

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**HYDROLOGISTS REGISTRATION
BOARD**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

28 FEB 2024

RECEIVED



HYDROLOGISTS REGISTRATION BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor-General
OSHA	Occupational Safety and Health Act of 2007
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
VC	Vice Chancellor

B: Glossary of Terms

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

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Hydrologists Registration Board was formed under the Hydrologists Act No 19 of 2017. It was gazetted on 19th July, 2019 and officially launched on 5th of December, 2019. The Board is mandated with the responsibility of registering and regulating all persons and entities practicing in the field of Hydrology and building capacity for individual hydrologists and hydrology consulting firms, as well as regulating their conducts for improved and sustainable performance of the Hydrology profession. At the policy level, the Board is headed by the Chairperson of the Board of Directors who is responsible for policy and strategic direction of the Board. The Registrar/Chief Executive Officer is in charge of running the daily affairs of the Board.

(b) Principal Activities

The principal activities of the Board are;

- i) To regulate, co-ordinate and oversee practice of hydrology;
- ii) To promote standards of professional competence and practice amongst hydrologists;
- iii) To coordinate research, investigations and surveys in hydrological field;
- iv) To recognize institutions that furnish a sufficient guarantee of academic knowledge of practical experience in hydrology;
- v) To demand and certify hydrological studies and reports necessary for design of hydraulic structures;
- vi) To collaborate with other bodies or organizations in development of programs and facilities for advancement of hydrology and well-being of hydrologists; and
- vii) To perform any other function that is incidental or consequential to its functions under this Act any other written law.

(c) Key Management

No.	Designation	Name
1.	Board of Directors	1. Lawrence Thooko 2. Nancy Koech 3. Mark Ngecho 4. Daniel Mogusu 5. Jeremiah Matunda 6. Zephania Ouma 7. Eng. S. K. Kogi 8. Chrysanthus Gicheruh 9. Symon Mwangi Karuga
2.	Accounting officer/ CEO	Antony Mwenje

(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
(i)	Registrar/Chief Executive Officer	Antony Mwenje
(ii)	Deputy Chief State Counsel	Rose A. Nyakwana
(iii)	Internal Audit	James Areba
(iv)	Technical	Julius Muindi
(v)	Human Resource and Administration	Beatrice Ndungi
(vii)	Supply Chain Management	Denis Ouko
(viii)	Accountant	Dominic Kibowen
(ix)	Planning and Strategy	Ruth Kimani

(e) Fiduciary Oversight Arrangements

The Board's oversight responsibility is vested in the;

- i) Strategy and Technical Committee which had Three (3) members.
- ii) Finance, Human Resource and Governance Committee which had three (3) members.
- iii) Audit, Risk and Compliance Committee which had three (3) members.

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(f) Entity Headquarters

Hydrologists Registration Board
P. O. Box 51244-00100
Maji House, Ngong Road
Nairobi, KENYA

(g) Entity Contacts

Tel: 0202716103/0703927363
Email: info@hydrologistsboard.go.ke
Website: www.hydrologistsboard.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Capitol Hill Branch
P.O. Box 58233
City Square 00200
NHIF Building, Ngong Road
Nairobi, Kenya.


(i) Independent Auditors

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


(j) Principal Legal Adviser

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


3. THE BOARD OF DIRECTORS

Ref	Directors	Details
1.	 <p data-bbox="331 869 643 958">Mr. Lawrence Thooko Board Chairperson</p>	<p data-bbox="810 434 1522 524">Mr. Lawrence Thooko was appointed on 5th August, 2022.</p> <p data-bbox="810 546 1522 1016">Mr. Thooko was born on 1st March, 1959. He holds a BSc. in Meteorology from the University of Nairobi and MSc. in Water Resources Engineering from the University of Guelph, Ontario, Canada. His professional career spans 38 years from initial employment as a Hydrologist with the Ministry in charge of Water to working as Deputy Technical Coordination Manager of the Water Resources Authority.</p> <p data-bbox="810 1039 1522 1576">His areas of expertise include Applied Hydrology, Hydraulics, Hydro-meteorological data management, catchment management strategies and management plans, data management, Hydrologic Computations, Water Resources Planning and Development, amongst others. He was a core team member in the development of the Nile Basin Decision Support System (NB-DSS) and was the team leader and coordinator of the Nordic Climate Facility (NCF) Project where he led in developing strategies for Climate Change adaptation.</p> <p data-bbox="810 1599 1522 1733">He is a published author and is currently a Consulting Hydrologist in private practice. He is a member of the Hydrological Society of Kenya.</p>

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Ref	Directors	Details
2.	 <p>Mr. Chrysanthus Gicheruh Independent Board Member</p>	<p>Mr. Chrysanthus Gicheruh was appointed on 18th July, 2022.</p> <p>Mr. Gicheruh was born on 31st August, 1966. He holds a BSc. degree in Geology and MSc. degree in Geology, Hydrogeology & Exploration Geophysics from the University of Nairobi. His career spans thirty (30) years as a Hydrogeologist with the University of Nairobi and various private institutions.</p> <p>He is a consultant with considerable experience and expertise in Water Resources Investigation and Assessment, Project Planning & Management, Project Design, Hydrogeological investigations, geophysical surveys, geotechnical surveys, Hydrogeology research, and in teaching. He has specialised in low-cost, appropriate technologies and sustainable approaches to the development, implementation and management of water supply and sanitation programmes, projects and utilities.</p> <p>He is a member of various professional organizations including the Kenya Water Industry Association, Geologists registration Board and the International Association of Hydrogeologists (IAH), London. He is currently the President of the Geological Society of Kenya and the chairperson of Finance, Human Resource and Governance committee of HRB.</p>



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Ref	Directors	Details
3.	 <p>Mr. Zephania Ouma Representing the Director-General, NEMA.</p>	<p>Mr. Zephania Ouma was appointed on 5th December, 2019.</p> <p>Mr. Ouma was born on 15th May, 1971. He has a Biochemistry major at the Jomo Kenyatta University of Agriculture and Technology before pursuing a Master of Philosophy in Environmental Health at Moi University. He also holds post-graduate diplomas in Cleaner Production and in Risk Assessment and Monitoring for Environmental Chemicals from Dresden University of Technology and Kobe University respectively. He is a member of the Environmental Institute of Kenya (EIK) and is a registered Environmental Impact Assessment/Environmental Audit (EIA/EA) lead expert and is also a certified EIA/EA reviewer.</p> <p>He is an environmental practitioner with vast experience as Principal Environmental Research Officer, Environmental Inspector, and Senior EIA Officer for the National Environment Management Authority (NEMA), and as a District Environment Officer in various districts. He is currently the Deputy Director for NEMA's Compliance Section, and represents the Director-General, NEMA on the Board.</p>


