

REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
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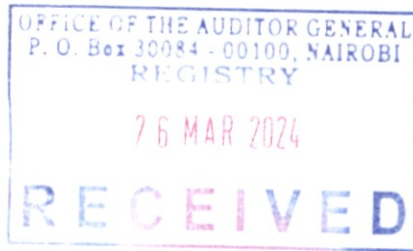
THE AUDITOR-GENERAL

ON

ENGINEERS BOARD OF KENYA

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2023



ENGINEERS BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30TH, 2023

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2023

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CE	Consulting Engineer
EBK	Engineers Board of Kenya
GEIP	Graduate Engineers Internship Program
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PE	Professional Engineer
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Glossary of Terms

Fiduciary Management - Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year - Means the prior period.

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Engineers Board of Kenya (EBK) is a statutory body established under Section 3(1) of the Engineers Act 2011. The Board is a successor to the Engineers Registration Board (ERB) established by the Engineers Registration Act, Cap 530 (1969 now repealed). The overall mandate of the Board is registration of engineers and firms, regulation of the engineering professional services, setting of standards, development and general practice of engineering.

Under the country's Vision 2030 development blueprint, manufacturing sector is identified as priority sector for job and wealth creation and is targeted to increase its contribution to the GDP to 15%. Further, quality infrastructure is recognised as an enabler; Vision 2030 targets to increase access to clean and affordable water and sanitation services, energy, transportation, housing and increasing agricultural production. In all these sectors, the development and regulation of engineering practice is considered a key component to the achievement of Vision 2030 goals.

Engineers Board of Kenya Vision Statement

The Board's Vision is *"Safe and sustainable built environment."*

Engineers Board of Kenya Mission Statement

The Board's Mission is *"To regulate engineering services through registration and capacity development of engineers, setting engineering standards and enforcing compliance to meet the current and future needs of the society."*

Engineers Board of Kenya Core Values

The Board's core values are:

- i) Integrity
- ii) Professionalism
- iii) Customer Centric
- iv) Teamwork
- v) Inclusivity and Diversity
- vi) Innovation

(b) Principal Activities

The principal mandate (functions and powers) of the Board are to: -

- (a) Receive, consider, make decisions on applications for registration and register approved Applications;
- (b) Keep and maintain the Register;
- (c) Publish the names of registered and licensed persons under the Engineers Act 2011;
- (d) Issue licences to qualified persons under the provisions of the Engineers Act 2011;
- (e) Publish and disseminate materials relating to its work and activities;

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- (f) Carry out inquiries on matters pertaining to registration of engineers and practice of engineering;
- (g) Enter and inspect sites where construction, installation, erection, alteration, renovation, maintenance, processing or manufacturing works are in progress for the purpose of verifying that—
 - i) Professional engineering services and works are undertaken by registered persons under this Act;
 - ii) Standards and professional ethics and relevant health and safety aspects are observed;
- (h) Assess, approve or reject engineering qualifications of foreign persons intending to offer professional engineering services or works;
- (i) Evaluate other engineering programmes both local and foreign for recognition by the Board;
- (j) Enter and inspect business premises for verification purposes or for monitoring professional engineering works services and goods rendered by professional engineers;
- (k) Instruct, direct or order the suspension of any professional engineering services works, projects, installation process or any other engineering works, which are done without meeting the set-out standards;
- (l) Approve and accredit engineering programs in public and private universities and other tertiary level educational institutions offering education in engineering;
- (m) Set standards for engineers in management, marketing, professional ethics, environmental issues, safety, legal matters or any other relevant field;
- (n) Prepare detailed curriculum for registration of engineers and conduct professional examinations for the purposes of registration;
- (o) Establish a school of engineering and provide facilities and opportunities for learning, professional exposure and skills acquisition, and cause continuing professional development programmes for engineers to be held;
- (p) Establish the Kenya Academy of Engineering and Technology whose purpose shall be to advise the National and the County Governments on policy matters relating to engineering and technology;
- (q) Plan, arrange, co-ordinate and oversee continuing professional training and development and facilitate internship of graduate engineers;
- (r) Collaborate with engineering training institutions, professional associations, engineering organizations and other relevant bodies in matters relating to training and professional development of engineers;
- (s) Determine the fees to be charged by professional engineers and firms for professional engineering services rendered from time to time;
- (t) Hear and determine disputes relating to professional conduct or ethics of engineers;
- (u) Develop, maintain and enforce the code of ethics for the engineers and regulate the conduct and ethics of engineering profession in general;

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- (v) Determine and define disciplines of engineering recognised under the Engineers Act 2011;
- (w) Conduct recruitment of staff of the Board through a competitive process; and
- (x) Carry out such other functions related to the implementation of the Engineers Act 2011.

(c) Key Management

The Board's operations are managed under the following key organs:

1. Board of Directors

The Board of Directors is composed of 7 independent directors drawn from industry (with the Chairperson being appointed by the Cabinet Secretary from amongst these members), the President of the Institution of Engineers of Kenya, 3 public sector directors representing Principal Secretaries in the ministries responsible for matters related to engineering, finance and higher education and the Registrar/CEO. The Board of Directors are responsible for the overall strategy, governance and performance of EBK and delegates responsibility for the day-to-day management of EBK to the Registrar/CEO. The directors are accomplished practitioners with multiple skills that assure the proper functioning and administration of the Board. They are as listed below:

S/No.	Director	Designation
1.	Eng. Erastus K. Mwongera	Member (Chairman up to 3 rd October 2022)
2.	Eng. Julia W. Ondeyo	Vice – Chairperson
3.	Mr. Evans Atambo	Member
4.	Mr. Bernard J. Leparmarai	Member
5.	Eng. Benjamin K. Maingi	Member
6.	Eng. Roselane A. Jilo	Member
7.	Eng. Jane A. Simiyu	Member
8.	Mr. Daniel M. Mutua	Member
9.	Eng. Prof. Silvester O. Abuodha	Member
10.	Eng. Dr. Johnson M. Matu	Member
11.	Mr. Alex Mbuvi	Member
12.	Eng. Erick O. Ohaga	Member
13.	Eng. Margaret N. Ogai	Registrar/CEO

2. Accounting officer/ Chief Executive Officer

The Accounting Officer of the Board is **Eng. Margaret N. Ogai**, who is the Registrar and Chief Executive Officer.

3. Management

The Registrar/CEO is responsible for day-to-day management of EBK. She leads a team of professionals who head various directorates and departments at the Board. They are as listed below:

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S/No.	Name	Designation
1.	Eng. Margaret N. Ogai	Registrar/CEO
2.	Eng. Grace L. Onyango	Director, Capacity Building and Accreditation
3.	Eng. Anthony M. Okere	Director, Compliance and Enforcement
4.	CS Fridah N. Ng'alu	Director, Corporation Secretary & Legal Services
5.	Mr. Erick O. Obiero	Manager, Human Resources and Administration
6.	Mr. Sebastian A. Bwire	Manager, ICT
7.	CPA Elijah N. Muriuki	Manager, Finance and Accounts
8.	CPA Dennis M. Karanja	Manager, Internal Audit
9.	Ms. Catherine W. Macharia	Manager, Supply Chain Management
10.	Eng. Samwel O. Abich	Manager, Capacity Building (Internship)
11.	CPA Stella Gati Maroa	Manager, Research & Strategy
12.	Eng. Faith Mutuku	Manager Registration and Licensing
13.	Ms Beth Mbatia	Principal Corporate Communications Officer

(d) Fiduciary Management

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

No.	Designation	Name
1.	Eng. Margaret N. Ogai	Registrar/CEO
2.	Eng. Grace L.A. Onyango	Director, Capacity Building and Accreditation
3.	Eng. Anthony M. Okere	Director, Engineering Standards and Compliance
4.	CPA Elijah N. Muriuki	Manager, Finance and Accounts
5.	Ms. Catherine W. Macharia	Manager, Supply Chain Management

(e) Fiduciary Oversight Arrangements

Board Committees Towards Good Corporate Governance

The Board has constituted the following Committees towards good corporate governance and as required by the Mwongozo Code of Governance for State Corporations:

1. Registration, Professional Development and Compliance Committee.
2. Academics Qualifications Committee.
3. Finance, Strategy and Human Resource Development Committee.
4. Audit, Governance and Risk Committee

1. Registration, Professional Development & Compliance Committee (RPDCC)

The functions of the Registration, Professional Development and Compliance Committee includes:

- a) To process applications for registration and licencing of engineers and consulting firms.
- b) To prepare curriculum for professional examinations of engineers.

- c) To conduct professional interviews for candidates applying for registration.
- d) To oversee compliance and enforcement of Engineer's Act such as to enter and inspect construction sites and business premises.
- e) To ensure compliance of code of conduct and ethics for engineering practice through activities such as hear disputes and conduct disciplinary hearings
- f) To establish, operationalize and coordinate continuous professional development programmes for engineers of all categories.
- g) To formulate policies for the development of engineering.
- h) To oversee EBK publications and dissemination of reports from Board's activities.
- i) To advise the Board on matters relating to development of engineering education, training and practice as well as registration of foreign engineers
- j) Defining of engineering Discipline for purposes of registration of professional engineers.
- k) To facilitate the establishment and operationalization of the Kenya School of Engineering and the Kenya Academy of Engineering and Technology

Membership of the Committee

- i. Eng. Dr. Johnson M. Matu - Chairman
- ii. Eng. Benjamin K. Maingi - Member
- iii. Eng. Jane A. Simiyu - Member
- iv. Eng. Roseline A. Jilo - Member
- v. Mr. Evans Atambo - Member

2. Academics Qualifications Committee (AQC)

The functions of the Academics Qualifications Committee include:

- a) To develop, review and update the criteria and procedures for accreditation of engineering programmes.
- b) To evaluate undergraduate engineering programmes offered by the Universities and other Tertiary Level Institutions offering education in engineering.
- c) Assess engineering qualifications of foreign persons intending to offer professional engineering services or works.
- d) Establish and maintain links with international engineering bodies.
- e) To advise the Board on matters relating to engineering education.

Membership of the Committee

- i. Eng. Prof. Sylvester. O. Abuodha - Chairman
- ii. Eng. Erick O. Ohaga - Member
- iii. Eng. Julia W. Ondeyo - Member
- iv. Mr. Evans Atambo - Member
- v. Mr. Daniel M. Mutua - Member

3. Finance, Strategy and Human Resource Development Committee

The functions of the Finance, Administration, and Human Resources Development Committee include:

- a) Oversee the finance and administration affairs of the Board.

- b) To monitor the integrity of the financial statements of the Board and any formal communication relating to the Board's financial performance.
- c) To conduct recruitment of staff of the Board through a competitive process.
- d) To formulate the Board's strategies and oversee implementation of the same.
- e) Develop, review or update organizational policies and regulations.
- f) Oversee the resource mobilization, implementation of development programmes and sustainability of the Board.
- g) Maintain links with Government Ministries and Departments.
- h) To ensure compliance with the legal and statutory requirements.

Membership of the Committee

i. Eng. Benjamin K. Maingi	-	Chairman
ii. Eng. Julia W. Ondeyo	-	Member
iii. Mr. Bernard J. Leparmarai	-	Member
iv. Eng. Prof. Sylvester. O. Abuodha	-	Member
v. Mr. Daniel M. Mutua	-	Member

4. Audit, Governance and Risk Committee

The functions of the Audit, Governance and Risk Committee include:

- a) To review the Board's internal financial controls and risk management systems and advise on risk areas.
- b) To monitor and review the effectiveness of the Board's internal audit function and make recommendations to the Board,
- c) To coordinate appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- d) To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- e) To advise the Board on matters related to audit and Governance.
- f) To ensure audit issues are adequately resolved.
- g) To review compliance with the legal and statutory requirements.

Membership of the Committee

i. Eng. Roseline A. Jilo	-	Chairperson
ii. Eng. Jane A. Simiyu	-	Member
iii. Eng. Erick O. Ohaga	-	Member
iv. Mr. Bernard J. Leparmarai	-	Member
v. Mr. Daniel M. Mutua	-	Member

(f) Parliamentary Committee Activities

The Board reports on financial matters to the Parliamentary Investments Committee (PIC) by virtue of being a State Corporation. In addition, the Board due to its mandate also reports to the Transport, Public Works and Housing Committee as well as Education, Research and Technology Committees. Most parliamentary committees investigate specific matters of policy or government administration or performance for State Corporations. Other

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parliamentary committees are responsible for matters related to the internal administration of the parliament.

(g) Management Committees

1. Human Resource Management Advisory Committee

This committee was established under Section 2.15 of the EBK Human Resource Policies and Procedures Manual to undertake several advisory responsibilities to the Registrar/CEO such as on the staff training and development, maintenance of the Board establishment, recruitment processes, performance management, staff disciplinary matters, staff promotions, among many others. During the financial year ended 30th June 2023 the following were the members of this committee:

S/No.	Name	Role
1.	Eng. Grace L. Onyango	Chairperson
2.	Erick O. Obiero	Secretary
3.	Elijah N. Muriuki	Member
4.	Fridah N. Ng'alu	Member
5.	Eng. Samwel O. Abich	Member

2. Performance Contract Committees

These committees were established to prepare, periodically monitor and report to the Board on the progress and implementation of the various targets as outlined in the Board's FY 2021/2022 Performance Contract. During the financial year ended 30th June 2022 the membership of the various committees were constituted as follows:

S/NO.	COMMITTEE	MEMBERS	POSITION
1	ALCOHOL AND DRUG ABUSE & ROAD SAFETY COMMITTEE	Pauline Mwarabu	Chairperson
		Eng. Okere Makokha	Member
		Rose Murugi	Secretary
		Susan Mwendu	Member
		James Muriithi	Member
		Benjamin Kirui	Member
2	INFORMATION SAFETY AND SECURITY MANAGEMENT COMMITTEE	Sebastian Bwire	Chairperson
		Pauline Mwarabu	Secretary
		Tony Kibet	Member
		Titus Muasya	Member
		Juliet Macharia	Member
		Levi Gachanja	Secretariat
		Benjamin Kirui	Secretariat
3	COMPLAINTS AND COMPLIMENTS & NATIONAL COHESION AND NATIONAL VALUES COMMITTEE	Eng. Okere Makokha	Chairperson
		Fridah Ng'alu	Member
		Erick Obiero	Member
		Beth Mbatia	Secretary

