,695,255	27,355,255	65,346,940
	AccruedGrants	12,330,000	-	12,330,000	41,685,000
	Total	<u>36,990,000</u>	<u>2,695,255</u>	<u>39,685,255</u>	<u>107,031,940</u>
2	TRANSFER FROM OTHER LEVELS OF GOVERNMENT				
	Transfers from HELB		16,320,500		
	Transfers from Comm.Authority		537,627		
	Transfers-National Youth Service		2,896,640		
	Transfers from Lapsset				
	Total		<u>19,754,767</u>		
3	PUBLIC CONTRIBUTIONS AND DONATIONS				
	Donation from AVIC International	<u>21,255,058</u>	=		
	(Donation of equipment through MOE				
4	RENDERING OF SERVICES				
	Tuition fees	10,615,250	2,191,960		
	Activity fees	1,463,330	850,330		
	Registration fees	1,044,920	737,000		
	Damages Recoveries	8,100	238,940		
	Electricity, Water and Conservancy	2,570,167	604,311		
	P.Emoluments	7,097,000	174,680		
	Admin.Costs	2,510,680	481,800		

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
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	Local Travel and Transport	2,196,240	1,099,248
	Repairs, Maintenance and Improvements	1,876,170	1,586,000
	Medical	22,100	447,710
	Practical	216,130	511,650
	Development Funds	2,535,280	2,346,916
	Food/Beverage practical's	69,900	38,740
	Insurance	48,990	579,520
	Centre fees	270,200	564,780
	KNEC Practical's		337,470
	Oral Exams	680	30,510
	Trip fee		16,000
	Stage Certificate	2,440	4,500
	Students Accommodation	2,285,948	2,469,518
	Students Union	36,250	
	Lapset	1,272,300	
	Fees receivables	6,938,560	5,600,473
	Total Earnings	43,080,635	20,912,056
5	SALE OF GOODS		
	Production Units	17,483,565	4,667,257
	Income from Cafeteria	1,645,595	1,431,510
	Sugarcane	694,601	663,275
	Crop plantation	795,650	123,200
	Total	20,619,411	6,885,242
6	RENTAL REVENUE		
	Rent from staff	161,050	151,599
	Lease Income	727,734	785,328
	Rent Receivables	91,800	50,551
	Total Earnings	980,584	987,478
7	FINANCE INCOME		
	Interest earned KCB	1,940	
	Interest earned ECOBANK	17,248	
		19,188	
8	OTHER INCOME		
	Sale of Tender	10,000	38,000
9	USE OF GOODS AND SERVICES		
	Tuition fees	5,474,222	12,318,457
	Electricity, Water and Conservancy	2,757,505	4,367,218
	Admin.Costs	11,686,422	11,615,074
	Local Travel and Transport	6,310,365	9,610,263
	Medical Expense	652,063	472,209
	Activity fees	1,683,830	2,000,039
	Practical	1,003,716	420,916
	Food/Beverage practical's	632,445	821,937

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

	Insurance	1,186,270	1,163,388
	KNEC Practical's		295,882
	Losses	109,040	588,656
	Registration fees	516,665	559,440
	Center costs		621,240
	Oral Exams		5,400
	Student Union	2,045,500	
	Lapsset	738,350	
	Tender Expenses	3,710	284,620
	RiatOmuga TVC	1,030,860	1,264,835
	Cafeteria Expenses	9,004,627	13,047,225
	Students outside accommodation	1,255,710	2,678,620
	Bank Charges		36,432
	Production Units Expense	7,636,307	5,510,863
	Farm Expenses		440,750
	Outsourced Security	1,471,881	
		<u>55,199,488</u>	<u>68,123,464</u>
10	EMPLOYEE COSTS		
	P.Emoluments	<u>17,706,592</u>	<u>20,235,140</u>
11	BOARD OF GOVERNORS EXPENDITURE		
	Allowances and Transport	<u>4,311,778</u>	<u>2,312,550</u>
12	DEPRECIATION&AMORTIZATION		
	No policy in place		
13	REPAIRS/MAINTENANCE		
	Buildings	6,330,886	6,176,085
	Staff House		258,100
		<u>6,330,886</u>	<u>6,434,185</u>
14	CASH AND CASH EQUIVALENTS		
	Cash at hand	61,005	37,166
	National Bank A/C No.500	95,772,477	39,642,617
	National Bank A/C No.501	-	-
	National Bank A/CNo.502	2,976,936	2,111,188
	National Bank A/C No.503	-	-
	National Bank A/C No.504	60	60
	National Bank A/C No.700	1,547,484	2,757,340
	National Bank A/C No.800	362,777	377,597
	Ecobank A/C no.601	2,283,510	2,266,262
	KCB A/C No.055	14,431,657	
	Totals	<u>117,435,906</u>	<u>47,192,230</u>

**RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020**

15	RECEIVABLES -EXCHANGE TRANSACTION		
	Fees receivables	11,510,585	46,324,822
	Rent receivables	1,244,852	1,153,052
	Other Receivables		
	Liberty Insurance		3,866
	Salary Advance 2017	50,000	97,422
	Refunds	-	766,847
	Elimu Sacco	-	1,740
	Lapsset	-	1,409,820
	Development Funds Transfers	-	1,347,628
	Sub-total	50,000	3,627,323
	Totals	<u>12,805,437</u>	<u>51,105,197</u>
16	RECEIVABLES-NON-EXCHANGE		
	Government Capitation 2018/2019	-	41,685,000
	Government Capitation 2019/2020	12,330,000	
		<u>12,330,000</u>	<u>41,685,000</u>
17	INVENTORIES		
	Sugarcane Other Plantation	-	663,275
	Training materials	507,900	366,875
		<u>507,900</u>	<u>1,030,150</u>

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
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18. PROPERTY, PLANT AND EQUIPMENT								
Costs	Land	Buildings	Furniture and Fixtures	Computers	Text Books	Motor Vehicles	WIP	Total
As at 1.07.2019	1,120,000,000	308,980,000	106,210,316	12,390,800		6,910,040	125,305,292	1,679,796,448
Additions		21,004,759	1,068,998	632,500	1,341,949	15,195,000		39,243,206
Disposals		(450,000)						(450,000)
Transfers from WIP								(450,000)
Donations and Recount			21,255,058	1,585,143	760,000		(79,210,831)	(79,210,831)
Additions WIP								23,600,201
							17,214,117	17,214,117
	1,120,000,000	329,534,759	128,534,372	14,608,443	2,101,949	22,105,040	63,308,578	1,680,193,141

Analysis of WIP Transfers

RiatOmuga	52,956,038
New Mechanical Eng.	15,254,793
New Bus	11,000,000
	<u>79,210,831</u>

19	INTANGIBLE ASSETS		
		FY 2019/2020	FY 2018/2019
	Bal as at 01/07/2019	150,000	150,000
	Additions	2,732,800	-
		<u>2,882,800</u>	<u>150,000</u>
20	TRADE AND OTHER PAYABLES		
	Sundry creditors 2018/2019	-	4,906,858
	Sundry creditors 2017/2018	-	140,482
	Prepaid Fees	10,226,956	
	Totals	<u>10,226,956</u>	<u>5,047,340</u>
21	REFUNDABLE DEPOSITS		

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
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	Caution Money	4,816,511	4,993,511
	Bursary	-	2,400,344
	Prepaid fees	-	3,844,349
	Excess fees	-	41,462
	Helb	-	9,188,419
	PAYE	(259,750)	9,403
		<u>4,556,761</u>	<u>20,477,488</u>
22	DEFERRED INCOME		
	Mechanical Workshop	-	17,365,981
	RiatRachuonyo TVC	51,547,055	48,851,800
	RiatOmuga TVC	-	53,333,635
	Total	<u>51,547,055</u>	<u>119,551,416</u>
	b) Deferred income movement is as follows		
		National Govt	
	Bal as at 1/7/2019	119,551,416	
	Additions	2,695,255	
	Transfer OmugaTvc	(53,333,635)	
	Transfer new W/shop	(17,365,981)	
	Balance C/f	51,547,055	
23	EMPLOYEE BENEFIT OBLIGATION		
	Gratuity to Non-Teaching staff	6,659,782	5,259,782

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
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24	BIOLOGICAL ASSETS		
	Sugarcane	702,000	
	Sorghum	34,650	
	Maize	45,000	
	Vegetables	14,000	
	Total	<u>795,650</u>	

25. Schol fees arrears received from other Government agencies include:

- HELB loans Kshs 21,047,000
- National youth Service kshs 40,395,960
- Lapsset Kshs 1,272,300
- Total Kshs 62,715,260**

GENERAL INFORMATION

Ramogi Institute of Advanced Technology is established by and derives its authority and accountability from Technical Vocational Education and Training (TVET) Act 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is Technical training.

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 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 TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Institute's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial</p>	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples

Standard	Effective date and impact:
Instruments	<p>on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).Amendments to the implementation guidance ondeemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

Early adoption of standards

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

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

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Institute's right to receive payments is established.

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.

Budget information

The original budget for FY 2019/2020 was approved by the Board on 21st February 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board. The additional appropriations are added to the original budget by the Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the recorded additional appropriations of **Kshs 18,626,657** on the FY 2019/2020 budget following the Board's approval.