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Ref	Directors	Details
4.	 <p>Mr. Mark Ngecho Representing Principal Secretary at the National Treasury.</p>	<p>Mr. Mark Ngecho was appointed on 5th December, 2019.</p> <p>Mr. Ngecho was born on 16th September, 1979. He holds a Bachelor's degree in Business Administration (Accounting Option) from Bugema University, Uganda, and is currently undertaking his professional training in Advanced Accounting/CPA.</p> <p>Prior to joining public service, he was a manager at some of Kenya's leading financial institutions. He has over 10 years' experience in the Public Sector Finance at the National Treasury, and as National Sub-County Accountant in various Counties. He is a skilled public resources manager and currently serves as the Chief Investment Officer at the National Treasury and Planning. He represents the Principal Secretary at the National Treasury on the Board. He is currently the Chairperson of the Board's Finance, Human Resource and Governance Committee.</p>
5.	 <p>Mr. Daniel T. Mogusu Chief Hydrologist</p>	<p>Mr. Daniel Mogusu was appointed on 5th December, 2019.</p> <p>Mr. Mogusu was born on 5th April, 1963. He holds a BSc. (Hons) Degree from the University of Nairobi and a Master of Arts in International Conflict Management specializing in Natural Resources-based Conflict Management, Mediation, Negotiation, Water Diplomacy and Peace Building.</p> <p>His professional background spans over 30 years and he has garnered considerable experience as a Hydrologist in various districts. He is a qualified</p>

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Ref	Directors	Details
		<p>Administrator and was instrumental in the setting up and institutionalization of the Trans-boundary Waters Division at the Ministry of Water, Sanitation and Irrigation (MWSI). He has also worked for several years at the former Transition Authority. He is a Board Member of the Hydrologists Registration Board by virtue of his position as the Chief Hydrologist, MWSI.</p>
6.	 <p>Mr. Symon Mwangi Karuga Independent Board Member</p>	<p>Mr. Symon Mwangi Karuga was appointed on 18th July, 2022.</p> <p>Mr. Karuga was born on 1st January, 1960. He is in private practice having retired from the Insurance Industry where he worked for many years as a Senior Manager in various Multinational and large local insurance companies. He holds professional qualifications in Management Skills and Business Development, Code of Business Conduct, Global Anti-Corruption Compliance, Conflicts of Interest, and in the Company Code, amongst others.</p> <p>He is a widely experienced in Financial Advisory Services, Strategy, Risk Management, Audit and Compliance, Business Growth and Quality Control.</p>
7.	 <p>Ms. Nancy Koech</p>	<p>Ms. Nancy Koech was appointed on 5th December, 2019.</p> <p>Ms. Koech was born on 8th July, 1983. She holds a BSc. degree in Water and Environmental Engineering from Egerton University, a MSc. degree in Water Science Engineering with a specialization in Hydrology and Water Resources from the UNESCO-IHE in the</p>

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Ref	Directors	Details
	Representing Principal Secretary, Ministry of Water, Sanitation and Irrigation	<p>Netherlands and is currently pursuing a doctorate in Integrated Water Resources Management.</p> <p>Her professional experience in the water sector spans 12 years. She has undergone training in flood and drought measurement, rainwater harvesting and utilization, drought hazards, vulnerability and risk analysis tools for Africa under Improved drought Early Warning and Forecasting to strengthen preparedness and adaptation to drought in Africa (DEWFORA) as well as for hydrological assessment for catchments. She is currently the acting Deputy Director, Trans-boundary Water Resources Department in the Ministry of Water, Sanitation and Irrigation (MWSI). She represents the Principal Secretary, MWSI on the Hydrologists Registration Board.</p>
8.	 <p>Eng. Stephen K. Kogi Representing Principal Secretary, State Department for Infrastructure</p>	<p>Eng. Stephen K. Kogi was appointed on 5th December, 2019.</p> <p>Eng. Kogi was born on 8th January, 1964. He is a Chief Engineer in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works. He represents the Principal Secretary, State Department for Infrastructure on the Hydrologists Registration Board.</p>


Ref	Directors	Details
9.	 <p>Mr. Jeremiah Motari Matunda Representing the Attorney-General</p>	<p>Mr. Jeremiah Motari Matunda was appointed on 5th December, 2019.</p> <p>Mr. Matunda was born on 31st December 1977. He is a law professional with over 11 years' experience working in both the public and private sector. He has a Bachelor of Law degree from Shivaji University, India and a Master's of Law in international Law from the University of Nairobi. Additional qualifications include a Bachelor of Social laws from Shivaji University, an Associate Diploma in Insurance from the Insurance Institute in India, a Post-graduate diploma in Corporate Governance from Shivaji University as well as a fellowship diploma in Insurance. He is currently pursuing a doctorate in International Law from the University of Nairobi.</p> <p>He is a Senior State Counsel in the office of the Attorney-General, specializing in Environmental, Energy, Natural Resources and Property Law dispute resolution. He is currently a Member of the Hydrologists Registration Board, representing the Attorney-General.</p>
10.	 <p>Mr. Antony Mwenje</p>	<p>Mr. Mwenje is a Professional Hydrologist who holds a BSc. degree in Hydrology from the University of Nairobi, a MSc. degree in Integrated Water Management from the University of Queensland in Brisbane, Australia, and a Post-graduate diploma in Applied Hydrology and Information Systems for Water Management jointly from the University of Nairobi and</p>

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Ref	Directors	Details
	Registrar/Chief Executive Officer	<p>the Institute for Meteorological Training and Research, Nairobi.</p> <p>He began his career with the Ministry of Water and has since worked as a Hydrologist and District Water Officer in various districts, as a Water Conservation Officer and as Water Resources Specialist with the Water Resources Authority and with the ADB-funded Ewaso Ng'iro North Natural Resources Management Project, respectively. He has honed his management and leadership skills by undertaking training in Strategic Leadership Development and Management courses. He is currently the Board Registrar/Chief Executive Officer and is an ex-officio member of the Board.</p>

4. MANAGEMENT TEAM


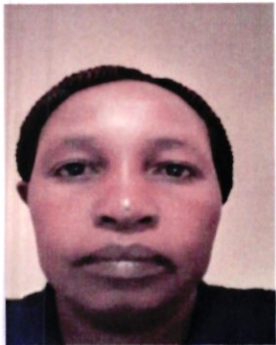
	Management	Details
1.	 <p>Mr. Antony Mwenje Registrar/Chief Executive Officer</p>	<p>Mr. Mwenje is a Professional Hydrologist who holds a BSc. degree in Hydrology from the University of Nairobi, a MSc. degree in Integrated Water Management from the University of Queensland in Brisbane, Australia, and a Post-graduate diploma in Applied Hydrology and Information Systems for Water Management jointly from the University of Nairobi and the Institute for Meteorological Training and Research, Nairobi.</p> <p>He began his career with the Ministry of Water and has since worked as a Hydrologist and District Water Officer in various districts, as a Water Conservation Officer and as Water Resources Specialist with the Water Resources Authority and with the ADB-funded Ewaso Ng'iro North Natural Resources Management Project, respectively. He has honed his management and leadership skills by undertaking training in Strategic Leadership Development and Management courses. He is currently the Board Registrar/Chief Executive Officer and is an ex-officio member of the Board.</p>

	Management	Details
2.	 <p>Ms. Rose Nyakwana Ag. Corporation Secretary/ Head of Legal</p>	<p>Rose is an advocate of the high court of Kenya, a commissioner for oaths, a state counsel for over ten (10) years and has practiced for a total of fifteen years (15)</p> <p>Education</p> <p>She pursued B.A public administration, Panjab university;</p> <ul style="list-style-type: none"> - LLB, Benares Hindu university; -Post graduate diploma: Kenya School of law; -LLM, international trade law and investment, Nairobi university; <p>Professional training</p> <ul style="list-style-type: none"> -Regional integration course in Korea by koica. -Senior management course at Kenya school of government. -Strategic leadership course at Kenya school of government. -Governance courses at Kenya school of governance and KCA. -International investment law and dispute resolution. <p>She is a member of the Law Society of Kenya in good standing and a member of Federation of Women Lawyers, Kenya.</p> <p>Ms. Nyakwana has been deployed by the State Department of Water & Sanitation to assist as the Corporation Secretary of the Board.</p>