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S/NO.	COMMITTEE	MEMBERS	POSITION
		Eng. Samwel Abich	Member
		Jacinta Kariuki	Member
		Ludwina Kuchio	Member
4	HIV/AIDS CONTROL COMMITTEE	Erick Obiero	Chairperson
		Rose Murugi	Secretary
		John Vundi	Member
		Bernard Omutakha	Member
		Rita Ivayo	Secretary
5	GENDER & DISABILITY MAINSTREAMING COMMITTEE	Catherine Macharia	Chairperson
		Beth Mbatia	Member
		Titus Muasya	Member
		Erick Obiero	Member
		Juliet Macharia	Secretary
		Tony Kibet	Member
6	CORRUPTION PREVENTION COMMITTEE	Eng. Margaret N. Ogai	Chairperson
		Eng. Grace Onyango	Member
		Eng. Okere Makokha	Member
		Erick Obiero	Member
		Dennis Karanja	Secretary
		Elijah Muriuki	Member
		Tony Langat	Member
		Sebastian Bwire	Member
		Fridah Ng'alu	Member
		Catherine Macharia	Member
		Eng. Faith Mutuku	Member
		Beth Mbatia	Member
7	ASSETS MANAGEMENT COMMITTEE	Elijah Muriuki	Chairperson
		Fridah Ng'alu	Member
		Erick Obiero	Member
		Catherine Macharia	Member
		Sebastian Bwire	Member
		Eng. Samwel Abich	Member
		Pauline Mwarabu	Secretary
		Eng. Fred Kiema	Member
		Wilbon Mutai	Member

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(h) EBK Headquarters

9th Floor, Fortis Suites,
Hospital Road, Off Ngong Road
P.O. Box 30324 – 00100,
Nairobi, KENYA

(i) EBK Contacts

Telephone: 020-2719974, 2723101 Ext 3180
(+254)-735330744, (+254)-722509972
E-mail: info@ebk.go.ke
Website: www.ebk.go.ke

(j) EBK Bankers

National Bank of Kenya Ltd
Hill Branch
P.O Box 30081-00100
Nairobi, Kenya

KCB Bank Kenya Limited
Capital Hill Branch
P. O. Box 58233 - 00200
Nairobi, Kenya

HFC Bank
Rehani House,
P.O. Box 45219-00100,
Nairobi, Kenya




(k) Independent Auditors

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


(l) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

 <p>1. Eng. Erastus K. Mwongera, FIEK RCE CBS</p>	<p>(Chairman up to 3rd October 2022) Year of Birth: 1949 Eng. Erastus Mwongera is a registered consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya. He holds a Bachelor's degree (Civil Engineering) from the University of Swansea, United Kingdom. Eng. Mwongera has a vast experience in the Public Service and the Private Sector and has recently served as the Chairman on Kenya Airports Authority, Kenya National Highways Authority, Sameer Group of Companies among many other organizations. Eng. Mwongera is a representative of the private sector in the Board.</p>
 <p>2. Eng. Julia W. Ondeyo, PE. Rep. State Corporations.</p>	<p>Vice - Chairperson Year of Birth: 1975 Eng. Julia Ondeyo is a registered professional engineer with the Board and a Corporate member of the Institution of Engineers of Kenya. She holds Bachelor's degree (Civil Engineering) from the University of Nairobi and a Master degree in Business Administration from the Strathmore University. Eng. Ondeyo boasts of over twenty years' experience in the roads sector and is currently Deputy Director at the Kenya National Highways Authority (KeNHA). Eng. Ondeyo represents state corporations in the Board.</p>
<p>3. Mr. Bernard J. Leparmarai, EBS</p> 	<p>Year of Birth: 1962 Mr Bernard Leparmarai holds a Diploma in Public Administration and Master's degree in Governance & Development Management from the University of Birmingham, United Kingdom. Mr Bernard has over 30 years-experience in the public service as an administrator (formerly Regional Commissioner) for the Nairobi and Coast regions. Mr. Bernard represents the Principal Secretary, State Department of Infrastructure, in the Board effective from</p>

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 <p>4. Mr. Evans Atambo - PS Rep Ministry of Education</p>	<p>Year of birth 1973 Mr. Evans Atambo holds a Bachelor of Education (B.Ed) from Moi University and a Master of Philosophy in Curriculum Development from Moi University and currently pursuing a Doctor of Philosophy degree in Curriculum Development at Catholic University of East Africa.</p> <p>Mr Atambo has vast experience in the Education Sector and has worked as a teacher and in the management of the education sector sitting in councils of public universities in Kenya.</p> <p>Mr. Atambo represents the Principal Secretary State Department for Higher Education and Research in the Board.</p>
 <p>5. FA Daniel M. Mutua, PS, Rep, National Treasury.</p>	<p>Year of Birth: 1967 Mr Daniel Mutua is a Financial Analyst and holds BEd Economics / Business Studies from Kenyatta University and Masters in Business Administration from Maastricht Netherlands.</p> <p>Mr Mutua has served in various capacities as financial analyst with vast experience in management of state corporations.</p> <p>Mr Mutua represents the Principal Secretary, National Treasury in the Board.</p>
 <p>6. Eng. Eric Ohaga, CE – PRESIDENT, Institution of Engineers of Kenya</p>	<p>Year of Birth: 1980 Eng. Eric Ohaga holds MSc in Nuclear Engineering (KINGS), Masters of Business Administration, BSc. in Electrical/Electronic Engineering and post graduate diploma in Project Planning and management.</p> <p>Eng. Ohaga has over 17 years vast experience in Energy Policy development, Nuclear policy and strategy formulation, design, construction, contract management, operations, maintenance and planning of power systems.</p> <p>Eng. Ohaga sits in the Board as the President of the Institution of Engineers of Kenya</p>

 <p>7. Eng. Prof. Silvester O. Abuodha, CE Rep Universities</p>	<p>Chairperson – Academic Qualifications Committee Year of Birth: 1963 Eng. Prof. Silvester Abuodha is a consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya. Eng. Prof Abuodha holds Bachelor’s degree (Civil Engineering) from the University of Nairobi and Msc (Civil Engineering) as well as PhD (Civil Engineering) both from the University of Manchester, United Kingdom Eng Prof Abuodha has a wealth of experience in engineering cutting across the academia, private practice and in the from the public sector where he having begun his career at the Kenya Railways Corporation. Eng. Prof. Abuodha represents Universities in the Board.</p>
 <p>8. Eng. Jane A. Simiyu, CE.- IEK Nominee</p>	<p>Year of Birth: 1964 Key Qualifications Eng. Jane Simiyu is a consulting engineer with the Board and a corporate member of the Institution of Engineers of Kenya. Eng. Simiyu holds a Bachelor’s degree in Agricultural Engineering and an MBA (Project Planning & Management) from the University of Nairobi Eng. Simiyu has vast experience in agricultural engineering having worked in the public service and consulting industry. Eng. Simiyu is a Director/ Shareholder at the Tertiary Consulting Engineers. Eng. Simiyu was nominated to the Board by the Institution of Engineers of Kenya.</p>
 <p>9. Eng. Benjamin K. Maingi, CE. – IEK Nominee</p>	<p>Chairperson – Finance, Strategy and Human Resource Development Committee Year of Birth: 1957 Eng. Benjamin Maingi is a consulting engineer with the Board and a corporate member of the Institution of Engineers of Kenya. Eng. Maingi holds a Bachelor’s degree in Civil Engineering from the University of Nairobi and an Msc (Highway Engineering) from the University of Birmingham UK Eng. Maingi has vast experience in the engineering sector having served in various senior capacities in the public service. Eng. Maingi was nominated to the Board by the Institution of Engineers of Kenya.</p>




 <p>10. Eng. Roselane Ambasi Jilo, PE. – IEK Nominee</p>	<p>Chairperson – Audit, Governance and Risk Committee</p> <p>Year of Birth: 1970</p> <p>Eng Roselane Jilo is a professional engineer with the Board and a Fellow of the Institution of Engineer of Kenya. Eng Jilo holds a Bachelor’s degree in Electrical Engineering from the University of Nairobi, and an MBA (Strategic Management) from Kenya Methodist University.</p> <p>Eng Jilo has vast experience in engineering management in the public sector and currently works at the Kenya Pipeline Company</p> <p>Eng. Jilo was nominated to the Board by the Institution of Engineers of Kenya</p>
 <p>11. Eng. Dr. Johnson M. Matu, CE Rep Private Sector</p>	<p>Chairperson – Registration, Professional Development and Compliance Committee</p> <p>Year of Birth: 1955</p> <p>Key Qualifications</p> <p>Eng. Johnson Matu is a consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya.</p> <p>Eng. Matu holds a Bachelor’s degree in Civil Engineering, an MBA and a PhD (Project Planning and Management) from the University of Nairobi.</p> <p>Eng. Matu has vast experience in engineering industry and has previously served as the Chairman of the Association of Consulting Engineers of Kenya (ACEK). He has also served as the Chairperson of the Kenya Private Sector Alliance (KEPSA) Energy and Infrastructure Board.</p> <p>Eng Matu is the proprietor of APEC Consulting.</p> <p>Eng. Matu represents the Private sector in the Board.</p>
 <p>12. Mr. Alex Mbuvi</p>	<p>Year of Birth: 1975</p> <p>Mr Alex Mbuvi is an advocate of the High Court of Kenya and serves as the Chief State Counsel in the State Department of Roads under the Ministry of Roads and Transport.</p> <p>He represents the Attorney General in the Board.</p>

 <p>13. Eng. Margaret N. Ogai, CE REGISTRAR/CHIEF EXECUTIVE OFFICER</p>	<p>Year of Birth: 1967 Eng. Margaret N. Ogai is a Consulting Engineer with the Board and a Fellow member of the Institution of Engineers of Kenya (IEK). Eng. Margaret holds a Bachelor of Science Degree in Civil Engineering and a Master's degree in Business Administration (Procurement) from the University of Nairobi. Eng. Margaret has over 30 years wealth of experience in Infrastructure Development and Highways Management that cuts across both public and private sector. Eng. Margaret serves as the Registrar / Chief Executive Officer of the Board and is responsible for the implementation of the Board's strategic goals and the management of its resources including giving direction and leadership for the achievement of its mission and vision.</p>
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4. MANAGEMENT TEAM



<p>1. Eng. Margaret N. Ogai, CE</p>  <p>MBA (Procurement) & BSc (Civil Engineering), University of Nairobi.</p>	<p>Eng. Margaret N. Ogai is the Registrar/CEO of EBK and the Accounting Officer. She is a Consulting Engineer with the Board and a Fellow member of the Institution of Engineers of Kenya (IEK).</p> <p>She leads the Secretariat of the Board and is responsible for the day-to-day management of affairs and staff of the Board.</p> <p>As the Chief Executive Officer of the Board, she acts in accordance with instructions of the Board of Directors and accepts, transmits, services and keeps custody of documents in accordance with Engineers Act, 2011.</p>




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<p>2. Eng. Grace L. Onyango, PE</p>  <p>BEng (Electrical and Electronic Engineering), University of Northumbria at Newcastle.</p>	<p>Director, Capacity Building and Accreditation She is a Professional Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya (IEK).</p> <p>She oversees the Continuing Professional Development, Internship and Accreditation departments under the directorate.</p> <p>She is responsible for building capacity in the engineering profession and provide accreditation for engineering education, training and practice.</p>
<p>3. Eng. Okere A. Makokha, PE</p>  <p>B.Tech (Electrical and Communications Engineering), Moi University.</p>	<p>Director, Compliance Standards and Enforcement He is a Professional Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya (IEK).</p> <p>He oversees the Engineering Standards and Compliance & Enforcement departments under the directorate.</p> <p>He is responsible for monitoring compliance and enforcing the Engineers Act 2011.</p>
<p>4. CS Fridah N. Ng'alu</p>  <p>MSc (Governance & Leadership), JKUAT; LLB, Moi University; PGD in Law, KSL; Certified Public Secretary, KASNEB.</p>	<p>Director, Corporation Secretary and Legal Services She is a member of the Law Society of Kenya (LSK) and the Institute of Certified Secretaries (ICS).</p> <p>Ms. Ng'alu serves as the Director, Corporation Secretary and Legal Services.</p> <p>Responsible for providing Board services to the Board of Directors, providing legal and corporate governance advice to the Board and coordinating provision of legal services.</p>

<p>5. Mr. Erick O. Obiero</p>  <p>MBA (Strategic Management), UoN; BBA, Maseno University; Higher Dip. in Human Resource Management.</p>	<p>Human Resource and Administration Manager He is a full member of the Institute of Human Resources Management of Kenya (IHRM-K).</p> <p>He oversees the Human Resource Management and Administration department.</p> <p>He is responsible for developing adequate human resource capacity for the Secretariat, developing and implementing effective administrative policies, procedures and processes.</p>
<p>6. Mr. Sebastian B. Abuya</p>  <p>BSc (Mathematics and Computing, Egerton University; Oracle Certified Associate (OCA), Microsoft Certified Professional (MCP).</p>	<p>Information Communication Technology (ICT) Manager He is a Member of the Computer Society of Kenya.</p> <p>He oversees the Information Communication and Technology department.</p> <p>He is responsible for promoting the use of ICT in delivery of services towards realization of the Board's mandate.</p>
<p>7. CPA Elijah N. Muriuki</p>  <p>MAME, MKU; BCom. (Finance), KCA University; CPA</p>	<p>Finance Manager He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>He oversees the Finance and Accounts department.</p> <p>He is responsible for the prudent management of financial resources by implementing accounting policies, sound systems and procedures; and reporting on the financial performance of the Board.</p>

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<p>8. CPA Dennis M. Karanja</p>  <p>MSc (Finance), UoN; BCom. (Finance), JKUAT; CPA</p>	<p>Internal Audit Manager</p> <p>He is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors of Kenya (IIA-K)</p> <p>He oversees the Internal Audit department.</p> <p>He is responsible for evaluating the effectiveness of risk management, internal controls, governance processes and corruption prevention mechanisms of the Board.</p>
<p>9. Eng. Samwel O. Abich</p>  <p>MSc (Agricultural Engineering), Egerton University; BSc (Agricultural Engineering), JKUAT.</p>	<p>Manager, Capacity Building (Internship)</p> <p>He is a Professional Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya (IEK). He is also a member of the Kenya Society of Environmental, Biological and Agricultural Engineers</p> <p>He oversees the implementation of the Graduate Engineers Internship Program - GEIP.</p> <p>He is responsible for the recruitment, induction and carrying out of various training programmes for the graduate engineers interns under the program.</p>
<p>10. Catherine W. Macharia</p>  <p>MSc (Purchasing and Supplies Mgmt), JKUAT; BSc (Procurement and Logistics), JKUAT.</p>	<p>Manager, Supply Chain Management</p> <p>She is a member of Chartered Institute of Purchasing and supply (UK) MCIPS and a full member of Kenya Institute of supplies Management, MKISM.</p> <p>She oversees the Supply Chain Management department of the Board.</p> <p>She is responsible for implementation of efficient and effective systems of acquisition of goods, works and services, as well as disposal of assets.</p>

<p>11. CPA Stella Gati Maroa</p>  <p>MBA (Strategic Mgmt), Kenyatta University; BCom (Finance), UoN.</p>	<p>Manager, Research and Strategy</p> <p>She is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the National Quality Institute (NQI).</p> <p>She oversees the Policy, Research and Strategy department of the Board.</p> <p>She is responsible for the policies formulation, Research, Strategic Management, Quality Assurance, Coordination of Risks Management and Performance Management.</p>
<p>12. Eng. Faith Mutheu Mutuku, PE</p>  <p>BSc (Civil Engineering), Jomo Kenyatta University of Agriculture and Technology.</p>	<p>Manager, Registration and Licensing</p> <p>She is a Professional Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya (IEK).</p> <p>She serves as the Manager, Registration and Licensing Services Directorate.</p> <p>She is responsible for registration of Engineers and Engineering Consulting firms, provision of annual practising licenses to compliant Engineers as well as gazettelement of the licensed Engineers.</p>
<p>13. Beth Mbatia</p>  <p>BSc. (Communications & Public Relations), Moi University; Diploma in Broadcast Journalism, KIMC; Certificate in Marketing Management, EBU.</p>	<p>Principal Corporate Communications Officer</p> <p>She is a member of Public Relations Society of Kenya (PRSK) and AMWIK (Association of Media Women in Kenya).</p> <p>She oversees the Corporate Communications department of the Board.</p> <p>She is responsible for promoting the Board's visibility, managing its branding and developing communication and brand strategy, policies and plans.</p>

5. CHAIRMAN'S STATEMENT

Engineers Board of Kenya plays a critical role as an enabler in advancing Kenya's development agenda as guided by Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA) geared towards economic turnaround, inclusive growth, and globally competitive Kenya. Engineers are the driving force behind national priority projects in agriculture, housing, health digital and creative economy. Their expertise and ingenuity are instrumental in shaping Kenya. The Financial Year ended 30th June 2023 makes a decade of Annual Report and Financial Statements for Engineers Board of Kenya.