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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 32 of these financial statements.

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.

Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **xxx** years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal

proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

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.

Leases

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

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

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

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

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

Research and development costs

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

- 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.

Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Institute of financial assets is impaired. A financial asset or an 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

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- 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)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

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 cost

Inventories (Continued)

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.

Provisions

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

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

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

Contingent liabilities

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

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. 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.

Nature and purpose of reserves

The institute maintains a revenue reserve from surplus made each year.

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.

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 entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

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.

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.

Related parties

The Institute 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.

Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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.

Comparative figures

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

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.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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.

(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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) HELB
- iv) Key management;
- v) Board of directors;

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	70,085,255	65,346,940
Grants from County Government	-	-
Donations in kind(Equipment from Avic International)	21,255,058	-
Total	91,340,313	65,346,940
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for Omuga TVC	1,030,860	1,264,835
Total	1,030,860	1,264,835
d) Key management compensation		
Board of Governors allowances	4,311,778	2,312,550
Total	4,311,778	2,312,550

3 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case xxx against the Institute	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

(Give details)

4 CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Construction of new Hostels	25,455,757	38,773,820
Construction of new gate	1,524,735	3,985,995
Rachuonyo TVC	4,336,400	4,336,400
ERP Extension	5,000,000	5,000,000
Renovation of play fields	1,300,000	1,300,000
Total	37,616,892	53,396,215

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

5 EVENTS AFTER THE REPORTING PERIOD

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

6 ULTIMATE AND HOLDING ENTITY

The Institute is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

7 Currency

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

19.0 APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Late submission of Financial Statements	Inadequate staff and technical issues.	George Adero Finance Officer	Certificate not Issued	
2	Inaccuracies in the Financial Statements	Corrected in the amended statement	George Adero Finance Officer	Certificate not issued	
3	No board of cash survey	This was brought to our attention after the year had ended	Maren Omondi Principal	Certificate not issued	
4	No depreciation and debts Policies	The Board is working on these policies	Board of Governors	Certificate not issued	
5	Over expenditure on employee costs and general expenditure	Employment of BOG trainers to address acute shortage of trainers	Board of Governors and Ministry of Education	Certificate not issued	
6	Tax on BOG allowances	Sitting allowance were paid as travel allowance	Principal and Finance Officer	Certificate not issued	
7	Lack of Audit committee	Audit committee was not in place	Board of governors	Certificate not issued	
8	Ownership document for land	Titled deed and allotment letter availed	Principal	Certificate not issued	
9	Lack of Internal controls	Being addressed by the Board	Board of Governors	Certificate not issued	
10	Unpaid gratuity	This was a provision and not a debt	Board of governors	Certificate not issued	

Guidance Notes:

RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2020

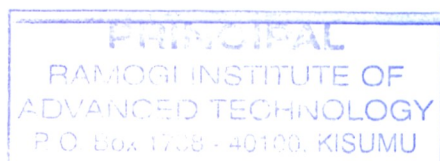
- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed 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

Date 28/04/2021

Chairman of the Board 

Date 28-04-2021



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the Institute are:

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)
1.Hostel		School Fees	1year			
2.New gate		School Fees	1year	3,985,995	No	Yes
3.Rachuonyo TVC		GOK	2yrs	38,773.820	No	Yes
4.ERP extension		School Fees	1year	5,000,000	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Hostel	38,773,820	13,318,119	34%	38,773,820	38,773,820	School fees
2	New gate	3,985,995	2,461,260	61%	3,985,995	3,985,995	School fees
3	ERP extension	5,000,000	2,732,800	54%	5,000,000	5,000,000	School fees
4.	Rachuonyo TVC	53,188,200	53,188,200	100%	53,188,200	53,188,200	Gok

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY		
Break down of Transfers from the State Department of				
FY 19/2020				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10/7/2020	41,685,000	FY 2018/2019
		18/10/2019	16,027,500	FY 2019/2020
		27/4/2020	1,000,000	FY 2019/2020
		7/5/2020	8,632,500	FY 2019/2020
		7/5/2020	45,000	FY 2019/2020
		Total	67,390,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8/7/2019	2,695,255	FY 2018/2019
		Total	2,695,255	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		NONE	NONE	NONE
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		NONE	NONE	NONE

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

Finance Manager
RIAT

Head of Accounting Unit
Ministry of Education

Sign 

Sign-----

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Direct Payment	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	xxx	Recurrent	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Education	xxx	Development	xxx	xxx	xxx	xxx	xxx	xxx	xxx
USAID	xxx	Donor Fund	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Education	xxx	Direct Payment	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total			xxx	xxx	xxx	xxx	xxx	xxx	xxx