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	Management	Details
3.	 <p>Mr. James Areba Internal Auditor</p>	<p>Mr. James Areba holds a bachelor's degree in Business Administration (Finance Option) from Catholic University of East Africa before pursuing a Master of Business Administration (Finance Option) from University of Nairobi. He also holds a Diploma in Accountancy.</p> <p>Mr. Areba is a qualified Accountant with vast experience in Internal Audit. He is a certified Fraud Examiner, Member of the institute of internal Auditors and ICPAK.</p> <p>He is the current Assistant Internal Auditor in the Ministry. He is deployed by the State Department of Water & Sanitation Ministry to the Board as the Head of Internal Audit.</p>
4.	 <p>Mr. Julius Muindi Principal Water Research Officer / Senior Hydrologist</p>	<p>Mr. Julius Muindi holds a bachelor's degree in Science (Meteorology) from University of Nairobi. He is a Qualified Hydrologist having worked in the water sector in various capacities, from Hydrologist to Senior Superintending Hydrologist and member of Hydrological Society of Kenya (HSK). He has experience in the water sector of over 30 years being involved in project implementation activities as well as management.</p> <p>He is currently working with the Ministry of Water, Sanitation and Irrigation as a Principal Water Research Officer and also carrying out activities of the Hydrologist Registration Board.</p>

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	Management	Details
		Mr. Muindi has been deployed by the State Department of Water and Sanitation to assist the Board.
5.	 <p>Mr. Dominic Kibowen Accountant</p>	<p>Mr. Kibowen holds a bachelor's degree in Commerce (Finance Option) from Egerton University. He also holds a Diploma in Business Administration.</p> <p>Kibowen is a qualified Finance and Accountant with vast experience in Finance and accountancy. He also holds CPA II and is ongoing with CPA III & IV.</p> <p>He is currently the Accountant in the Board.</p>
6.	 <p>Ms. Beatrice Ndungi Human Resource Management Assistant</p>	<p>Beatrice Wanjiku Ndungi currently stationed in the ministry of water, sanitation and irrigation Human Resource Section as the principal human resource management assistant.</p> <p>She was employed back in 1986 as a clerical officer in the ministry of Education, In November, 2006 did Diploma in Human Resource Management at Institute of Personnel Management and Promoted/ transferred to ministry of Health as a Human resource management Assistant 111. She rose through the rank from November 2013 to June 2019 in the Ministry of Health as a Human Resource Management Assistant 1. She was promoted to Principal Human Resource Management Assistant in the ministry of Water,</p>

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	Management	Details
		<p>Sanitation and Irrigation with effect from 30th June 2020 to date.</p> <p>Ms. Ndungi has been deployed by the State Department of Water & Sanitation to assist the Board.</p>
7.	 <p>Mr. Dennis Ouko Supply Chain Management Officer</p>	<p>Mr. Dennis Ochieng Ouko holds a bachelor's degree in Business Administration from St. Paul University, Post Graduate Diploma in business Administration from JKUAT, Diploma in Purchasing and Supplies Management from JKUAT and a registered member of Kenya Institute of Supplies Management</p> <p>Mr. Dennis is a qualified Supplies Chain Officer with vast experience in Procurement with an experience of 18 years in the Ministry of Water, Sanitation and irrigation.</p> <p>He is currently the Senior Supplies Chain Management officer in the Ministry of Water, Sanitation and Irrigation and seconded to the Hydrologists Registration Board.</p> <p>Mr. Ouko has been deployed by the State Department of Water & Sanitation to assist as the Supply Chain Management Officer.</p>

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	Management	Details
8	 <p>Ms. Ruth W. Kimani Planning Officer</p>	<p>Ms. Kimani holds a bachelor's degree in Economics and Finance from Kenyatta University. Kimani is qualified Economics, Planning and Finance with vast experience in Planning, Strategy and Resource Mobilization. She also holds CPA II and ongoing with CPA III & IV.</p> <p>She is currently the Planning Officer in the Board .</p>

5. CHAIRMAN'S STATEMENT

It gives me great pleasure to present Board's Annual Report and Financial Statements for the year ending 30th June 2023. The Board recorded commendable good performance for an organization that is still very young. We made a great milestone despite having a limited budget.

The Board and its Organs

The Board of Directors was fully constituted with its 3 (three) Board Committees as follows:

- i) Strategy and Technical Committee
- ii) Finance, Human Resource and Governance Committee
- iii) Audit, Risk and Compliance Committee

The main purpose of the Audit, Risk and Compliance committee as stipulated in the Mwongozo and the Financial Regulations of 2015, is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, risk management processes, the system of internal control, the audit process, and the process for monitoring compliance with laws, regulations, the code of conduct and covenants of development partners.

According to section 73 (4) of the Public Finance Management Act, 2012, a national government entity shall ensure that internal audits are conducted in accordance with international best practices. Section 73 (5) requires all public entities to establish an Audit function. The Committee will help HRB in advocating the provisions of Article 201 of the Constitution on the principles of public finance. The oversight role of the committee will ensure openness and accountability, utilization of funds in a prudent manner and also ensure fiscal reporting is clear.

Corporate Performance

During the period under review the Board was able to achieve the following:

- (a) Finalization of HRB Strategic Plan 2022-2026
- (b) Development of the Continuous Professional Development Policy (CPD)
- (c) Development of the draft Hydrologists Regulations
- (d) Development of the Hydrologists (Amendment) Bill, 2023
- (e) Implementation of Human Resource Policy Instruments
- (f) Implementation of the Risk Management Framework Policy

(g) Induction of Board of Directors

Challenges

The Board has faced considerable challenges since its inception which include the following:

- (a) Inadequate finances for Operations & Maintenance and Personnel Emoluments
- (b) Inadequate resources to lease office space
- (c) No official vehicles for Board's operations
- (d) Slow pace of approval of key policies and instruments such as the Human Resource Instruments and the Salary Grading Structure.
- (e) The annual allocation is constant despite the rate of growth of operations of the Board

However, I am optimistic that the next financial year 2023-2024 will see considerable growth for the Board and full achievement of its mandates.

Acknowledgement

I would like to extend my appreciation to the Cabinet Secretary and Principal Secretary Ministry of Water, Sanitation and Irrigation for their guidance and continued support. I would also like to commend the Board of Directors, Registrar/CEO and the Board's staff for their dedicated service which enabled the Board to operate despite many challenges.


.....

JULIUS KORIR, CBS

PRINCIPAL SECRETARY, STATE DEPARTMENT FOR WATER AND SANITATION

DATE: 12.02.2024

6. REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER

I present the Hydrologists Registration Board's Annual Report and Financial Statements for the FY 2022/2023.

Financial Results

The Board during the reporting period experienced several challenges:

- (a) Inadequate funding: During the reporting year, the Board received Ksh.25,000,000 for Recurrent budget. With this allocation, the Board was unable to complete operationalization of activities planned for the financial year.
- (b) Irregular allocations: The funds that were allocated to the Board were received irregularly, making it difficult to plan ahead for activities.
- (c) Inadequate staffing: Currently the Board has only 6 key staff out of an approved staff establishment of 78 and the number of tasks required to stabilize the operations of the institution is still below the threshold.