The Board has continued to set and execute critical strategic milestones towards the implementation of the engineering education, training and practise as mandated by the Act and as guided by the Strategic Plan 2022-2023, and the 19th Cycle Performance Contract (2022-2023). Under engineering education, the Board conducted 20No. Independent Reviews on engineering programmes in 6No. Universities. The Board coordinated training for 5,08No. graduate engineers under Agency Based Model, coordinated professional training of 212 No. graduate engineers under the Board's GEIP programme, carried out various CPD programmes attended by 6,451 participants and successfully held Engineering Partnership Convention (EPC) 2023 at Naivasha from 14th to 16th June 2023 attended by over 2,000 participants.

The Convention was officially opened by the Head of State who gave various directives towards the strengthening of engineering profession in Kenya. Key on these directives were scale up the Graduate Engineers Internship Programme (GEIP), from its current enrolment of 120 to 500 trainees 2023/24 Financial Year, support the establishment of the Kenya School of Engineering and support Kenya's bid to accede to the Washington Accord under the International Engineering Alliance to promote international recognition of Kenyan engineering programmes and qualifications. The Board is facilitating the implementation of these directives through the Parent Ministry.

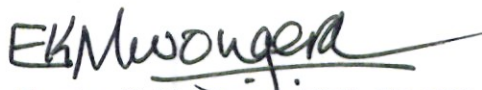
The Board strategic intent is to register 10,000 professional engineers in the next strategic period. To achieve this, the Board has continued to put in place various strategies towards realization. During the financial year, the therefore registered, 343No. professional engineers, taking their registration numbers to 933No. in the last three years. This significant increase is attributable to the Boards deliberate commitment to increase the number to recommended ratio of engineers to the population for developing countries. The Engineers Board of Kenya during the year implemented several activities geared towards attaining the signatory status on the Washington Accord under the international Engineering Alliance by 2025. The Board held various

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meetings with the Board of Engineers Malaysia (BEM), Pakistan Engineering Council (PEC), the Council of Deans and Engineering Principals, the Washington Accord Taskforce and facilitated training of the Taskforce committee and the Independent Review Accessors.

The Global trade is continuously growing due to increased globalisation. The Board successfully organised Trade In Service (TIS) workshops on liberalisation of professional services to inform the sector on the emerging issues and the available opportunities in the region. The Board, further, represented Kenya in trade talks at the African Continental Free Trade Area (AfCFTA) and the East African Community (EAC) for liberalised engineering services. The Board also approved various policies that will guide its operations and conform to the requirements of the performance contracting guidelines.

The Board Strategic Period 2019-2023 came to an end in the financial year. Several milestones have been achieved while the lessons learned are critical as the Board is finalizing the development of the next Strategic Period targets (2023-2028) in line with Medium Term Plan Four (MTP IV) targets, the Bottom-Up Economic Transformation Agenda (BETA) and the 5th Generation Guidelines of Strategic Plan development. I acknowledge and appreciate the funding and the goodwill support from the registered persons, the Government of Kenya through the State Department of Roads, and the Development Partners. We look forward to continued support in the next strategic period.



Eng. Erastus K. Mwangera, FIEK, CE, CBS
BOARD CHAIRMAN
ENGINEERS BOARD OF KENYA

6. REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER

The Engineers Board of Kenya made significant achievements towards the implementation of the Act and the Strategic Plan targets during the 2022-2023 Financial Year. The strategic targets the Board is implementing are classified under four categories namely development of general practice of engineering through training & capacity building programmes, register engineers and engineering consulting firms, regulate engineering professional services through development and enforcement of engineering standards and finally the development of Engineers Board of Kenya.

The Management has put in place human resource, digitalization, partnership and collaboration strategies and initiatives to ensure the Board's strategic targets are efficiently and effectively implemented. The Board has made significant strides in staff recruitment, reflecting on our commitment to attracting top talent and fostering growth. The Board during the year under review successfully filled twelve management staff in line with the approved recruitment plan. The Board is committed to continuously recruit, train and capacity build diverse competent team within the approved plan to support the set strategic targets and the mandates.

The Board is cognizant that digitalization increases efficiency, productivity, lower operational costs, improve customer experience, higher agility, enhance employee morale, improve communication, increased transparency, improved competitive advantage, and faster decision making. The Board during the year initiated the development of digitalization masterplan that will give the Board's digitalization direction in the next strategic period. During the Board developed and launched the Engineers Project Registration Portal (EPRP) to effectively monitor and evaluate ongoing projects being undertaken by registered engineers. This will ensure strengthen the regulatory framework through which the Board will ensure that the engineering projects meet the set standards for the safety and welfare of the public.

Engineers Board of Kenya is capitalizing on its opportunities and advantages to build partnership and collaborations for increase productivity and self-sustainability. The Board during the year signed a Memorandum of Understanding with the Korea Professional Engineers Association to provide a mechanism of cooperation in the development of industry projects, capacity building and cultural exchange. The Board obtained associate membership at the World Federation of Engineering Organizations which has strengthened its bid to accede to the Washington Accord. The Board supported and participated in various activities jointly organized with the Institution of Engineers of Kenya and Association of Consulting Engineers of Kenya (ACEK). The Board also

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participated in regional and international activities including Trade in Service talks and Mutual Recognition Agreements (MRAs).

The enumerated performance presents the highlights of the successful year though amidst challenges of limited resourced to effectively deliver its mandate. The Board has continued to be ranked high in delivery of high-quality services. It achieved a very good score in the 19th cycle of Performance Contracting. This is attributed to the support by various stakeholder. The Management therefore acknowledges the continued guidance and support of the Board and the Parent Ministry through the State Department for Roads. We also acknowledge the support of Development Partners. The Management remains committed to enhancing professionalism in implementation of the vision and the mission.



Eng. Margaret N. Ogai, CE
REGISTRAR / CHIEF EXECUTIVE OFFICER
ENGINEERS BOARD OF KENYA

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7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2022/2023

The Board developed and operationalized its Strategic Plan (2022-2023) in June 2022. It was a year tactical plan developed to guide the Board's directions between 1st July, 2022 to 30th June 2023 upon expiry of its 2019-2022 Strategic Plan. It had 3 Key Result Areas (KRAs) along which the Board developed its annual work plans (FY 2022/2023) also as a basis for annual progress evaluation. The Board achieved its performance targets set for the FY 2022-2023 period as indicated in the table below:

Key Result Areas	Strategic Objectives	Key Performance indicator	Strategic Initiatives	Achievements
KRA 1. Strengthen Engineering Capacity	Develop general practice of engineering through training and capacitybuilding programmes	No. of Programmes reviewed.	Conduct Independent Reviews of Engineering programmes in Local Universities	The Board conducted 20No. Independent Reviews on engineering programmes in 6 Universities as follows: Kenyatta University <ul style="list-style-type: none"> • BSc Agricultural Biosystem Engineering • BSc Gas – Petroleum Engineering • BSc Aerospace Engineering • BSc Biomedical Engineering Muranga University <ul style="list-style-type: none"> • Electrical and Electronics Engineering. Multimedia University <ul style="list-style-type: none"> • BSc Civil Engineering Machakos University <ul style="list-style-type: none"> • BSc.Mechanical Engineering • BSc.Civil Engineering • BSc. Electrical and Electronics Engineering. JKUAT University <ul style="list-style-type: none"> • Electrical and Electronics; • Water and environmental; • Chemical; • Aerospace; • Materials & Metallurgical; • Telecommunication & Information; • Electronics & Computer Engineering South Eastern Kenya University (SEKU) <ul style="list-style-type: none"> • BSc Agricultural; • Civil; • Mechanical; • Electrical & Electronics Engineering
		No. of graduate engineers on	Coordinate training of graduate engineers	The Board Coordinated training for 508No. graduate engineers under Agency Based Model as follows: - <ul style="list-style-type: none"> • 77No. Kenya Bureau of

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		internship trained.	underagency-based model	Standards <ul style="list-style-type: none"> • 218No. Davis & Shirtliff • 69No. Mabati Rolling Mills • 144No at Barabara
			Conduct professional training of graduate engineers under Board's GEIP Programme	The Board coordinated Professional training of 212 No. graduate engineers under the Board's GEIP programme: - <ul style="list-style-type: none"> • Cohort 1 - 18No. • Cohort 2 - 24No. • Cohort 3 - 63No. • Cohort 4 - 107No
		Number of engineers attending Professional Development programmes	Carry out Continuous Professional Development (CPD) programmes for engineers and engineering	The Board carried out various CPD programmes. Attracting 6451 engineers.
			Hold an engineering partnership convention	The Board held Engineering Partnership Convention (EPC 2023) at Naivasha from 14 th to 16 th June, 2023
	Register engineers and engineering consulting firms	Number of Engineers and Engineering Consulting firms Registered.	Register graduate engineers	The Board registered 1987No. GEs
			Register professional engineers	The Board registered 343No. PEs
			Register consulting engineers	The Board registered 50No. CEs
			Register consulting firms	The Board registered 20No. ECFs
			Register accredited checkers	The Board registered 18 No. Accredited Checkers
	Regulate engineering professional services through development and enforcement of engineering Standards	No. of sites of inspections undertaken	Conduct site inspection visits and prepare quarterly	The Board conducted 26No inspections across various sites within the financial year cutting across Nairobi, Kiambu ,Kajiado and other areas.
		No. of disciplinary cases resolved.	Conduct disciplinary hearing on violation to Engineers Act, 2011 and Engineers Rules, 2019	The Board conducted 14No. Disciplinary cases, 1No. Warning, 1No. Absolved Case and 2No. Cases referred to DCI.
		No. of sensitization programmes undertaken	Conduct sensitization workshops targeting Ministries, Counties, Departments and Agencies (MCDAs)	The Board conducted over 10 Workshops targeting key stakeholder like the County Government, Council of Governors (CoG), governors and County Executive Council Members (CECMs) from the Lands, Housing and Urban Development and the Roads & Transport Committees, Members from the National Assembly, and other key stakeholders regarding engineering training, practice, standards and regulations.
KRA 2. Resource Mobilization	Establish strategic partnerships, and collaborations to support EBK's mandate	No. of Partnerships and collaborations formed	Strengthen the Board's Bid to Accede to the Washington Accord	The Board was admitted as an Affiliate member of WFEO on 27 th October 2022 held at UNESCO Headquarters in Paris, France.

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			Create linkages with current and potential strategic funders	The Board signed an MoU with Korea Professional Engineering Association. The MoU shall provide opportunities for exchange programs for engineering professionals as well as scholarships for undergraduates, graduates and PhDs.
KRA 3. Institutional Development	Adopt and implement digitalization and automation	No. of services digitalized.	Digitalize and automate services for operational efficiency.	The Board developed Engineers Registration Portal to ease the application and registration process of the engineers as well as, the Engineers Project Registration Portal (EPRP) for monitoring of ongoing projects. The two portals were launched on 14th June, 2023 during the EPC 2023 by H.E. the President of the Republic of Kenya.

8. CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors of EBK upholds high standards of corporate governance which foster a culture that values integrity and ethical behaviour which are essential for sustainable long-term performance and creating shareholder value. The Directors and the Management undertake to perform their duties with impartiality, honesty, transparency, accountability, professionalism, integrity, care and due diligence and to act in good faith to the best interests of the public.

The Board has established a corporate governance framework, the key features of which are set out in this Corporate Governance Statement. The Board of Directors is responsible for the governance framework which operates under approved policies and practices. The governance framework and associated practices are reviewed by the Board and its committees to ensure it complies with current regulations; and is committed to ensuring that the EBK complies with all applicable laws and statutes.

Role and Responsibilities of Directors and Management

The Engineers Act, 2011, provides that the affairs of the EBK are to be managed under the direction of the Board. The Board of Directors are responsible for the overall strategy, governance and performance of EBK and delegates responsibility for the day-to-day management of EBK to the Registrar/CEO. The Registrar/CEO in turn delegates authority to the appropriate senior managers for specific activities and transactions, including implementation of the corporate strategy and operating within the risk appetite set by the Board. This authority is governed by a formal delegation of authority that is approved by the Board and is reviewed as required.

The Board Charter

The Board Charter is a commitment by the Directors to discharge the Mandate of the Board. It outlines the rules that guide them and does not in any way purport to replace or supersede any laws and regulations that guide the operations of the Board. Operations of the Board at EBK are governed by a Board Charter which stipulates the roles and responsibilities of the Board members. The charter was developed and adopted as a key pillar of good corporate governance. Additionally, Mwongozo, the Code of Governance for State Corporations 2015 required that the Board members should develop and adopt a board charter.