Achievements

Despite these challenges, the Board was able to achieve the following:

- (a) Development of the Continuous Professional Development Policy document;
- (b) The Board signed the Performance Contract between the Ministry and the Board Chair;
- (c) The draft Hydrologists Regulations have been developed and submitted to the Attorney General
- (d) The Hydrologists (Amendment) Bill, 2023 has been finalized and submitted to the Cabinet Secretary for approval
- (e) The Human Resource Policy Instruments have been developed and are being implemented.
- (f) The Hydrologists Registration Board grading and salary structure has been approved by the Salaries and Remuneration Commission and is being implemented;
- (g) Implementation of Corporate Social Responsibility by participating in green initiatives;
- (h) Implementation of the Board's Charter;
- (i) Development and implementation of various policies such as the Risk Management Framework Policy and Road Safety Policy

Future Outlook


The Board has been allocated Ksh. 25,000,000 for Recurrent budget for FY 2023/2024. This is inadequate to fund all the activities that the Board had scheduled and we hope to receive further support in the course of the financial year. Moving forward, we hope that there will be progressive allocation that will enhance human resources capacity and facilitate the Board's future programs, activities and projects.

During FY 2023/24, the Board expects to achieve the following:

- (a) Finalize and operationalize the Hydrologists Regulations;
- (b) Review and Implement the HRB Strategic Plan 2023-2027;
- (c) Wholesome review of the Hydrologists Act 2017;
- (d) Implement the Continuous Professional Development Policy;
- (e) Forge partnerships and collaborations with other bodies/institution/organizations for research, competence development and resource mobilization purposes;
- (f) Establish strategic partnerships for Implementation of Continuous Professional Development (CPD) policy;
- (g) Develop and disseminate standards for preparation of hydrological reports
- (h) Increase staff establishment to at least 42%;

Acknowledgement

I thank the Government through the Ministry of Water, Sanitation, and Irrigation for the continued financial, administrative and technical support. I would like to thank also the Board of Directors for their leadership and direction. I appreciate also the contribution and support made by the Board's staff in operationalization activities.



.....
ANTONY MWENJE
REGISTRAR/ CHIEF EXECUTIVE OFFICER

DATE..... 12/02/2024

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/23

Hydrologists Registration Board has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022 - FY 2026. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Regulation, Coordination and Overseeing the Practice of Hydrology

Pillar 2: Research in Hydrological Services

Pillar 3: Certification of hydrological studies for design of hydrological structures

Pillar 4: Partnership and resource mobilization

Pillar 5: Institutional Development and Capacity Building

Hydrologists Registration Board develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hydrologists Registration Board achieved its performance targets set for the FY 2022-2023 period for its 5 strategic pillars, as indicated in the table below as per the entities annual work plan. The Annual Work Plan targets are directly derived from the strategic and annual work plans of the Hydrologists Registration Board.

Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
Regulation, Coordination and Overseeing the Practice of Hydrology	The Board will coordinate, regulate and oversee the practice of hydrologists through monitoring and licensing the practice of hydrologists, ensuring full operationalization of the Hydrologist Act 2017.	<ul style="list-style-type: none"> • Operationalize the Hydrologists Rules and Regulations. • Number of hydrologists registered. • Number of hydrologists licensed. 	Workshops, advertisements, printing of Hydrologists Rules and Regulations.	10%
Research in Hydrological Services	The Board will promote hydrological development by facilitating resources for coordinating research, investigations and surveys and providing a platform for sharing with other hydrology professionals and with all other stakeholders, and shall provide to all stakeholders, with professional advice, guidance and services concerning activities related to hydrology and the practice of hydrology in Kenya.	<ul style="list-style-type: none"> • Number of research studies conducted. 	-	0%

**Hydrologists Registration Board
Annual Report and Financial Statements
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Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
Certification of hydrological studies for design of hydrological structures	<p>The Board shall monitor and enforce adherence to set professional and ethical standards to protect the public and the hydrology profession from irresponsible work, through preparation of a guidelines for the preparation of technical reports on design and implementation of hydraulic structures and hydrological works, to be adhered to by all hydrologists undertaking such works.</p> <ul style="list-style-type: none"> • The Board will certify and approve hydrological designs and reports to ensure professional standards have been adhered to. 	<ul style="list-style-type: none"> • Number of reports and studies certified • Report on specification of standards 	-	0%
Partnership and resource mobilization	The Board will promote education and training in hydrology by partnering with other institutions that have capacity for these services, and will endeavour to raise	<ul style="list-style-type: none"> • Number of partnerships • Amount of funds mobilized 	-	0%

Hydrologists Registration Board
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Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
	financial resources from these partnerships to fund activities and programs aimed at strengthening and developing the Board and its members, and supporting its activities.			
Institutional Development and Capacity Building	The Board will enhance human resources capacity in order to deliver on this strategic plan through recruitment of officers to undertake administrative, technical and support functions.	<ul style="list-style-type: none"> • Number of staff recruited • Number of professional services extended 	5 staff recruited	100%

8. CORPORATE GOVERNANCE STATEMENT

The Governing Board of the HRB is made up of the Board Chairperson, two Independent Board members, the Chief Hydrologist in the State Department of Water and Sanitation, six alternates of the Principal Secretaries for the State Department for Water and Sanitation, The National Treasury and Planning, State Department for Roads, the Director-General, National Environmental Management Authority, and the Attorney-General. The Registrar/Chief Executive Officer is an ex officio member of the Board. All the afore-mentioned have been appointed by name.

In considering nominations to the Board, professional qualifications, gender, experience, and diversity is considered. The Board exercises prudent management, leadership, integrity, innovativeness, and judgement in managing the Board. The Directors are provided with all the available appropriate and timely information that enables them to exercise full and effective control over strategic, financial, operational and compliance issues.

The daily operations of the Board are performed by the Registrar/Chief Executive Officer supported by 5 recruited staff and 7 deployed staff from the State Department. They are responsible for establishing and maintaining internal controls for the realization of the Board's mandate.

Members of the Board have been taken through a comprehensive *Mwongozo* training, induction and Corporate governance course. The Board, the Committees and individual Directors are expected to be evaluated by an independent body against targets agreed to at the beginning of the year.

Board meetings and attendance

The Board held a total of 25 meetings in line with the requirements of the Board almanac and the board workplan as shown below;

Meetings	Ordinary	Special	Total	Attendance	Percentage
Full Board	4	3	7	54	100%
Strategy and Technical Committee	4	0	4	11	100%
Finance, Human Resource and Governance Committee	4	3	7	42	100%

**Hydrologists Registration Board
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Audit, Risk and Compliance Committee	4	1	5	16	100%
Ad-hoc Meetings	1	0	1	6	100%
Other Meetings and Invitations	1	0	1	6	100%

Succession plan

The Board is cognizant of the importance of a board succession planning policy. The Board has proposed that the appointments of directors be undertaken by the Ministry of Water Sanitation and Irrigation on a staggered basis to allow for continuity.

Board charter

The Authority has put in place mechanisms for a corporate governance framework that is outlined in the Board and Committee Charters approved by the Board.

The Board Charter which acts as a reference guide for the Directors is inspired by the dictates of good corporate governance. The framework ensures a clear division of duties and role of the Chairman and the Registrar/ Chief Executive Officer. It stipulates the individual and collective responsibilities, powers, duties, obligations and the liabilities of the Directors. It sets out the roles and responsibilities of Directors with respect to its strategic, oversight role, stewardship and fiduciary responsibilities. The Board Charter provides policy direction on issues of accountability, transparency, value addition, legitimacy, and overall credibility and business operations of the Entity.

Process of appointment and removal of directors

Section. 3 of the Hydrologists Act No 19 of 2017 provides the procedure of appointment and removal of the Board of Directors.

The current Board has nine (9) members who possess a broad range of skills and competencies, including legal, finance, human resources, economics and management among others.

Roles and functions of the Board

The primary role of the Board is to ensure long-term wealth and prosperity of the entity for the benefit of customers, employees and other stakeholders. The Board is responsible for policy formulation; Strategic Leadership and Planning; Resource Mobilization and Project management; Decision making; Compliance and Risk Characterization; Monitoring Progress and Direction/ Executive Performance

Induction and training

Induction and training of the Board was undertaken between 24th -28th October, 2022.

Board and member performance

It is important that the Board continually evaluates its performance against set targets. Consequently, the Board undertakes an annual evaluation of its performance and effectiveness in order to identify the areas for improvement and addresses them.

Conflict of interest

Board members have a statutory duty not to place themselves in a position where there is a conflict (actual or potential) between their duties to the entity and their personal interests (including the interest of a family member), the interest of any associated organization or person, or their duties to third parties. All Board members are required to declare their interest in any matter before the Board which might create a potential conflict of interest, before such matter is considered and deliberated upon. Such a member shall then be required to excuse himself/herself from discussions and decisions on matters in which they have a conflict of interest. In the extreme case of continuing material conflict of interest, good practice requires the Director to abstain from a Board Decision. The Board did not register any conflict of interest in the year under review.

Board remuneration

The Directors' remuneration rates are as per existing government regulations and as approved by the Salaries and Remuneration Commission. The Directors' allowances are paid upon invitation

and attendance of board and committee meetings and other official functions. The Chairman receives a monthly allowances and honorarium.

Ethics and conduct

All Board members subscribe to the code of ethical standards as set out in the Code of Governance and relevant appointing instruments.

Governance audit

The Board did not undertake an annual governance audit.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Board has relied on grants from the Government to support its activities. The Hydrologists Registration Board's mandate is to spearhead the responsibility of registering and regulating all persons and entities practicing in the field of Hydrology and building capacity for individual hydrologists and hydrology consulting firms, as well as regulating their conduct for improved and sustainable performance of the Hydrology profession. The Board's role is to set policy and offer guidance in carrying out activities and program geared towards implementing the Board's Strategic Plan.

Based on its draft Strategic Plan, the Board identified the following key result areas:

- Regulation, coordination and overseeing the practice of Hydrology through registration, licensing and monitoring of hydrologists;
- Enhancing standards of professional competence by establishing standards and procedures for registration of individuals qualified in hydrological sciences and establishing and maintaining ethical standards and guidelines in the hydrology profession.
- Enhancing research in hydrological services by facilitating resources for coordinating research, investigations and surveys and providing a platform for sharing with other hydrology professionals and with all other stakeholders;
- Certification of hydrological studies for design of hydrological structures;
- Forming partnerships and undertaking resource mobilization to enhance its activities; and
- Building human resource capacity.

Major risks facing the Board

Challenges

Operational risks:

1. Understaffing
2. Limited office space affects operational efficiency.
3. No official vehicles for Board's operations

Finance risks:

- 1) Inadequate finances for Operations & Maintenance and Personnel Emoluments
- 2) Inadequate resources to lease office space
- 3) The budgetary allocation still unable to sustain the Boards operations since the board is in its peak in operationalization of key policies and plans and request for further consideration.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Hydrologists Registration Board exists to ensure a competent hydrology profession thrives, driven by well trained and competent hydrology professionals, able to design and undertake hydrological analysis for development of water infrastructure and programs. This will ensure the existence of sustainable hydrological projects and programs thus improving livelihoods. This is what will guide us to deliver our strategy, putting the customer/citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the Board's policies and activities that promote sustainability.

a) Sustainability strategy and profile

The Board is national in its scope of coverage and has unique functions. The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic factors affecting sustainability priorities, reference to international best practices and key achievements and failure.

b) Employee welfare

The Board hired five (5) staff during the year under review. However, future recruitment will also take account of all relevant laws, regulations and policies guiding the hiring process and will take into account the gender ratio, stakeholder participation, and the applicable review processes. Skills and competence will be improved through continuous training programs; careers, appraisal and reward systems will be implemented. The policy on safety and compliance with Occupational Safety and Health Act of 2007 will be taken into account.

c) Market place practices-

The Board observed the following:

i) Responsible competition practice.

The Board gave fair chance to all their suppliers regardless of their race, ethnicity or disability. Market surveys were always done before procurement.

ii) Responsible Supply chain and supplier relations

The Board maintained cordial relationships with its suppliers through fair competition in awarding of contracts as stipulated in Public Procurement and Disposal Acts and other relevant regulations. Prompt payment was made upon invoicing.

iii) Responsible marketing and advertisement

Through the Boards website and social media pages, relevant information has been disseminated to the public thus creating awareness.

iv) Product stewardship

Clients' information was ethically and properly kept; Information is only shared to third party upon authorization.

d) Corporate Social Responsibility / Community Engagements

Under the year under review the Board participated in a Corporate Social Responsibility activity by participating in the Tree Growing Campaign in Mwache Catchment Area and Lake Kenyatta in Lamu County as a presidential directive ahead of the commencement of construction of Mwache Dam.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Boards affairs.

i) Principal activities

The principal activity is to guide the Board in fulfilling its mandate to regulate, co-ordinate and oversee practice of hydrology among other activities.

ii) Results

The results of the Entity for the year ended June 30, 2023, are set out on page 1.

iii) Directors

The Board Directors who served during the year are shown in the table below.

S/N	Name	Organization	Appointment Date	Designation
1	Lawrence W. Thooko	Independent	5 th August, 2022	Chairperson
2	Chrysanthus Gicheruh	Independent	18 th July, 2022	Chairperson, Finance and HR committee
3	Symon Karugah	Independent	18 th July, 2022	Chairperson, Audit, risk and compliance Committee
4	Eng. Stephen Kogi	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works	5 th December, 2019	Alternate Member to PS, Roads

**Hydrologists Registration Board
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5	Mark Ngecho	National Treasury	5 th December, 2019	Alternate Member to PS, National Treasury
6	Nancy Koech	MWS&I	5 th December, 2019	Alternate Member to PS, MWSI
7	Daniel Mogusu	Chief Hydrologist, MWSI	5 th December, 2019	Member
8	Zephania Ouma	NEMA	5 th December, 2019	Alternate Member to Director-General, NEMA and chairperson Strategy and technical committee
9	Jeremiah M. Matunda	Representing Attorney General	5 th December, 2019	Alternate Member to Attorney-General,

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Finance Management (National Government) Regulation 15, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Entity did not make any surplus during the year (FY 2022/2023 Kshs Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

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

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act) require the Board of Management to prepare financial statements in respect of Hydrologists Registration Board, which give a true and fair view of the state of affairs of the Institution at the end of the financial year/period and the operating results of the Board for that year/period. The Board of Management Members are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Registrar/Chief Executive Officer is also responsible for safeguarding the assets of the Board. In this regard HRB Board of Directors caused preparation of these financial statements in conformity with the applicable laws and guidelines. The Board has also ensured that proper records which disclose reasonable accuracy and financial position of the institution have been provided. The Board accepts responsibility of its financial statements and confirm the appropriateness of the accounting policies applied.