Committees of the Board

The Board has four (4) standing Committees established with formal written terms of reference and which observe the same rules of conduct and procedure as the full Board. These Committees are as follows:

1. Registration, Professional Development & Compliance Committee.
2. Academics Qualifications Committee.
3. Finance, Strategy and Human Resource Development Committee.
4. Audit, Governance and Risk Committee.

Induction and Training

Formal letters of appointment are in place with all non-executive directors setting out the terms of their appointment. In the reporting period the Board held a Board retreat where members were members deliberated on various policies prepared by Management. Further sensitization programs for directors are regularly undertaken through regular management presentations on key business functions and activities and visits to familiarize with EBK operations. A Board Induction Workshop was also conducted during the year where members were trained on the strategic role of board of directors in state corporations.

Directors are also offered ongoing professional development and training programmes to enable them to develop and maintain their skills and knowledge. To ensure directors remain equally informed on all material matters impacting the EBK, Board Papers are usually provided at least 7 days before the Board or committee meeting. All important information is usually dispatched to board members to keep them updated on developments affecting the Board.

Director's Skills and Experience

The Board's objective is to have an appropriate mix of skills, expertise and experience on EBK's Board and Board committees. The Board as currently constituted draws a membership from three major disciplines of Engineering. Further, the Board also has representation from all major stakeholders responsible for engineering matters in the country.

Attendance to Board meetings by Board members

Members are expected to attend all Board meetings except with the permission of the Chairman. Failure to attend three consecutive Board meetings without the Chairman's permission may lead to removal from office.

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Board/Board Committee Meetings

During the year 2022/2023 the Full Board held Four (4) Ordinary Meetings and Three (3) Special Meetings. There were other meetings during the year as need arose.

The summary of number of Board and Board Committee meetings held is presented below:

No.	Board / Board Committee	No. of Meetings Held
1.	Regular Board Meeting	Four (4)
2.	Special Board Meeting	Four (4)
3.	Registration and Professional Development Committee	Eight (8)
4.	Academic Qualifications Committee	Four (4)
5.	Finance, Strategy and Human Resource Development Committee	Seven (7)
6.	Audit, Risk and Governance Committee	Five (5)

The summary of attendance of Board and Board Committee meetings by individual members is presented below:

No.	Name of Board Member	No. of Board Meetings Attended	No. of Committee Meetings Attended	Total No. of Meetings Attended
1.	Eng. Erastus K. Mwongera, CE, CBS, FIEK	8	-	8
2.	Eng. Erick Ohaga, CE	7	8	15
3.	Mr. Daniel Mutua	7	11	18
4.	Mr. Evans Atambo	5	8	13
5.	Mr. Alex Mbuvi	5	0	5
6.	Eng. Benjamin K. Maingi, CE	8	13	21
7.	Eng. Roselane A. Jilo, PE	7	11	18
8.	Eng. Jane A. Simiyu, CE	8	11	19
9.	Eng. Julia W. Ondeyo, PE	8	10	18
10.	Prof. (Eng.) Silvester O. Abuodha, CE	7	11	18
11.	Eng. Dr. Johnson M. Matu, CE	8	9	16
12.	Mr. Bernard J. Leparmarai	8	9	17

Board and Management Performance Evaluation

The Board members evaluate themselves through a Board self-evaluation exercise facilitated by State Corporation Advisory Committee. The performance of individual members falls under the ambit of the Chairman. The Board evaluates the Registrar/CEO. The Registrar/ CEO conducts

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annual performance reviews of the senior managers to evaluate their performance against relevant performance measures and reports to the Board on the outcome of this review.

Board Performance Results

In the year under review, performance of the Board was conducted by State Corporations Advisory Committee (SCAC). Results of the exercise gave the Board a score of **96%** which is equivalent to **Very Good**.

Conflict of Interest

During the year ended 30th June 2022 the Board Maintained a Conflict-of-Interest Register, for the reporting period there was no conflict of interest reported by members of the board in the conduct of their functions. As required, before commencement of each meeting held, every board member was given an opportunity to declare any conflict of interest in the matters for consideration.

Remuneration

Payment of Honoraria and allowances to the Chairperson and other allowances to the other members of the Board were made in accordance with Guidelines on Terms and Conditions of Service for State Corporations' Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff. The total expenses incurred in relation to Board activities was **Kshs. 21,090,207**.

Succession plan

The succession plan at the Board level involves notifying the appointing officer when the term of the Board is coming to an end. At the management level the Board develops knowledge, skills, and abilities of its staff, and prepares them for advancement or promotion into ever more challenging roles. Further, the Board intends to develop and implement a policy for Management succession planning in the next FY.

Appointment and removal of Board members

Board members are appointed by the Cabinet Secretary in charge of engineering matters in accordance to section 5(1) of the Engineers Act. Vacation of office of Board members is provided for under section 11 of Engineers Act, 2011.

Code of Ethics and Conduct

The Board has developed a code of ethics and conduct to guide its governance operations. The Board did not conduct any governance audit during the financial year under review.

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The Board's Operational and Financial Performance

The Board implemented its 1 - year Strategic Plan (2022-2023) whose key result areas and activities are geared towards achieving the Boards mandate which is derived from the core functions as set out in the Engineers Act, 2011. They are: Registration of engineers and engineering consulting firms; Regulating engineering professional services; Setting of engineering standards; Development of the general practice of engineering; and Training and Capacity development of the Board. In 2022/2023 the Board implemented the following key activities:

1. IMPLEMENTATION OF THE ENGINEERS ACT

a. Registration of Engineers

The registration of engineers and consulting firms is one of the key mandates and function of the Board. During the year under review, there was a remarkable increase of the total number of engineers registered by the Board.

The following were the engineers registered under various categories:

Registered Engineers During 2022/2023 Financial Year

Category	Number
Consulting Engineers	50
Professional Engineers	344
Graduate Engineers	2020
Consulting Firms	20
Accredited Checkers	18
Temporary Engineers	19

The trend in the growth of various categories of engineers over the last nine years is summarized as shown below:

Registered Engineers During 2014-2023 Strategic Period

Financial Year	Consulting Engineers	Professional Engineers	Graduate Engineers	Consulting Firms	Accredited Checkers	Temporary Engineers
2014/15	33	127	1,130	0	0	12
2015/16	14	87	747	0	0	0
2016/17	21	125	1,755	18	0	31

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2017/18	24	189	2,230	13	0	9
2018/19	15	74	2,473	25	0	6
2019/20	9	110	2,561	19	0	13
2020/21	56	235	1,576	17	0	17
2021/22	36	354	1674	16	0	8
2022/23	50	344	2020	20	18	19
Total	258	1645	16,166	128	18	115

b. Engineers Project Registration Portal

The Board developed the Engineers Project Registration Portal (EPRP) which was commissioned on **14th June, 2023 at the Sawela Lodges, Naivasha during EPC 2023**. The intended purpose of the portal is to effectively monitor and evaluate ongoing projects being undertaken by registered engineers with a view of curbing collapse of buildings in the country. The EPRP aims to strengthen the regulatory framework through which the Board will ensure that the engineering projects meet the set standards for the safety and welfare of the public.

c. Continuing Professional Development Programs for Engineers

The Board continued strengthening the Continuous Professional Development (CPD) programs for engineers by organizing activities in various relevant areas in line with its mandate of developing the engineering profession. During the year under review the Board organized and implemented the CPD training activities which were pre-dominantly conducted via the online platform.

In line with Section 7 (1) (r) of the Engineers Act 2011 that allows the Board to “collaborate with engineering training institutions, professional associations, engineering organizations and other relevant bodies in matters relating to training and professional development of engineers,” the Board partnered with various institutions to hold a diverse range of physical and virtual events. Over 7,500 engineers registered in the various categories attended the CPD activities held in the FY 2022/2023.

Of note, is the Engineering Partnerships Convention 2023 whose theme was “Growing Kenya’s Economy – Engineers’ Contribution to Development” held in Naivasha. The Convention brought together engineering practitioners, engineering leaders and decision makers, government and policy makers, subject matter experts and thought leaders, university and research leaders, and students to discuss the contribution of engineers in driving economic growth.

d. Graduate Engineers Internship Programme

During the year under review, the Board continued receiving funding for the Board's flagship Graduate Engineers Internship Program.

The main objective of the programme is to provide graduate engineers with structured training geared towards preparation for professional registration. The programme is run on three models: -

- i) Government funded models.
- ii) Agency and Academia based models.
- iii) Self-sponsored models

Under the Government funded model, the Board has successfully recruited, inducted and placed over 200 graduate interns in four cohorts in industry for training.

Of the 3 MOUs signed with the Kenya Bureau of Standards (KEBS), Davis & Shirliff (D&S) and Isuzu East Africa Ltd. Under the agency-based model, the Board mounted professional training workshops that enabled graduate engineers transition to become professional engineers. This model focuses on employers of graduate engineers who have training programmes and in partnership with the Board, the training programmes are enriched to ensure that the graduate engineers gain competencies required for professional registration.

e. Independent Review of Engineering Programmes

The Engineers Act 2011, confers on the Board the function and mandate to evaluate engineering programmes both local and foreign for recognition by the Board... In the FY 2022/2023, the Board recognized 20 engineering programmes from various universities including JKUAT, KU, SEKU and Machakos

f. Partnerships/Collaborations/Memorandum of Understanding

- The Board signed a Memorandum of Understanding with the Korea Professional Engineers Association whose main aim is to provide a mechanism of cooperation between the parties through collaboration in the development of industry projects, capacity building and cultural exchange.
- During the 2022/2023 FY, the Board obtained associate membership at the World Federation of Engineering Organizations which has strengthened its bid to accede to the Washington Accord.

- Mentorship to attain provisional signatory status towards acceding to the Washington Accord continued under the guidance of the Pakistan Engineering Council and the Board of Engineers Malaysia. This saw the Board revamping its accreditation framework to align to the requirements of the International Engineering Alliance.

g. Site Inspections

Pursuant to Section 7 (1) (g) of the Engineers Act which mandates the Board to “enter and inspect sites where construction, installation, erection, alteration, renovation, maintenance, processing or manufacturing works are in progress for the purpose of verifying that— (i) professional engineering services and works are undertaken by registered persons under this Act; (ii) standards and professional ethics and relevant health and safety aspects are observed”, the Board conducted 26No. Site inspections in Kiambu, Nairobi and Kajiado Counties. The purpose of this exercise was to establish the root cause of the disasters and inform on the adequacy of supervision arrangements. Reports of the findings were prepared with recommendations for action.

h. Engineering Partnerships Convention 2023

One of the Board's major events during the financial year was the Engineers Partnerships Convention (EPC) that was held in the Sawella Lodges, Naivasha from 14th to 16th June, 2023. More than 2000 participants (including foreign delegates; both virtual and physical) attended at the event themed: **“Transforming Kenya's Economy- Engineers' Contribution to Development.”** Conversations and break away sessions focused around 4 pillars aligned to Engineering and Economic Development, Developing the Engineering Professional, Liberalizing Professional Engineering Services in the East African Community and AFCTA, and Enhancing Compliance for Safe, Efficient and Effective Infrastructure.

The Chief Guest, the President of the Republic of Kenya, In his opening remarks pledged to, “support Kenya's bid to accede to the Washington Accord under the International Engineering Alliance and to promote international recognition of Kenyan engineering programmes and qualifications, as well as scale up the Graduate Internship Programme, from its current enrolment of 120 to 500 trainees in the next financial year. This is in recognition of the needs of transforming Kenya's economy. “

The Board is committed and seeks to bring in global perspectives to the Kenyan engineering value chain which include introducing reforms in engineering education that were transform it to outcomes-based engineering education as EBK as participated in negotiations of the liberalization of professional engineering services across Africa and the world.”

2. DEVELOPMENT OF THE BOARD'S INSTITUTIONAL CAPACITY

Employees Welfare

1) Staff Recruitment and Induction

In the past year, the Board has made significant strides in staff recruitment, reflecting on our commitment to attracting top talent and fostering growth. The Board has successfully filled 12No. of vacancies namely; Board recruited Director Legal and Corporations Secretary, Manager, Research and Strategy and Manager, GEIP, Legal Officer, Human Resources Management and Development Officer, Accountant, Auditor, Registration Officer, Principal Accreditation Officer, Senior ICT Officer and Two (2) Senior Compliance Officers.

The Board will continue with its commitment to diversity and inclusion by implementing unconscious bias training for our hiring teams and launching mentorship programs to support the professional development of diverse employees. Furthermore, the board will closely monitor key recruitment metrics, such as cost per hire and retention rates, to ensure that the Board's efforts remain efficient and effective. These strategies will enable the Board to meet the evolving staffing needs of our organization and maintain a competitive edge in the talent market.

The Board's recruitment policy ensures the gender ratio is taken into consideration as well as other salient features of the constitution such as marginalized and ethnic diversity.



New staff induction held at Lake Naivasha Resort, Naivasha from 7th to 11th November 2022

2) Staff Capacity Building

The Board projected staff to undertake various capacity building activities. These included both at individual and Group/Performance Committee levels. The Board also conducted a 3-day Staff Team Building retreat from 7th to 9th February 2023 whereby the following were the key objectives discussed during the retreat:-

- a) Improving staff productivity and performance by providing fun and challenging team building activities
- b) Strengthening team spirit, trust and interpersonal relations
- c) Strengthening collaboration cross-working department
- d) Improving communication, conflict resolution, interpersonal skills, team morale, work life balance, stress management and emotional intelligence

3) Incorporating Gender and Disability at The Workplace

The Board organised a full day sensitisation program for staff with trainers from National Gender Equality Commission (NGEC) and National Council for Persons With Disability (NCPWD). Detailed conversations revolved around developing policies and committing to all forms of affirmative action so as to attain balanced diversity. The Board commits to sustainable reinforcement of gender and disability impact.

i) World Engineering Day held on 4th March, 2023

The 40th General Conference of UNESCO adopted a resolution to proclaim 4th March of every year a world-engineering day for sustainable development. This was an opportunity to celebrate the important contributions of engineers and engineering to sustainable Development and modern life. It was also an opportunity to discuss how engineers could be involved in sustainable development and also to engage the wider community on the contributions of engineers and engineering which were very critical factors for achieving Sustainable Development goals.

The Board in collaboration with the Institution of Engineers of Kenya participated in the World Engineering Day 2023 themed "**Engineering Innovations for a More Resilient World**" at the University of Nairobi on 4th March , 2023.

ii) Automation of the Board's Processes and Services

The following processes have already been automated with continuous improvements and upgrades currently underway:

1. Use of Enterprise Resource Planning (ERP) System

The Board managed to bring on Board an ERP consultant that is assisting the Board to fix the identified gaps to allow an end-to-end automation of the various processes. The Board has upgraded the ERP system to Microsoft Dynamics 365 Business Central. It is a cloud-based system that is more flexible and has more functionalities. It has automated its internal processes and rolled out Employee Self Service Modules like leave management and payroll systems. Online Engineer Registration module have been developed and is undergoing internal reviews before deployment.