Nothing has come to the attention of the Registrar/Chief Executive Officer 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 Board's financial statements were approved by the Board on _____ 2023 and signed on its behalf by:



.....
JULIUS KORIR, CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR
WATER AND SANITATION

DATE:12.02.2024.....

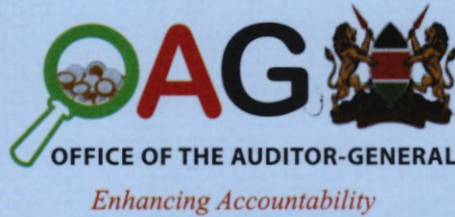


.....
ANTONY MWENJE
REGISTRAR/CEO

DATE:12/02/2024.....

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON HYDROLOGISTS REGISTRATION BOARD 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 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 Hydrologists Registration Board set out on pages 1 to 34, 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 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 effects of the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Hydrologists Registration Board 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 Hydrologists Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Expenditure

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.8,624,341 as disclosed in Note 7 to the financial statements. This amount includes domestic accommodation and subsistence amount of Kshs 4,761,500. Review of this expenditure revealed that the expenditure was supported with photocopies of work tickets. However, original work tickets to confirm with the photocopied ones were not provided for audit.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Hydrologists Registration Board 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 audit 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 a final receipts budget and actual on comparable basis of Kshs.25,000,000 and Kshs.25,000,000 respectively resulting in Nil under-funding. Similarly, the Board spent Kshs.16,194,376 against an approved budget of Kshs.25,000,000 resulting to an under-expenditure of Kshs.8,805,624 or 35% of the approved budget.

The under-absorption affected the planned activities which may have impacted negatively on effective service delivery to the public.

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 Issues

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues as required or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

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

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. Over-Expenditure in Board Expenses

The statement of financial performance reflects board expenses of Kshs.7,044,610 as disclosed in Note 10 to the financial statements. However, the percentage of the board expenditure as a proportion to the expenses is 43.5% of the total operations expenditure of Kshs.16,194,376 and was therefore above the allowable percentage of 5%. This was contrary to the directive from the Executive Office of the President vide Circular number OP/CAB.9/1A of 11 March, 2020 which provides that board expenditure for the financial year shall be capped at Kshs.30 Million or 5% of the operations and maintenance budget whichever is less.

In the circumstances, Management was in breach of the law

2. Failure to Tax Airtime and Data Bundle Allowance

Note 10 to the financial statements reflects board expenses of Kshs.7,044,610. Included in this amount is payment of airtime and data bundle to staff and board members amounting to Kshs.64,000. The allowances paid in varied amounts exceeded the threshold of Kshs.3,000 were not taxed resulting to an amount of Kshs.19,800 not being collected by Kenya Revenue Authority. This is contrary to Section 3 (2) (a)(ii) of Income Tax Act (Cap 470) revised edition 2021 that provides that subject to this Act, income upon which tax is chargeable under this Act is income in respect of gains or profits from employment or services rendered.

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

3. Invitation of Board Members Without Requisite Days of Notice of Meetings

During the year under review, the Board's issued various invitations to board and committee members for meetings. However, some meetings were invited without compliance to the requisite fourteen (14) days' notice. This was contrary to Mwongozo, the Code of Governance for State Corporations that provides that notice and agenda of board and committee meetings will be issued from the Corporation Secretary by providing notice to the Chairperson of at least fourteen (14) days prior to the meeting, to enable preparation for the meetings and deliberations.

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

4. Irregular Appointments of Board Members

The Cabinet Secretary, Ministry of Water, Sanitation and Irrigation appointed two persons vide a gazette notice dated 11 July,2023 vol CXXIV to be members of the Hydrologists Registration Board. Review of their qualifications revealed that they did not possess the pre-requisite qualifications as defined in Section 6(1g) of the Act that states that two other persons appointed by the Cabinet Secretary by virtue of their experience in the field of hydrology.

In the circumstances, the Cabinet Secretary was in breach of Section 6(1g) of the Hydrologists Act No. 19 of 2017 on composition of the Board.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Reports

Review of internal audit function revealed that there were no internal audit reports for the financial year under review. Further, the audit committee had no minutes on evaluation of effectiveness of their risk management, internal control and governance processes. In addition, there was no evidence that the quarterly reports were submitted to the Accounting Officer.

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

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

Responsibilities of Management and the Board of 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 controls, 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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 qualified opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


22 March, 2024

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2023**

	Notes	2022-2023 Kshs	2021-2022 Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	25,000,000	15,000,000
Total revenue		25,000,000	15,000,000
Expenses			
Use of goods and services	7	8,624,341	2,478,931
Administrative costs	8	0	5,079,965
Personnel Emolument	9	381,000	0
Board Expenses	10	7,044,610	5,815,472
Depreciation		144,425	0
Repairs and maintenance	11	0	0
Total expenses		16,194,376	13,374,368
Other gains/(losses)			
Increase/ (Decrease) in Provision for Audit Fees		-	-
Surplus before tax		8,805,624	1,625,632
Taxation		(0)	(0)
Surplus for the period/year		8,805,624	1,625,632
Remission to National Treasury	29	-	-
Net Surplus for the year		8,805,624	1,625,632

The notes set out on pages 9 to 35 form an integral part of these Financial Statements.
The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....
ACCOUNTING OFFICER


.....
HEAD OF FINANCE


.....
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR WATER
AND SANITATION

NAME: ANTONY MWENJE
DATE: 12/02/2024

NAME: JAMES KARORI
ICPAK MEMBER NUMBER: 3972
DATE: 12/02/2024

NAME: Julius Koin
DATE: 12.2.2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

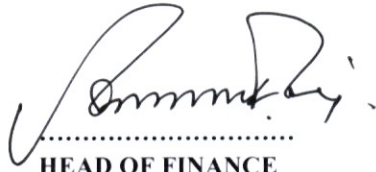
	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	9,255,995	204,086
Total Current Assets		9,255,995	204,086
Non-Current Assets			
Property, Plant and Equipment	13	876,215	226,560
Total Non-Current Assets		876,215	226,560
Total Assets		10,132,210	430,646
Liabilities			
Current Liabilities			
Trade and Other Payables	14	1,500,600	404,660
Current Provision	15(a)	200,000	400,000
Total Current Liabilities		1,700,600	804,660
Total Liabilities		1,700,600	804,660
Net Assets			
Revenue Reserves	16	8,431,610	(374,014)
Total Net Assets and Liabilities		10,132,210	430,646

Hydrologists Registration Board
Annual Report and Financial Statements
For the Year ended June 30, 2023

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



.....
ACCOUNTING OFFICER



.....
HEAD OF FINANCE



.....
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR
WATER AND SANITATION

NAME: ANTONY MWENJE

NAME: JAMES KARORI

NAME: Julius Kony

DATE: 12/02/2024

ICPAK MEMBER NUMBER: 3972

DATE: 12/02/2024

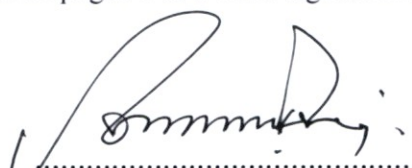
DATE: 12.2.2024

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

	Retained earnings	Total
	Kshs	Kshs
As at July 1, 2020	-	-
Surplus/ deficit for the year	(1,999,646)	(1,999,646)
As at June 30, 2021	(1,999,646)	(1,999,646)
As at July 1, 2021	(1,999,646)	(1,999,646)
Surplus/ deficit for the year	1,625,632	1,625,632
As at June 30, 2022	(374,014)	(374,014)
As at July 1, 2023	(374,014)	(374,014)
Surplus/ deficit for the year	8,805,624	8,805,624
As at June 30, 2023	8,431,610	8,431,610

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


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ACCOUNTING OFFICER


.....
HEAD OF FINANCE


.....
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR WATER
AND SANITATION

NAME: ANTONY MHEJIE

NAME: JAMES KARORI

NAME: Julius Korir

DATE: 12/02/2024

ICPAK MEMBER NUMBER: 3972

DATE: 12/02/2024

DATE: 12.02.2024

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

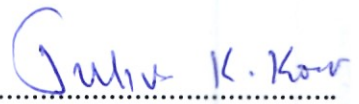
		2022-2023	2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		25,000,000	15,000,000
Total receipts		25,000,000	15,000,000
Payments			
Use of goods and services		8,624,341	2,478,931
Administrative costs		0	5,079,965
Board Expenses		6,816,190	7,437,372
Repairs and maintenance		0	0
Personnel Emolument		381,000	0
Total payments		15,821,531	14,996,268
Net cash flows from/(used in) operating activities	17	9,178,469	3,732
Cash flows from investing activities			
Purchase of PPE and Intangible assets	13	(126,560)	(100,000)
Net cash flows from/(used in) investing activities		(126,560)	(100,000)
Cash flows from financing activities			
-			-
Net cash flows from financing Activities		0	-
Net increase/(decrease) in cash & Cash equivalents		9,051,909	(96,268)
Cash and cash equivalents at 1 July	12	204,086	300,354
Cash and cash equivalents at 30 June		9,255,995	204,086

Hydrologists Registration Board
Annual Report and Financial Statements
For the Year ended June 30, 2023

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


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ACCOUNTING OFFICER


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HEAD OF FINANCE


.....
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR WATER
AND SANITATION

NAME: ANTONY MWENTE

NAME: JAMES KARORI

NAME: 

ICPAK MEMBER NUMBER: 3972

DATE: 12/02/2024

DATE: 12/02/2024

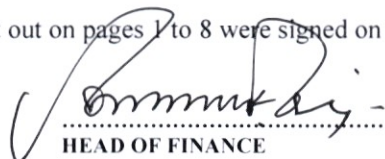
DATE: 12.2.2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	25,000,000	-	25,000,000	25,000,000	0	100%
Total Income	25,000,000	-	25,000,000	25,000,000	0	100%
Expenses						
Use of Goods	8,205,000	-	8,205,000	8,624,341	(419,341)	103.30%
Personnel Emoluments	10,000,000		10,000,000	381,000	9,619,000	3.81%
Board expenses	6,790,000	-	6,790,000	7,044,610	(254,610)	100.77%
Depreciation	5,000	-	5,000	144,425	(139,425)	2,888.5%
Total Expenditure	25,000,000	-	25,000,000	16,194,376	8,805,624	64.78%
Surplus for the period	0	-	0	8,805,624	-	-
Capital Expenditure	-	-	-	-	-	-

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


 ACCOUNTING OFFICER


 HEAD OF FINANCE


 PRINCIPAL SECRETARY
 STATE DEPARTMENT FOR
 WATER AND SANITATION

NAME: ANTONY MWENJE

NAME: JAMES KARORI
 ICPAK MEMBER NUMBER: 3972

NAME: Sylvia K. Kamau

DATE: 12/02/2024

DATE: 12/02/2024

DATE: 12.2.2024

Explanations

- a) The variance resulted from unforeseen board activities for the use of goods and services and general expenses.
- b) The variance resulted from increased Board activities and pending bills.
- c) The variance in Personnel Emoluments was due to delayed completion of the Board's Salary Remuneration and Grading Structure resulting in delay in appointment new staff. New staff were appointed on 29th June 2023.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Hydrologists Registration Board is established by and derives its authority and accountability from Hydrologists Act, 2017. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's Principal activity is to regulate and coordinate the discipline and profession of hydrology in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>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> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p>

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 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 Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that</p>

Standard	Effective date and impact:
	<p>lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4) Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Entity recognizes revenues from fees, taxes 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 Entity 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 Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

Hydrologists Registration Board did not collect Appropriation-in-Aid in the financial year 2022-2023 since the Hydrologists Regulations have not been gazetted. The Board plans to collect Appropriation-in-Aid once it begins operationalization of the Hydrologists Regulations.

b) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 12 of these financial statements.

c) Taxes

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 Entity 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can

NOTES TO THE FINANCIAL STATEMENTS (Continued)

be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Sales tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 3-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

The Board did not receive allocation in the financial year 2022-2023 to acquire investment property. The board plans to acquire investment property once it receives funds in the financial year 2023-2024.

e) Property, plant and equipment

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

The Board depreciates its assets classes over their respective useful life using the following rates (on a prorated basis) as per its depreciation policy:

Motor Vehicles	-	25.00%	(straight line)
Furniture and Fittings	-	12.50%	(straight line)
Computers and Printers	-	33.50%	(straight line)
Office Equipment	-	12.50%	(straight line)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation is, however, not charged on assets acquired within one month prior to the end of the financial year. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

The Board did not receive adequate allocation in the financial year 2022-2023 to lease property. The board plans to enter into a lease agreement once it receives additional funds in the financial year 2023-2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

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

Hydrologists Registration Board did not have allocation for research and development costs in the financial year 2022-2023. The board plans to incorporate this cost in the budget in the future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Contingent liabilities

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

k) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

m) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

n) Employee benefits

Retirement benefit plans

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

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

Hydrologists Registration Board did not have substantive staff in the year 2022-2023 and recruited new staff in June 2023. As a result, there was no retirement benefits plan for the staff in the financial year 2022-2023. The Board plans to provide the retirement benefits in the financial year 2023-2024

o) Related parties

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

p) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

s) Subsequent events

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

5) Significant Judgments and Sources of Estimation Uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Estimates and assumptions

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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. (include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6) Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Operational Grant	25,000,000	15,000,000
Other Grants	0	0
Total Unconditional Grants	25,000,000	15,000,000
Conditional Grants		
-		-
Total Government Grants and Subsidies	25,000,000	15,000,000

Transfers from Ministries, Departments and Agencies (MDAs)

Name Of the Entity Sending the Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2022-23	Prior year 2021-2022
	KShs	KShs	KShs	KShs	KShs
Ministry of Water Sanitation and Irrigation	25,000,000	0	0	25,000,000	15,000,000
Total	25,000,000	0	0	25,000,000	15,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7) Use of Goods and Services

Description	2022-23	2021-2022
	Kshs	Kshs
Advertising	68,440	375,138
Audit fees	200,000	200,000
Conferences and Delegations	454,328	956,300
Office Consumables	0	0
Consumables/Hospitality	600,000	388,920
Local travel/Subsistence	0	0
Fuel and oil	256,000	227,427
IT consumables/General supplies	95,000	0
Postage fees	9,450	0
Printing and Stationery	33,500	117,381
Bank charges	19,041	18,265
Corporate Social Responsibility	191,000	195,500
Medical Insurance	391,882	0
Logo Design	100,000	0
Airtime	60,000	0
Travel, accommodation, subsistence, & other allowances	4,761,500	0
Other employee related costs * Staff training, claim, retreat & secretariat allowance	1,384,200	0
Total	8,624,341	2,478,931