2. EBK Attendance Management System

The board deployed an Attendance Management System that automates the registration process of attendees and issuance of giveaways for EBK organised events. The system was well deployed during the Engineers Partnership Convention, 2023.

3. Engineers Stamps

During the year under review, The Board continued to issue the engineers stamps as one of the compliance tools under the Engineers Rules of 2019. These tools will be very helpful to the general public as it ensures that professional engineering services are only offered by practising engineers who are registered under the categories of professional & consulting engineers and are in good standing with the Board. In addition, the intended purpose of the Stamp is for easy identification of genuine engineering documents and certifying engineers. To this end, the Board issued 1154 stamps out of 1951 stamps produced as at 30th June, 2023.

4. Engineers Identification Cards (Engineers ID)

EBK partnered with the National Bank of Kenya (NBK) for purposes of generating high quality and secure Engineer ID Cards. The Engineers ID Card was launched at a colourful ceremony during the 27th IEK Conference that was held on 23rd – 27th November 2020 at Pride Inn Paradise Beach Resort in Mombasa City. The Board issued 991 IDs to the respective engineers out of 1438 produced as at 30th June, 2023.

iii) Other Significant Activities carried out during the financial year:

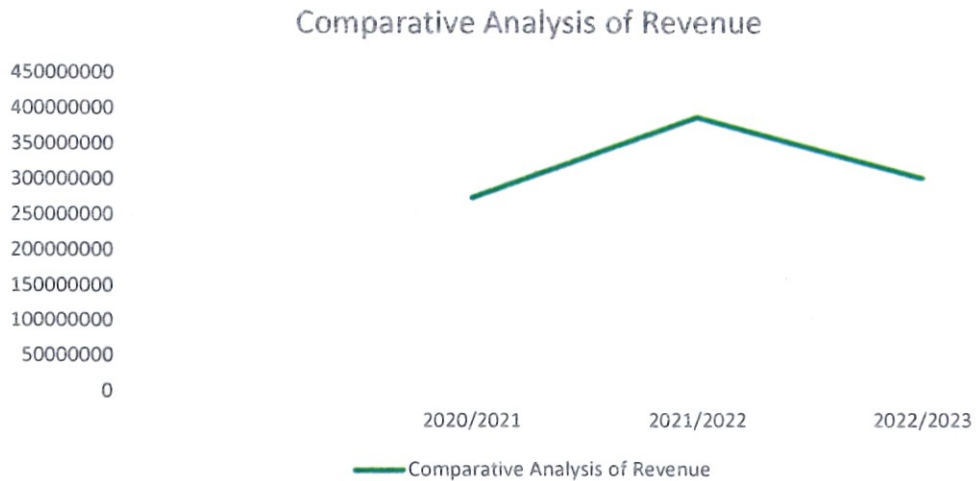
- Carried out Corruption Risk Assessment in the areas of Information Communication Technology, Payroll Management, Procurement and Financial Management and implemented risk mitigation plan to address the risks identified. The Board also trained

5 Integrity assurance Officers to support Corruption Prevention Committee in the fight against corruption.

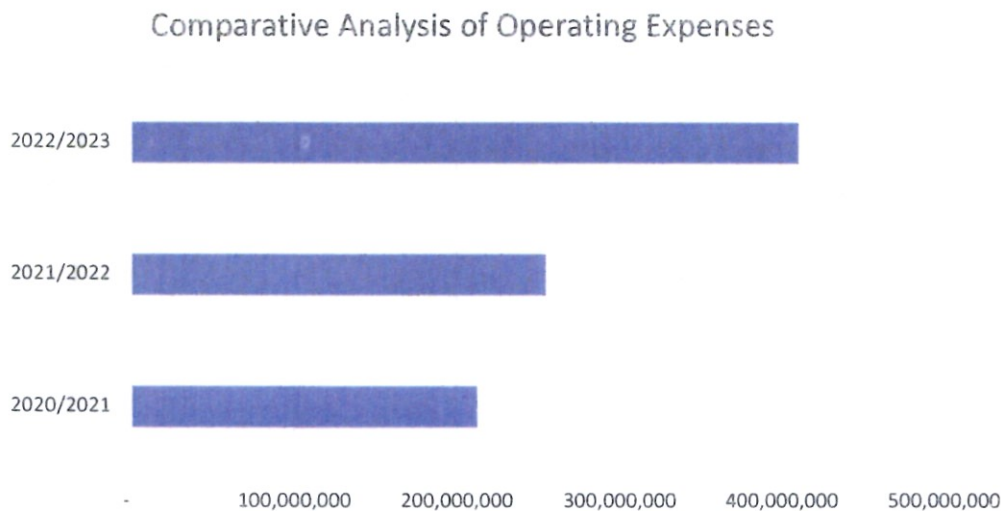
- The Board continued registering youth, women and persons with Disability suppliers during period in line with its performance Contract for the financial year 2022/23. These initiatives were geared towards enhancing awareness, building capacity, increasing transparency and promoting allocation of 30% procurement opportunities.
- The Board in collaboration with the Council of Governors sensitized Governors and County Executive Council Members (CECMs) from the Lands, Housing and Urban Development and the Roads & Transport Committees from 203rd to 28th January, 2023.
- The Board held Engineers Scale of Fees 3-day sensitization workshop virtually that involved Roads & Transport Sector, Energy, ICT & Manufacturing Sectors and Water, Irrigation & Agricultural Sectors from 29th to 31st March, 2023. 1500 participants were sensitized on the gazetted Rules.
- The Board actively participated in the Multi Sectoral Committee established to address the problem of collapse of buildings and building regulatory gaps. During the period under review, was able to develop the Engineers Project Registration Portal which shall be further integrated with other regulators and county governments automated systems for efficient monitoring of construction projects. This was one of the resolutions during the inaugural meeting of the committee.
- The Board held inaugural pre-submission conferences quarterly to guide graduate engineers on the process of registering as Professional Engineers (P.E.) which is now a mandatory requirement for graduate engineers to attend these conferences before undertaking the professional examinations. Subsequently, The Board held 2 workshops (1st and 2nd module) on preparation of examination Reports in May, 2023. This is to encourage Graduate Engineers with requisite skills of 3years and above to apply for professional registration.
- The Board facilitated the training of the Assessors and the Committee at Nairobi on the 12th & 13th June, 2023 in a bid towards acceding to the Washington Accord.
-

3. FINANCIAL PERFORMANCE

- Over the last three (3) years (2020/2021 to 2022/2023), the Board's revenue has increased from **Kshs. 275,964,210** in 2020/2021 to **Kshs. 389,031,054** in 2021/2022 and then declined to **Kshs. 303,288,479** in 2022/2023.



- Over the last three financial years (2020/2021 to 2022/2023), operating expenses have increased from **Kshs. 212,712,642** to **Kshs. 410,831,321**.



SECTION B

Board's Compliance with Statutory Requirements

The Board entered registration for PAYE with remittance made vide the KRA i-tax portal. All other staff statutory deductions were also remitted within the stipulated deadlines. There was no major non-compliance that may expose the Board to potential contingent liabilities.

SECTION C

Key Projects and Investment decisions EBK is planning/implementing

The Board is implementing its Strategic Plan and programmes are implemented in accordance with Annual Work Plans and Budgets drawn from the plan. Key projects are geared towards facilitating delivery of the Board's mandate in line with the National Government strategic objectives and policies as outlined in the Medium-Term Plan III of the Vision 2030 and aligned to the President's Big Four Agenda. The Board is carrying out the following three programs in the Medium Term 2018/19 to 2022/23;

1. The Graduate Engineers Internship Programme (GEIP)

Engineering plays a critical role in achievement of Vision 2030, and the Bottom-Up Transformation Agenda espoused by the government. However, Kenya faces an acute shortage of qualified engineers who can legally and competently practice and support the country in achieving its development agenda.

GEIP is a structured three-year internship programme designed to enable young graduate engineers to gain hands-on professional experience under the close supervision of registered professional engineers. EBK engages industry to provide internship opportunities for interns. The focus of GEIP are:

- Provision of capacity professional development by training the freshly qualified graduates through internship programme to develop qualified engineering personnel for continued public service delivery;
- To enable young engineers to acquire adequate practical training and experience and develop career and life skills needed for 21st century workplace;
- To increase the rate of professional registration thus improving the engineer-to-population ratio resulting in a major impact on Country's national development goals;
- To develop leadership skills in graduate engineers by ingraining them with engineering principles to effectively run Engineering infrastructure, systems and processes.

Several organizations have reached out to the Board and have their internship programmes come under the Board's GEIP Programme. This will fast track the rate of transition from graduate to professional engineer within these organizations.

2. Establishment of Kenya School of Engineering

The Engineers Act, 2011 gives the Board the function to establish a school of engineering and provide facilities and opportunities for learning, professional exposure and skills acquisition, and cause continuing professional development programmes for engineers to be held; The School of Engineering will provide a platform where students with deficiencies for Registration in certain disciplines to bridge and become registrable by the Board. This will minimize the challenges associated with non-registration of graduates.

The school of Engineering will equip Engineers with a forum to enhance their professional skills through programmes under Continuing Professional Development. Engineering graduates with training on practical skills required in the Job market therefore ideally adding value to the graduates before they enter the market. The Board has requested the government to fund this programme.

3. Kenya Academy of Engineering and Technology

The Engineers Act, 2011 gives the Board the function to establish Kenya Academy of Engineering and Technology whose purpose shall be to advise the National and the County Government on policy matters relating to engineering and technology. The Board has approved the By-Laws for the establishment of the Kenya Academy of Engineering and Technology.

4. Compliance and Enforcement of Engineering Standards

To conduct monitoring of compliance by entering and inspect sites where projects are being implemented as provided for in the Section 7 (1) (g) and (f) of the Engineers Act, 2011. The Board launched the Engineers Project Registration Portal (EPRP) on 14th June, 2023 for effective Monitoring of projects.

SECTION D

Major Risks facing EBK

The key risks facing the Board include:

i. Operational Risks

- The automation of the Board's core services like application and renewal of engineering licenses in line with the government policy on adopting e-services comes with certain risks like hacking and counterfeit of e-documents.
- Inadequate human resource capacity to facilitate the provision of efficient and effective services.

ii. Market Risks

- Low conversion rate of Graduate Engineers to Professional Engineers due to limited training opportunities.
- Low public awareness of the regulatory framework for engineering services resulting in low engagement of engineers by developers to carry out engineering services.
- Low awareness and uptake of registration services among the consulting engineering firms and temporary engineers.
- Foreign engineers and firms who are not registered with the Board.

iii. Legal and Regulatory risks

- The Board being a regulator is faced with court cases from time to time some of which demand for financial compensation from the Board.
- Overlapping mandates between Engineers Act, 2011 and Universities Amendment Act, 2016 as well as the Engineering Technology Act, 2016; these have impacted on the Board functions relating to accreditation of engineering courses as well as regulation of engineering technologist and technicians vis-à-vis professional engineering services.

SECTION E

Material Arrears in Statutory/Financial Obligations

The Board is not in arrears in terms of its statutory /financial obligations on items such as loan default, outstanding staff and pension obligations/actuarial deficit on pension schemes, non-payment of dividends and loan redemption to the National Exchequer.

SECTION F

The Board's Financial Probity and Serious Governance Issues

There is no financial improbity reported by the Internal Audit Unit, The Board Audit Governance and Risk Committee, External auditors, or other National Government Agencies providing oversight.

There are no governance issues among Board Members and Top Management including conflict of interest. The Conflict-of-Interest Register is maintained to record all declared conflicts of interest among Board Members and Staff.

SECTION G

Pictorials – Staff Team Building Retreat



EBK staff members taking part in the various activities during the staff team building retreat

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

As the Board strives to ensure production of competent engineers and quality engineering services through regulation, capacity building and enforcing compliance with set engineering standards for improved socio-economic development, we are committed to improving our world and empowering the communities where we live and work. The Board is committed to improving service delivery to all its customers and stakeholders. In this regard, EBK will remain guided by the following core values: -

- Integrity
- Professionalism
- Customer Centric
- Teamwork
- Inclusivity and Diversity
- Innovation

CORPORATE SOCIAL RESPONSIBILITY EVENTS FOR FY 2022/23

The Board managed to incorporate to its normal business some CSR activities namely: -

- I) **Tree Planting Exercise in Forests across the coastal region of Kenya**
“Presidential directive on tree planting”

Forests not only provide environmental benefits, but also offer significant income and livelihood options for more than one billion forest-dependent people around the globe. Trees provide a wide range of products (timber, fruit, medicine, beverages, and fodder) and valuable “services”, including sequestering carbon, providing shade, controlling erosion, beautifying landscapes, and increasing the fertility of soils. The Board was involved in implementation of Presidential Directives on the Constitutional target of 10% national tree cover to be achieved by year 2022 through among other initiatives including the revival of Chief’s tree nurseries with technical support of Kenya Forest Service and allocation of 10% Corporate Social Responsibility (CSR) to tree growing;

Accordingly, Engineers Board of Kenya (EBK) committed to enhance the protection of the environment by securing riparian lands, water towers, improving the national forest cover, and other measures to facilitate sustainable development. In Financial Year 2022/23 the Board joined hands with other agencies under the State Department of Infrastructure in planting of over Thirty Thousand Seedlings in Coastal region of Kenya covering the counties of Mombasa (Tudor Creek Mangrove Forest – Junda), Kwale (Mida Creek), Kilifi (Takaungu Creek – Kwa Kadzengo) and Taita Taveta. The Board, led by the Registrar/CEO in conjunction with

representatives from the Kenya Forest Service (KFS), Community members, EBK management, staff and Interns under GEIP participated in a similar tree planting exercise at Eburru forest in Nakuru County where 3,000 indigenous seedlings were planted as a show of the Board's commitment and contribution towards this year's World Environment Day under the theme #OnlyOneEarth.

The achievements of these activities were:

1. Contributed to the empowerment of the communities' livelihood through, purchase of seedlings from CBO's and their involvement in the land preparation and planting exercise.
2. It gave a forum for awareness creation on trees, environmental protection and also arising development issues.

The Board is committed to contribute to 10% tree planting cover as per the Presidential directive.



EBK Staff participate in a tree planting exercise at the coastal region of Kenya



Part of Mida Creek Conservation CBO ready to plant 1300 seedlings

II) Donations to Marginalized Groups

The Board recognizes the need to promote environmental sustainability, health and social welfare of the society at large, specifically to the deprived and underprivileged communities through its Corporate Social Responsibility (CSR) programs. The Board donated foodstuff, diapers and Sanitary pads to the ASN Upendo Village HIV/AIDS Project – Kenya in Naivasha, Nakuru County on 3rd March, 2023 with a view of passing a message of love, care and support to persons living with HIV and AIDS.

11. REPORT OF THE DIRECTORS

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

Principal activities

The Board's mandate is provided for under Section 6 of the Engineers Act 2011. The Board is responsible for the registration of engineers and firms, regulation of engineering professional services, setting of standards, development and general practice of engineering.

Results

The results of the Board for the year ended June 30, 2023 are set out on pages 01 to 24.

Directors

The members of the Board of Directors who served during the year in accordance with the Engineers Act 2011 are shown on pages (xiii) to (xvii). During the year, Mr. Charles Obiero was replaced by Mr. Evans Atambo in the Board with effect from 1st October 2022, as the representative of the Principal Secretary - Higher Education & Research.

Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with Section 68 (2) (K) of the Public Finance Management (PFM) Act 2012, Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General may and report on the accounts of any entity that is funded from public funds.

By Order of the Board



Eng. Margaret N. Ogai, CE
Registrar/Chief Executive Officer
Engineers Board of Kenya
Nairobi.

Date: 28.9.2023

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management (PFM) Act, 2012, Section 14 of the State Corporations Act, 2015, and the Engineers Act, 2011 require the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year. The Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board;
- (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 Board;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board'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 Engineers Act of 2011. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year ended June 30, 2023, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2023

The Directors confirm that the Board has complied fully with applicable Government of Kenya Regulations and the terms of external financing covenants (where applicable), and that the Board's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Nothing has come to the attention of the Directors to indicate that the Board 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 Engineers Board of Kenya (EBK) financial statements were approved by the Board on 28/09/ 2023 and signed on its behalf by:



Eng. Erastus K. Mwongera, FIEK, CE, CBS
Board Chairperson



Eng. Margaret N. Ogai, CE
Registrar/CEO

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON ENGINEERS BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Engineers Board of Kenya set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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

In my opinion, 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 Engineers Board of Kenya as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Engineers Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Conference and Air Ticket Expenditures

The statement of financial performance reflects use of goods and services expenditure of Kshs.236,144,205 as disclosed in Note 13 to the financial statements. Review of records revealed that there were conference and air tickets expenditure of Kshs.1,528,660 and Kshs.3,163,025 respectively that were incurred without valid requisitions and issuance of local purchase/service orders.

In the circumstances, the propriety of the expenditure of Kshs.4,691,685 could not be confirmed.

2. Inaccuracies in Board Expenses

The statement of financial performance reflects Board expenses balance of Kshs.21,090,207 as disclosed in Note 15 to the financial statements. Review of the supporting ledger revealed that various expenses amounting to Kshs.2,801,104 were mis-posted to other various expenditure items distorting the respective expenditure balances reported in the financial statements. Therefore, the total Board expenditure including the mis-posted Board expenditure would have amounted to Kshs.23,891,311 (or 5.7% of the total expenditure).

Further comparison of the balance with the recommended Board expenditure of Kshs.20,141,103 or 5% of the total expenditure of Kshs.402,822,058 in the year under review, Management have incurred an amount of Kshs.3,750,208 above the recommended Board expenditure without the required approvals.

In the circumstances, the accuracy of the Board expenses balance of Kshs.21,090,207 could not be confirmed,

3. Long Outstanding Receivables from the State Department for Roads

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.195,986,816 as disclosed in Note 19 to the financial statements. The balance includes development partners - EARTTDFP amount of Kshs.19,404,719 in

respect of funds receivable from the State Department for Roads under the East Africa Regional Transport, Trade and Development Facilitation project. The latter balance includes outstanding expenditure incurred by the Board to be funded through the donor funded project for holding the Engineers Partnership Convention in the year 2022 at a cost of Kshs.9,663,200. Further, included in the balance of Kshs.19,404,719 was an amount of Kshs.3,500,455 incurred by the Board as part payment for ERP system implementation and which was to be funded through the project.

Review of records revealed the following observations;

- (i). It was highly unlikely that the debt will be recoverable before the expiry of the credit facility by the donor since the debt has been outstanding for eighteen (18) months by the time of the audit.
- (ii). Further, third party confirmation from the audited financial statements for the EARTTDF project for the year ending 30 June, 2023 revealed there were no pending payables related to the Board. Consequently, the authenticity of the outstanding debt could not be confirmed.

Further, the balance includes an amount of Kshs.94,682,097 in respect to annual subscription which comprised of net receivables amount of Kshs.135,260,138 and the provision for doubtful debts amount of Kshs.40,578,041. However, the ageing analysis provided reflects debtors' balance of Kshs.136,585,851 that had been outstanding for more than 90 days with some dating back to from 30 June, 2019.

In the circumstances, the recoverability of the receivables from non-exchange transactions balance of Kshs.195,986,816 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Engineers Board of Kenya Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis amounts of Kshs.450,644,000 and Kshs.303,288,479 respectively, resulting to underfunding of Kshs.147,355,521 (or 33% of the budget). Similarly, the Board expended Kshs.410,831,321 against an approved budget of Kshs.450,644,000, resulting to under-expenditure of Kshs.39,812,679 (or 10% of the budget).

In the circumstances, the underfunding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not provided an explanation of how the issues were resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of a Substantive Board Chairman

Review of the Board's records revealed that the previous Board Chairman was re-appointed as a Board Member for the second and final term on 04 August, 2022. However, it was observed that upon re-appointment, he was not officially appointed as the Board's Chair and therefore the Board had no substantial Chairman as at the time of the audit, in December, 2023. This is contrary to Section 5(1)(a) of the Engineers Act, 2011 which states that the Board shall consist of - the chairperson who shall be appointed by the Cabinet Secretary from amongst the members appointed under Paragraph (g).

In the circumstances, Management and the appointing Authority were in breach of the law.

2. Unapproved Staff Bonus Payments

The statement of financial performance reflects employee costs amounting to Kshs.101,003,977 as disclosed in Note 14 to the financial statements. Review of the Board's payrolls for the period under review revealed that bonus payments of Kshs.2,288,693 were paid to various staff of the Board in the month of August, 2022. Although Management provided the performance contracting guidelines, evaluation by the Ministry of Public Service and Gender and the approval of the Board, the

approval of the parent Ministry was not provided. This is contrary to Circular No. OP/CAB9/21/2A/LII/43 dated 23 November, 2004 which states that the approval of the parent Ministry must be considered in making bonus payments.

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

3. Delayed Implementation of the Enhanced Enterprise Resource Planning (ERP) System

The Board entered into a contract with a firm on 06 September, 2021 for provision of an Enterprise Resource Planning system (ERP) at a contract sum of Kshs.11,698,463. The project was donor funded by East Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP) Credit No.5638-KE) due on 31 December, 2023 as reflected in the financing agreement with an extension of one more year to 31 December, 2024.

Review of the contract agreement revealed that as provided in Clause GCC 12.1(b) thirty percent (30%) of the total contract price was to be payable against issuance of the installation certificate under GCC Clause 26. This payment was made on 19 January, 2023, one year and three months after the time the contract was signed however, the refund has not been made.

As at the time of the audit, the performance guarantee dated 16 August, 2021 and valid up to 01 August, 2022 had expired. Further, it was observed that the Board did not have a valid contract with the consultant since the original contract had expired.

Further, it was noted that there was delay in achievement of operation acceptance which was to be achieved within 120 days (06 January, 2022). This was documented through some manual operations of the Board in the financial year 2022/2023 since the ERP was not fully operational.

In the circumstances, the delay in project implementation negatively affected service delivery to the public.

4. Staff Under-Establishment

Review of human resource records provided for audit revealed that the Board had an approved staff establishment of one hundred and twenty-one (121) officers. However, during the financial year under review only thirty-nine (39) officers were placed in various cadres which was equivalent to 32%, thus resulting to a shortfall of eighty-two (82) officers across the various staffing cadres due to underfunding of the Board.

In the circumstances, there is a risk of the Board not being able to deliver on its mandate.

5. Payment of Airtime Allowance

5.1 Employees Paid Airtime Allowance Above the Approved Rate

Review of the Board's monthly payrolls revealed that Management paid four (4) employees airtime allowance above what is stipulated in the salaries and allowances entitlements for the Board by an amount of Kshs.63,785.

No evidence was provided by Management on recoveries of the overpayments of airtime allowances from the affected staff.

5.2 Employees Paid Airtime Allowance Less Than the Approved Rate

Further, review the Board's monthly payrolls revealed that Management paid eight (8) employees airtime allowance that was less than what is stipulated the salaries and allowances entitlements for the Board by an amount of Kshs.8,083.

In the circumstances, Management was in breach of the Board's policy on payment of airtime.

6. Non-Rotation of Board Members in the Board's Committees

Review of the Board committee composition and available records revealed that various Board members in various committees were not rotated based on the approved Regulations. This is contrary to Annexure I, Part D – Section 11 of Mwongozo – The Code of Governance for State Corporations on Committees of the Board which states that the Board may, from time to time, rotate Board members between the committees.

In the circumstances, the Board was in breach of the regulations.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Unrealized Application Fees - Independent Review Fees

The statement of financial performance reflects application fees amount of Kshs.35,387,960 related to application fees as disclosed in Note 7 to the financial statements which further includes independent review fees income of Kshs.2,249,820. The statement of performance against predetermined objectives for the financial year 2022/2023 indicates that the Board conducted twenty (20) Independent Reviews on Engineering Programmes in six (6) universities. The six (6) universities were invoiced a total amount of Kshs.6,000,000 for the independent reviews conducted. However, as at

30 June, 2023 only two (2) universities had paid for the course accreditation of University Engineering Programs while one (1) university had partially paid thus accounting for a total amount of Kshs.2,249,820 received during the year. Further, three (3) universities had not paid the invoiced fees thus accounting for the unrealized application fees income of Kshs.3,750,180.

In the circumstances, the Board is exposed to bad debts arising from non-collection of debts accruing from offering of accreditation services.

2. Weak Internal Controls - Imprest Management

Review of the Board's bank statements provided revealed that a total amount of Kshs.15,058,935 was withdrawn in cash from two (2) bank accounts operated by the Board on diverse dates. The withdrawals related to imprests paid to officers for various activities of the Board. Included in the balance of Kshs.15,058,935 is cash withdrawals amount of Kshs.8,081,005 relating to staff imprests exceeding the maximum petty cash limit of Kshs.100,000 per week contrary to Section 5.1 of the Board's Financial Policies and Procedures Manual on petty cash. Further, the cash withdrawals were for other payments instead of the respective payees' contrary to the Board's financial policies and procedures on bank and cash management.

Review of records provided revealed that an amount of Kshs.12,841,802 was withdrawn from the Board's bank accounts as staff imprests and used to cater for various payments other than those approved under imprest utilization. The amounts withdrawn exceeded the petty cash withdrawal limit of Kshs.20,000 contrary to Section 5.3 of the Board's financial policies and procedures manual.

In addition, review of the Board's cashbook and the bank statements revealed that various cash withdrawals were made through direct withdrawals and cheque encashments for various Board activities which were not recorded in the staff imprest register or ledgers. Further, records provided revealed that the Board directly expensed the withdrawals in various expenditure items. It was not possible to confirm whether the cash advances were being supported by imprest warrants dully authorized by the Accounting Officer.

In the circumstances, the effectiveness of internal controls in relation to imprest management could not be confirmed.

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

Responsibilities of Management and Board of Directors

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

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

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

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

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

The Board of Directors is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board 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 Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 April, 2024

ENGINEERS BOARD OF KENYA
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14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

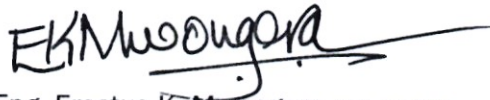
	YEAR	2022/2023	2021/2022
	NOTES	KSHS	KSHS
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Transfers from other Government Entities	6	155,400,000	289,400,000
Application Fees	7	35,387,960	28,049,300
Annual Subscription Fees	8	66,331,838	51,165,130
Public Contributions & Donations	9	100,000	-
Total Non-Exchange Transactions		257,219,798	368,614,430
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Income	10	3,762,445	3,425,019
Other Income	11	61,804	29,670
CPD Income	12	42,244,432	16,961,935
Total Exchange Transactions		46,068,681	20,416,624
Total Revenue		303,288,479	389,031,054
EXPENSES			
Use of Goods and Services	13	236,144,205	137,587,241
Employee Costs	14	101,003,977	80,225,029
Board Expenses	15	21,090,207	14,153,394
Depreciation and Amortization Expense	16	20,202,605	23,194,068
Repairs and Maintenance	17	4,351,901	1,303,645
Increase in Provision for Doubtful Debts	18	28,038,425	(1,742,514)
Total Expenses		410,831,321	254,720,863
SURPLUS/(DEFICIT) FOR THE PERIOD		(107,542,842)	134,310,193


 Eng. Margaret N. Ogai, CE
 Registrar/CEO

Date: 28.9.2023


 Elijah N. Muriuki
 Finance Manager
 ICPAK No.: 14037

Date: 28/09/2023


 Eng. Erastus K. Mwangera, FIEK, CE, CBS
 Board Chairman


Date: 28.09.2023

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15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	YEAR	2022/2023	2021/2022
ASSETS	NOTES	KSHS	KSHS
CURRENT ASSETS			
Receivables from Non-Exchange Transactions	19	195,986,816	173,356,547
Receivables from Exchange Transactions	20	4,952,586	2,430,000
Cash and Cash Equivalents	21	146,611,416	250,907,197
Total Current Assets		347,550,819	426,693,743
Non-Current Assets			
Property, Plant and Equipment	22	187,305,667	193,822,706
Total Non-Current Assets		187,305,687	193,822,706
TOTAL ASSETS		534,856,485	620,516,449
LIABILITIES			
Current Liabilities			
Trade Payables	23	17,572,250	10,383,539
Prepayments and Accruals	24	24,623,702	9,929,536
Total Current Liabilities		42,195,951	20,313,075
Net Assets			
Capital Reserves	25	140,842,015	140,842,015
Retained Earnings	26	351,818,519	459,361,361
Total Net Assets		492,660,534	600,203,376
TOTAL NET ASSETS AND LIABILITIES		534,856,485	620,516,450

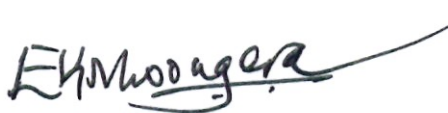
The Financial Statements set out on pages 01 to 24 were signed on behalf of the Board of Directors by:


 Eng. Margaret N. Ogai, CE
 Registrar/CEO

Date: 28.9.2023


 Elijah N. Muriuki
 Finance Manager
 ICPAK No.: 14037

Date: 28/09/2023


 Eng. Erastus K. Mwongera, CE, FIEK, CBS
 Board Chairman

Date: 28.09.2023.