8) Administrative Costs

Description	2022-23	2021-2022
	Kshs	Kshs
Travel, accommodation, subsistence, & other allowances	0	4,664,965
Other employee related costs * - Staff training, claim, retreat & secretariat allowance	0	414,800

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Employee costs	0	5,079,765
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9) Personnel Emoluments

Description	2022-23	2021-2022
	Kshs	Kshs
Staff recruitment costs	322,000	0
Task force allowance	59,000	0
Personnel Emoluments	381,000	0

10) Board Expenses

Description	2022-23	2021-2022
	Kshs	Kshs
Chairman/Directors' Honoraria	816,000	1,020,000
Sitting Allowances	4,811,220	4,188,000
Induction and Training	0	0
Travel and Accommodation	800,200	430,303
Other Allowances – Arrears, claim, Mileage & Transport	617,190	177,370
Total	7,044,610	5,815,673

11) Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Office Repairs and Maintenance	0	0
Total Repairs and Maintenance	0	0

12) Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	9,255,995	204,086
Total Cash and Cash Equivalents	9,255,995	204,086

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
KCB Bank Kenya PLC (Recurrent)	1280254025	9,255,995	204,086
Sub- Total		9,255,995	204,086
b) Others (Specify)			
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		9,255,995	204,086

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13) Property, Plant and Equipment

	Computers & Printers	Furniture and Fixtures	Total
Cost	Kshs		Kshs
As At 1 July 2021	0	0	0
Additions	226,560	0	226,560
Disposals	(0)	(0)	(0)
Transfers/Adjustments	(0)	(0)	(0)
As At 30th June 2022	226,560	0	226,560
Additions	506,280	287,800	794,080
Disposals	(0)	(0)	(0)
Transfer/Adjustments	(0)	(0)	(0)
As At 30th June 2023	732,840	287,800	1,020,640
Depreciation and Impairment			
At 1 July 2021	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)
Impairment	(0)	(0)	(0)
Transfers/ Adjustments	(0)	(0)	(0)
As At 30 June 2022	(0)	(0)	(0)
Depreciation	(132,433)	(11,992)	(144,425)
Disposals	(0)	(0)	(0)
Impairment	(0)	(0)	(0)
Transfer/Adjustment	(0)	(0)	(0)
As At 30th June 2023	(132,433)	(11,992)	(144,425)
Net Book Values			
As At 30th June 2022	226,560	0	226,560
As At 30th June 2023	600,407	275,808	876,215

Valuation

No equipment was valued in the year ended 30th June 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 (b) Property, Plant and Equipment at Cost

Office Equipment was stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Computers and Printers	226,560	(75,898)	150,662
Laptops and Desktop	506,280	(56,535)	449,745
Office chairs, Desk and Steel cabinet	287,800	(11,992)	275,808
Total	1,020,640	(144,425)	876,215

14) Trade and Other Payables

Description	2022 - 2023	2021-2022
	Ksh.	Kshs
Trade and other payables	898,580	126,560
Accrued Board Expenses	76,020	122,100
Accrued Income Tax Withheld	126,000	156,000
Accrued Audit Fees	400,000	0
Total trade and other payables	1,500,600	404,660

15) Current Provisions

Description	Audit Fees	Total
	Kshs	Kshs
Balance b/f	0	0
Additional provisions on Audit fees	0	0
Provision for the year	200,000	200,000
Change due to discount and time value for money	(0)	(0)
Transfers from non -current provisions	0	0
Total provisions year end	200,000	200,000

16) Revenue reserves

Description	2022 - 2023	2021-2022
	Ksh.	Kshs
Balance b/f	(374,014)	(1,999,646)
Surplus/ (Deficit) for the period	8,805,624	1,625,632
Balance c/d	8,431,610	(374,014)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17) Cash Generated from Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) for the year before tax	8,805,624	1,625,632
Adjusted for:		
Contribution to provisions	(200,000)	(0)
Working Capital adjustments:		
Increase/ Decrease in payables	854,457	(1,621,900)
Net cash flow from operating activities	9,178,469	3,732

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Financial Risk Management

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

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Bank balances	9,255,995	9,255,995		
Total	9,255,995	9,255,995		
As at 30 June 2022				
Bank balances	204,086	204,086	-	-
Total	204,086	204,086	-	-
As at 30 June 2021				
Bank balances	300,354	300,354	-	-
Total	300,354	300,354	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The board did not have any active receivables in the year under review. The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Trade & Other Payables	-	306,520	400,000	706,520
Provisions	200,000	-		200,000
Total	200,000	306,520	400,000	906,520
As at 30 June 2022				
Trade & Other Payables	0	404,660	0	404,660
Provisions	200,000	-	200,000	400,000
Total	200,000	404,660	200,000	804,660

iii) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Retained earnings	8,431,610	(374,014)
Total funds	8,431,610	(374,014)
Total borrowings	0	0

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	2022-2023	2021-2022
	Kshs	Kshs
Less: cash and bank balances	(9,255,995)	(204,086)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

iv). Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry;
- ii) Other SCs and SAGAs
- iii) Key management;
- iv) Board of directors;

29 Surplus Remission

In accordance with Regulation 219 (2) of the Public Finance Management regulation 15, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. ***The entity is not a regulatory authority and hence no remittance was made to the Consolidated Fund.***

30 Events after the Reporting Period

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

31 Ultimate And Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Water Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

32 Currency

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

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:
1	Board expenditure was above the allowable expenditure of 5%	The board intends to get approval from the Permanent Secretary and National Treasury for board expenses to be above 5% of Operations & Maintenance budget.	Not resolved	By 30 th June 2024
2	Lack of an approved risk management policy.	The risk management policy has been approved by the board and is being implemented.	Resolved	-
3	Non-preparation of performance evaluation report	The board almanac and workplan for financial year 2023-2024 contains preparation of a performance evaluation report	Not Resolved	31 st Decembe 2023
4	Failure to submit annual almanac	Annual almanac for the year 23-24 will be submitted to the State Corporation Advisory Committee once approved by the board	Not resolved	31st October,2023
5	Budgetary Control and Performance	The amount specified of Ksh. 1,625,632 was utilized to pay pending bills.	Resolved	-

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ANTONY K.G. MWENJE

REGISTRAR/ CHIEF EXECUTIVE OFFICER

DATE 12/02/2024

Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Water, Sanitation and Irrigation	04/08/2022	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	09/09/2022	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	05/10/2022	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	15/11/2022	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	13/12/2022	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	05/01/2023	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	06/02/2023	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	23/03/2023	Recurrent	416,667	416,667	0	0	0	0	416,667
	31/03/2023	Recurrent	1,666,666	1,666,666	0	0	0	0	1,666,666
	14/04/2023	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	06/06/2023	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	23/06/2023	Recurrent	1,666,670	1,666,670	0	0	0	0	1,666,670
	30/06/2023	Recurrent	2,083,333	2,083,333	0	0	0	0	2,083,333
	11/07/2023	Recurrent	413,670	413,670	0	0	0	0	413,670
Total			25,000,000	25,000,000	0	0	0	0	25,000,000

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