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16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

DESCRIPTION	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	KSHS	KSHS	KSHS
Balance as at 1 st July 2021	140,842,015	325,051,168	465,893,183
Capital Reserve	0	0	0
Surplus for The Year		134,310,193	134,310,193
Balance as at 30th June 2022	140,842,015	459,361,361	600,203,376
<hr/>			
Balance as at 1 st July 2022	140,842,015	459,361,361	600,203,376
Capital Reserve	0	0	0
Deficit for The Year		(107,542,842)	(107,542,842)
Balance as at 30th June 2023	140,842,015	351,818,519	492,660,534

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

DESCRIPTION	YEAR NOTE	2022/2023	2021/2022
		KSH	KSH
Cash Flow from Operating Activities			
Surplus/(Deficit) for the Year		(107,542,842)	134,310,193
Depreciation and Amortization Expense	16	20,202,605	23,194,068
Increase/ (Decrease) in Provision for Doubtful Debts	18	28,038,425	(1,742,514)
Surplus Before Working Capital Changes		(59,301,812)	155,761,747
Changes in Working Capital			
Changes in Receivables – Non-Exchange	19	(50,668,694)	(43,074,856)
Changes in Receivables – Exchange	20	(2,522,586)	(2,430,000)
Changes in Payables	23	7,188,712	10,033,539
Changes in Prepayments and Accruals	24	14,694,166	1,268,612
Net Cash Generated from Operating Activities		(90,610,216)	121,559,042
Cash Flow from Investing Activities			
Purchase of Property, Plant & Equipments	22	(13,685,565)	(3,347,760)
Net Cash Generated from Investing Activities		(13,685,565)	(3,347,760)
Net Increase in Cash and Cash Equivalents		(104,295,781)	118,211,283
Cash and Cash Equivalents at 1 st July		250,907,197	132,695,915
Cash and Cash Equivalents as at 30th June		146,611,416	250,907,197

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18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ITEM	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	VARIANCE	
REVENUE	KSHS			KSHS	KSHS	%	NOTES
Government Funds	246,000,000	(90,600,000)	155,400,000	155,400,000	0	0%	
Application Fees	32,140,000	0	32,140,000	35,387,960	3,247,960	10%	
Annual Subscription Fees	67,900,000	0	67,900,000	66,331,838	(1,568,162)	-2%	
Public Contributions & Donations	0	0	0	100,000	100,000	100%	
CPD Income	15,000,000	0	15,000,000	42,244,432	27,244,432	182%	(i)
Interest and other Income	1,000,000	0	1,000,000	3,824,249	2,824,249	282%	
Balance brought forward	130,000,000	49,204,000	179,204,000				
Total income	492,040,000	(41,396,000)	450,644,000	303,288,479	(147,355,521)	-33%	
EXPENSES							
Use of Goods and Services	364,514,000	(46,796,000)	317,718,000	236,144,205	81,573,795	26%	(ii)
Employee Costs	103,000,000	2,000,000	105,000,000	101,003,977	3,996,023	4%	
Remuneration of Directors	21,526,000	1,500,000	23,026,000	21,090,207	1,935,793	8%	
Depreciation and Amortization Expense	0		0	20,202,605	(20,202,605)	100%	
Repairs and Maintenance	3,000,000	1,900,000	4,900,000	4,351,901	548,099	11%	(iii)
Increase/(Decrease) in Provision for Doubtful Debts	0		0	28,038,425	(28,038,425)	100%	
Total Expense	492,040,000	(41,396,000)	450,644,000	410,831,321	(39,812,679)	-9%	
Surplus/ (Deficit)				(107,542,842)	(107,542,842)		
Capital Expenditure	54,000,000	(30,600,000)	23,400,000	13,685,565	9,714,435	42%	

Notes on the budget performance:

- i) The Board exceeded the CPD Income target during the period due to funds collected during the Engineering Partnerships Convention held in June 2023.
- ii) The Board did not realise full absorption of these costs during the period under review as most of the planned activities were conducted virtually while others were rescheduled for implementation in the next FY as per the Board's approved business/work plan for the current financial year due to exogenous factors such as inadequate human resource capacity.
- iii) Some of the committed expenditures under these costs were not paid as the service providers involved did not issue/submit their invoices during the period under review.

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Engineers Board of Kenya (EBK) is a statutory body established under Section 3(1) of the Engineers Act 2011. The Board has the overall mandate of developing and regulating engineering practice in Kenya. The development and regulation of engineering practice is considered a key component to the achievement of infrastructure foundation under the country's Vision 2030 development blueprint. The Board is a successor to the Engineers Registration Board (ERB) established by the Engineers Registration Act, Cap 530 (1969).

The Board is mandated with the responsibility of regulating standards in the engineering profession and building capacity for individual engineers and engineering firms. The Board also registers engineers and engineering firms and regulates their conduct for improved performance of the engineering profession.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION – IPSAS 1

The Board's financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 2004 and comply with International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied to all the years presented.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The financial statements have been prepared on the basis of historical costs, unless stated otherwise. The cash flow statement is prepared using the indirect method.

The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the

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Standard	Effective date and impact:
	<p>asset's cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The entity is not involved in any Financial Instruments transactions and therefore the standard does not apply</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>The entity has is not involved in any Social Benefits transactions and therefore the standard does not apply</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial Instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

ii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022/2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue recognition**

i) **Revenue from non-exchange transactions – IPSAS 23**

Fees, taxes and fines

The Board recognizes revenues from fees and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Board and the fair value of the asset can be measured reliably.

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 Board and can be measured reliably. Annual subscription fee are measured on accrual basis on all the registered members while application fees are measured on actual fees received.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

CPD Income

Continuing Professional Development (CPD) income is recognized as actual training fees charged on participants and course accreditation & validation of service providers. The same also extends to include delegates fees and sponsorships received during conventions organised by EBK.

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.

a) Budget information – IPSAS 24

The original budget for FY 2022-23 was approved by the EBK's Board of Directors. Subsequent revisions were made to the approved budget in accordance with specific guidelines from the Parent Ministry and the National Treasury.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Board. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Board differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

The Board'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 an accrual basis.

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.

b) Taxes – IAS 12

Current Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Board operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Straight line depreciation method is used. 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 Board 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. The applicable depreciation rates are as follows;

Category	Estimated Useful Life (Years)	Depreciation Rate
Office Space	99	2%
Telephones, Telephone Equipment's, Apparatus and Instruments	8	12 ½%

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Furniture and Fittings	8	12 ½%
Motor vehicles and Motor cycles	4	25%
Computers, photocopiers, fax machines, calculators and IT Equipment	3	33.33%

d) Provisions – IPSAS 19

Provisions are recognized when the Board 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. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Board 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 Board 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 Board 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.

e) Nature and purpose of reserves

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

Capital Reserves

Refers to Net value of assets bequeathed by the former Engineers Registration Board to its successor the Engineers Board of Kenya after enactment of Engineers Act, 2011.

Retained Earnings

Refers to cumulative surpluses over the years.

f) Changes in accounting policies and estimates – IPSAS 3

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

g) Employee benefits – IPSAS 25

Retirement benefit plans

The Board provides a defined contribution plan retirement benefits for its employees under the National Social Security Fund and pension scheme.

h) Related parties – IPSAS 20

The Board 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 Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Registrar/CEO and Senior Management Team.

i) Intangible Assets -IPSAS 31

Section 96: The depreciable amount of intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use. The Board will amortize its intangible assets for a period of 3 years

j) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and cash in 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include Mpesa paybill accounts, standing imprests balances and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY – IPSAS 1

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The provision for doubtful debts has been provided for in accordance with the Board's debt management policy which became effective from the FY 2022/23. Previously, the provisions were calculated at a rate of 10%.

I) Subsequent events – IPSAS 14

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

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6. Transfers from other Government Entities

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Recurrent Exchequer	113,400,000	121,000,000
Development Exchequer	42,000,000	168,400,000
Total	155,400,000	289,400,000

7. Application Fees

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Consulting Firms	1,292,000	606,000
Consulting Engineers	1,283,000	900,000
Professional Engineers	3,665,000	5,100,000
Graduate Engineers	7,886,000	6,792,000
Temporary Engineers	5,080,000	3,439,600
Professional Examinations	9,827,150	3,000,000
Accredited Checker	450,000	25,000
Engineers ID Fee	731,500	682,500
Engineers Stamp Fee	2,923,490	7,504,200
Independent Reviews fees	2,249,820	0
Total	35,387,960	28,049,300

8. Annual Subscription Fees

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Consulting Firms	4,654,000	3,330,000
Consulting Engineers	11,345,000	8,100,000
Professional Engineers	22,280,630	17,798,230
Graduate Engineers	27,775,508	21,936,900
Accredited Checker	230,000	0
Graduate Technician Engineer	27,200	0
Technician Engineer	19,500	0
Total	66,331,838	51,165,130

9. Public Contributions and Donations

Description	2022 - 2023	2021 - 2022
	KShs	KShs
KeRRA	100,000	
Total	100,000	-

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10. Interest Income

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Gross Interest Earned	4,426,405	4,029,434
Less: withholding tax withheld at source	(663,961)	(604,415)
Total	3,762,445	3,425,019

11. Other Income

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Replacement of Certificates & Engineers' IDs	14,000	22,000
Sale of Tender Documents	4,265	7,670
Miscellaneous Receipts	5,874	0
Disposals	37,665	0
Total	61,804	29,670

12. CPD Income

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Course Accreditation and Validation Fee	370,000	1,270,000
CPD Training Fee	4,974,900	1,211,530
Engineering Partnerships Convention (EPC)	36,899,532	14,480,405
Total	42,244,432	16,961,935

13. Use of Goods and Services

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Professional Examinations	8,485,739	6,284,071
Communication	867,640	532,938
Publishing & Printing Services	2,217,849	1,658,562
Refined Fuel Lubricants	3,636,452	2,366,809
Supply Chain Management	5,986,839	3,144,634
Hospitality Supplies and Services	2,546,813	2,375,156
General Insurance (Vehicle & Office)	696,581	448,981
Utilities	2,594,768	2,236,657
Bank Charges	605,106	396,776
Service Charge & Relocation	1,406,400	1,406,400
Cleaning Services	1,828,162	1,734,226
Corporate Social Responsibility	1,441,353	765,321

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Description	2022 - 2023	2021 - 2022
	KShs	KShs
Conferences & Workshops	23,588,852	11,525,688
Advertising and Media	5,106,162	2,404,513
Legal and Governance Services	7,616,839	760,800
Audit Fees	350,000	350,000
Domestic Travel & Subsistence	2,036,717	1,947,969
Staff Training, Development & Professional Bodies Subscriptions	17,455,790	9,872,346
Capacity Building & Accreditation Expenses	13,235,836	5,406,616
GEIP Expenses	80,036,445	42,201,367
Compliance and Enforcement	11,324,359	13,512,524
Policy, Research & Strategy Expenses	13,031,883	2,074,112
QMS & ISO Expenses	447,413	232,278
Security Services	1,108,000	1,123,750
Computers Accessories	325,947	196,103
Taxation	4,210,868	158,683
Foreign Travel & Subsistence	8,556,288	6,961,426
ICT Related Expenses	3,891,760	3,948,890
Internal Audit & Assurance	712,372	2,723,538
Budget preparation & Statutory Reporting	1,391,158	1,261,722
Registration & Licensing of Engineers	1,730,035	2,353,564
Staff Welfare, Recruitment & Induction	3,668,981	2,483,678
Cross-cutting Issues (PC Committees)	3,935,643	2,353,844
Records Management	69,189	383,300
Total	236,144,205	137,587,241

14. Employee Costs

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Substantive Staff	81,847,614	66,564,104
Deployed Allowances	557,514	530,637
Contract and Casual Labour	8,007,368	6,523,829
Staff Medical Insurance	9,599,920	6,244,448
WIBA/GPA/GLA	991,561	362,010
Total	101,003,977	80,225,028

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15. Board Expenses

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Chairman Honoraria	261,000	1,044,000
Board Allowances and Expenses	9,154,000	6,144,000
Committee Allowances/Board Sessions Expenses	1,283,628	835,245
Board Retreat & Evaluation	5,100,335	3,339,210
Board Training, Travel & Subsistence	5,005,842	2,347,955
Board Medical Cover	285,403	442,984
Total	21,090,207	14,153,394

16. Depreciation and Amortization Expense

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Office Space	2,690,868	2,690,868
Motor Vehicles, Including, Motor Cycles	3,586,875	3,586,875
Computers & Related Equipment	1,212,616	1,468,079
Office Equipment, Furniture & Fittings	12,712,246	11,161,028
Intangible Assets	0	4,287,218
Total	20,202,605	23,194,068

17. Repairs and Maintenance

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Maintenance Furniture	323,849	0
Maintenance Equipment	901,181	193,664
Maintenance Building	455,036	47,290
Maintenance Motor Vehicles	2,671,836	1,062,691
Total	4,351,901	1,303,645

18. Increase in Provision for Doubtful Debts

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Increase/ (Decrease) in Provision for Doubtful Debts	28,038,425	(1,742,514)
Total	28,038,425	(1,742,514)

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19. Receivables from Non-Exchange Transactions

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Recurrent Exchequer	81,900,000	60,500,000
Development Partners - EARTTDFP	19,404,719	0
Annual Subscriptions*	94,682,097	112,856,547
Total	195,986,816	173,356,547

***Breakdown of Annual Subscriptions receivables**

Description	2022 - 2023	2021-2022
	Kshs.	KShs
Engineering Consulting Firms	2,336,000	2,121,000
Graduate Engineers	116,533,088	113,911,972
Professional Engineers	11,832,500	8,215,041
Consulting Engineers	4,558,550	1,148,150
Sub-Total	135,260,138	125,396,163
Provision for doubtful debts	(40,578,041)	(12,539,616)
Net Total	94,682,097	112,856,547

*Included in the FY 2022/2023 provision for doubtful debts is an amount of Kshs. 12,539,616 being a prior-year adjustment offset against the provision for doubtful debts.

***Ageing analysis for Receivables from Non-exchange transactions**

Description	2022 - 2023		2021 - 2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	101,304,720	52%	60,500,000	35%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	94,682,097	48%	112,856,547	65%
Total	195,986,816	100%	173,356,547	100%

20. Receivables from Exchange Transactions

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Companies (EPC)	4,952,586	2,430,000
Total	4,952,586	2,430,000

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***Ageing analysis for Receivables from exchange transactions**

Description	2022 - 2023		2021 - 2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,952,586	100%	2,430,000	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	4,952,586	100%	2,430,000	100%

21. Cash and Cash Equivalents

Description	2022 - 2023	2021 - 2022
	KShs	KShs
National Bank Current Account	14,626,005	48,220,048
KCB Bank Current Account	29,767,270	50,075,932
KCB Fixed Deposit Account	1,000,000	1,000,000
HFC Current Account	38,248,086	28,394,095
HFC Fixed Deposit Account	62,957,791	59,222,971
M-Pesa - Main Accounts	12,263	47,687,302
M-Pesa - CPD Accounts	0	16,306,849
Total	146,611,416	250,907,197

22. Property, Plant and Equipment

2021/2022						
ASSET VALUATION	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Capital Work in progress	Total
Valuation at Cost at July 1 st 2021	134,543,377	51,357,018	21,577,280	82,932,337	17,425,602	307,835,615
Additions during the Year			1,814,276	688,527	844,956	3,347,759
Disposals/ Transfers				17,887,514	(17,887,514)	0
At June 30th, 2022	134,543,377	51,357,018	23,391,556	101,508,378	383,045	311,183,374
ASSET DEPRECIATION						
Accumulated as at July 1 st , 2021	6,727,170	44,183,268	18,484,884	29,058,497	0	98,453,819
Charge for the year	2,690,868	3,586,875	1,468,079	11,161,028	0	18,906,850
Accumulated as at June 30th, 2022	9,418,038	47,770,143	19,952,963	40,219,525	0	117,360,669

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Net Book Value at June 30th, 2022	125,125,340	3,586,875	3,438,594	61,288,852	383,045	193,822,706
2022/2023						
ASSET VALUATION	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Capital Work in progress	Total
Valuation at Cost at July 1 st 2022	134,543,377	51,357,018	23,391,556	101,508,378	383,045	311,183,374
Additions during the Year	-	-	6,559,173	1,634,642	5,491,750	13,685,565
At June 30th, 2023	134,543,377	51,357,018	29,950,729	103,143,020	5,874,795	324,868,939
ASSET DEPRECIATION						
Accumulated as at July 1 st , 2022	9,418,038	47,770,143	19,952,963	40,219,525	0	117,360,669
Charge for the year	2,690,868	3,586,875	1,212,616	12,712,246	0	20,202,604
Accumulated as at June 30th, 2023	12,108,904	51,357,018	21,165,578	52,931,772	0	137,563,272
Net Book Value at June 30th, 2023	122,434,473	-	8,785,152	50,211,248	5,874,795	187,305,667

- The capital work-in-progress relates to the alterations of EBK premises works. The additions during the year relate to costs incurred towards partitioning works at EBK Offices premised at Barabara plaza.

23. Trade/Accounts Payables

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Accounts Payables	17,572,250	10,383,539
Total	17,572,250	10,383,539

***Ageing analysis for Trade/Accounts Payables**

Description	2022 - 2023		2021 - 2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	17,572,250	100%	10,383,539	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	17,572,250	100%	10,383,539	100%

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24. Prepayments and Accruals

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Prepaid CPD Income	2,634,978	9,011,113
Accrued Audit Fee	350,000	350,000
State Department of Roads (Infrastructure)	341,504	0
Annual Subscriptions	20,728,797	0
UDIP Project Evaluation	568,423	568,423
Total	24,623,702	9,929,536

***Ageing analysis for Prepayments and Accruals**

Description	2022 - 2023		2021 - 2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	21,420,301	87%	350,000	4%
Between 1- 2 years	0	%	0	%
Between 2-3 years	568,423	2%	568,423	6%
Over 3 years	2,634,978	11%	9,011,113	90%
Total	24,623,702	100%	9,929,536	100%

25. Capital Reserves

Description	2022 - 2023	2021 - 2022
	KShs	KShs
At beginning of the year	140,842,013	140,842,013
Additional Reserve	0	0
Total	140,842,013	140,842,013

26. Retained Earnings

Description	2022 - 2023	2021 - 2022
	KShs	KShs
Opening Balance	459,361,361	325,051,168
Surplus/(Deficit) for the Year	(107,542,842)	134,310,193
Total	351,818,519	459,361,361

27. FINANCIAL RISK MANAGEMENT

Risk is an integral part of operations in any institution. EBK is exposed to various risks including credit risk and liquidity risk. The risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring.

Market risk

Foreign exchange risk

The Boards currency risk is assessed as low because the Board has no foreign investments and does not operate in foreign currencies.

Price risk

The Boards is lowly exposed to equity securities price risk because it does not have investments in quoted shares that are carried at fair values.

Interest rate risk

The Boards exposure in risks associated with interest bearing assets include investments in Fixed Deposit account. However, this has since been liquated thus minimizing the impact and magnitude that the Board would have been exposed as result.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Board. The Board does not involve itself in lending business therefore the Risk is low.

Credit risk also may arise from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with banks and receivables. The risk exposure is also low because the investments in these institutions are minimal whereas the receivables are honoured gradually.

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its maturing obligations attributable to the financial liabilities. The Board manages liquidity risk through continuous monitoring of exchequer forecasts and actual cash flows received. Late disbursements of exchequer funds lead to high liquidity at the end of the financial year.

28. RELATED PARTY DISCLOSURES

Government of Kenya

The Board is established as a State Corporation under the State Corporations Act Cap 446 of the Laws of Kenya. Other related parties include;

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors
- v) Kenya School of Government (KSG)
- vi) Kenya Power (KPLC)

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Transactions with Related Parties

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
a) Transfers from the Government		
Exchequer Release from National Govt	155,400,000	289,400,000
Total	155,400,000	289,400,000
b) Key management Compensation		
Directors' emoluments	21,090,207	14,153,394
Compensation to the CEO	5,937,600	5,937,600
Compensation to key management	11,664,876	10,435,946
Total	38,692,683	30,526,940
c) Purchases from related parties		
Purchases of electricity from KPLC	1,535,155	1,332,805
Training & Conference Fees paid to KSG	1,072,050	4,295,909
Total	38,692,683	30,526,940

29. SEGMENT REPORTING

The Board does not have reportable segments as all operations are managed from the registered head office.

30. ULTIMATE HOLDING ENTITY

The immediate parent institution of the Board is the Ministry of Transport and Infrastructure. The ultimate holding entity is the Government of Kenya.

31. CURRENCY

The financial statements are presented using the functional currency Kenya shillings (Kshs).

32. EVENTS AFTER REPORTING PERIOD

There are no material non-adjusting events after the reporting date.

33. TRANSFERS FROM STATE DEPARTMENT OF INFRASTRUCTURE

S/NO.	DATE RECEIVED	UTILIZATION DESCRIPTION	AMOUNT
1	06- Dec-22	Recurrent Exchequer	31,500,000
2	27-Jun-23	Development Exchequer	33,600,000
3	27-Jun-23	Development Exchequer	8,400,000
4	30-Jun-23	Recurrent Exchequer	81,900,000
	TOTAL		155,400,000

34. OUTSTANDING AUDIT ISSUES

The status of outstanding audit issues is as shown in appendix one (attached).

21. APPENDICES

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
No. 1	<p>Unsupported Pre-payments</p> <p>The statement of financial position reflects prepayments and accruals balance of Kshs. 9,929,536 which, as disclosed in Note 25 to the financial statements, includes prepaid subscriptions of Kshs. 9,011,113 that was received as pre-paid subscriptions. However, review of the cash and cheque suspense accounts provided for audit indicated a reconciled pre-paid subscriptions balance of Kshs. 696,000 resulting in an unreconciled balance of Kshs. 8,315,113. Management explained that it was not possible to provide a detailed reconciliation since such information can only be provided by the depositors providing instructions on how such funds should be utilized.</p> <p>In the circumstances, the accuracy of the prepaid subscriptions balance of Kshs. 9,011,113 cannot be confirmed.</p>	<p>The prepayments balance primarily relates to historical amounts that were received by the Board of which the original intent of the funds has not yet been established to date. Some of the amounts also relates to monies deposited in members' CPD E-wallets accounts awaiting debiting once they are applied to a CPD Event (seminar or webinar). Once the details are provided the amounts shall be recognized as incomes and credited to the correct accounts. The management has come up with strategies to ensure that this account is well reconciled during the current financial year.</p>	<p>Resolved.</p> <p>Historical amounts identified as CPD Income for previous years now recognised.</p> <p>Applicable Journal entries passed during FY 2022/23 to recognise the CPD income.</p> <p>Pre-paid income reduced by 71%. The remaining 29% is attributable to engineers E-wallets balances as at 30.06.23.</p>	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
No. 2	<p><u>Other Matters: Budgetary Control and Performance</u></p> <p>The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs. 340,490,000 and Kshs. 328,531,054 respectively resulting to an under-funding of Kshs. 11,958,946 (or 4% of the budget). Similarly, the Board expended Kshs. 254,720,863 against an approved budget of Kshs. 340,490,000 resulting to an under-expenditure of Kshs. 85,769,137 (or 25% of the budget).</p> <p>In the circumstances, the underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>1) The Board revenue sources comprises of Government Transfers and Internally Generated Funds (AiA). The printed estimates for Government Transfer were: Development Funds Kshs. 120,000,000 and Recurrent Funds Kshs. 121,000,000 while the budgeted AiA were Kshs. 99,490,000. At the closure of the financial year, the Board had received Government Transfer of Kshs. 228,900,000 being development funds of Kshs. 168,400,000 (inclusive of 100% of FY 2021/22 allocation & 50% balance of the previous FY 2020/21) and recurrent funds of Kshs. 60,500,000 (50% of the FY 2021/22 allocation). The AiA collected were Kshs. 99,631,054 representing a performance rate of 100%.</p> <p>2) From the explanation above, the Board was able to achieve its targeted internally generated revenue. The underfunding is as a result of the delay of</p>	<p>Resolved.</p> <p>The Board achieved 100% of revenue from the exchequer and 127.44% of its internally generated revenue thereby surpassing the target for the FY 2022/23.</p> <p>The Board came up with cost absorption strategies in the previous FY 2022/23 leading to an absorption rate of 91% as at 30.06.2023, being as an improvement to the previous year absorption rate of 75%.</p>	N/A

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		<p>release of funds from the National Treasury via the State Department of Infrastructure. The funds were received on 2nd July 2022 and hence therefore could not be recognized as income in the Financial Year under review.</p> <p>3) The delay in funds from the exchequer therefore inhibited the proper planning and absorption of both development and recurrent funds leading to under expenditure. Other factors include meetings/engagements happening virtually thereby reducing costs associated with physical meetings (e.g. travel, venue, subsistence, etc), no legal cost incurred, delayed recruitment of new staff members, deferment of several activities to the following financial year, attrition of the GEIP interns leading to reduction in monthly stipends, among other limiting factors.</p> <p>4) Additionally, the Board has come up with cost absorption strategies in the current FY 2022/23 leading to an absorption rate of 60% as at 31.03.2023.</p>		

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No. 3	<p><u>Staff Under- Establishment</u> Review of human resource records for the Board revealed that the Board had an approved staff establishment of one hundred and twenty-one (121) officers. However, during the financial year under review only thirty one (31) officers in post in various cadres which was equivalent to 26%, thus resulting to a shortfall of ninety (90) officers across the various staffing cadres. Management explained that this was due to underfunding of the Board. In the circumstances, there is a risk of the Board not being able to deliver on its mandate.</p>	<p>The Board has continued to implement its mandate effectively notwithstanding the limited financial and human resources. The Board has been ranked Very Good for 3 years running by Performance Contracting Department. The Board has innovatively undertaken various mandates and function by employing strategies such as use of Taskforces, Committees of Experts from the industry, Use of Deployed staffs and engagement of staff in Temporary Basis. The Board is currently implementing the three (3) years plan approved recruitment plan and has since recruited additional ten (10) officers as per the current in post. The implementation of the recruitment plan was being done in phases as per the approved organization's budget. The Board has also appealed for appropriate recategorization by State Corporations Advisory Committee for appropriate re-categorization. The Board is also introducing car and mortgage scheme as part of the non-financial staff</p>	<p><u>Partially Resolved</u></p> <p>The staff in post has increased progressively from 31 to 43 representing an increase from 26% to 35.5% after the recruitment of additional 12 staff members during the FYs 2022/23 & 2023/24.</p> <p>The Board is seeking additional budgetary allocation to be able to have an optimal staff in post within the next three years in line with the three years' recruitment plan already approved by</p>	<p>Within three (3) years subject to increased budgetary allocation to ensure optimal staff compliment is recruited.</p>

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		attraction and retention strategies.	the Board of Directors.	
No. 4	<p>Outstanding Receivables from Non-Exchange Transactions</p> <p>The statement of financial position reflects receivables from non-exchange transaction balance of Kshs.115,286,547. Included in the balance is an amount of Kshs. 113,911,972 (99%) receivables from graduate engineers which had been outstanding for more than two (2) years. However, management did not provide evidence of measures being undertaken to recover the receivables. In the circumstances, the existence of effective internal controls to ensure recoverability of receivables could not be confirmed.</p>	<p>Evidence of effort or measures by the management to recover graduate engineer receivable of Kshs 113 Million include the following:</p> <ul style="list-style-type: none"> • Updating of the graduate engineers' email addresses and phone numbers in the system to increase their outreach • EBK sent text messages and invoice reminders via emails to all the Graduate Engineers who had arrears to pay their annual dues in the FY-2021/2022 and some paid. The same has also been replicated in the current FY 2022/23 and subscriptions receipts have increased. This has reduced the outstanding debt from Kshs. 113 million to Kshs. 106 million as at 31.03.2023 leading to actual recoverability of the outstanding graduate receivables. • The Board has also in the interim put mechanisms in place to ensure that the outstanding receivables are recovered either partially or in full. These include sending of regular payments reminders to the registered engineers via 	<p>Partially Resolved.</p> <p>As a result of the various debt recovery mechanisms & strategies employed by the Board in accordance with the Debt Management policy, The receivables from non-exchange transactions relating to annual subscriptions have declined by 9% with the graduate engineers' receivable balance standing at Kshs. 103 million as at 30.06.2023 down from 113 million as at 30.06.2022.</p>	N/A

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		bulk SMSes & bulk emails platforms, making individual phone calls to the registered engineers, and holding CPD clinics & sensitization forums with the engineering fraternity in a bid to enhance their compliance with the Engineers Rules of 2019. <i>Annexure 2D</i> attached shows some of the events and forums held to sensitize the graduate engineers of their financial obligations in relation to the outstanding receivables.		

Signed:

Registrar/CEO

Date: 28.9.2023

