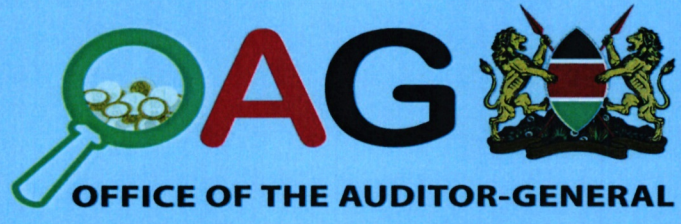




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ON

ENGINEERS BOARD OF KENYA


FOR THE YEAR ENDED
30 JUNE, 2019

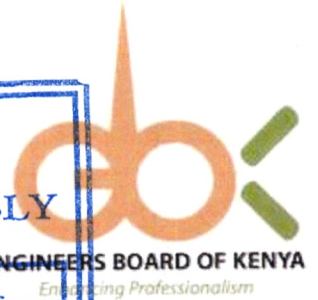
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ENGINEERS BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30TH, 2019

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

TABLE OF CONTENTS

KEY EBK INFORMATION AND MANAGEMENT	iii
THE BOARD OF DIRECTORS	1
MANAGEMENT TEAM.....	4
CHAIRMAN'S STATEMENT	7
REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER.....	9
CORPORATE GOVERNANCE STATEMENT	11
MANAGEMENT DISCUSSION ANALYSIS	14
REPORT OF THE DIRECTORS	30
STATEMENT OF BOARD'S RESPONSIBILITIES	31
REPORT OF INDEPENDENT AUDITORS.....	32
STATEMENT OF FINANCIAL PERFORMANCE	34
STATEMENT OF FINANCIAL POSITION	35
STATEMENT OF CHANGES IN NET ASSETS.....	36
STATEMENT OF CASH FLOWS.....	37
STATEMENT OF BUDGET VS ACTUAL.....	38
NOTES TO THE FINANCIAL STATEMENTS.....	39

KEY EBK INFORMATION AND MANAGEMENT

a. About the Board

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

The Board is a successor to the Engineers Registration Board (ERB) established by the Engineers Registration Act, Cap 530 (1969).

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

b. Functions and Powers of the Board

The functions and powers of the Board are to: -

- (a) Receive, consider, make decisions on applications for registration and register approved Applications;
- (b) Keep and maintain the Register;
- (c) Publish the names of registered and licensed persons under the Engineers Act 2011;
- (d) Issue licences to qualified persons under the provisions of the Engineers Act 2011;
- (e) Publish and disseminate materials relating to its work and activities;
- (f) Carry out inquiries on matters pertaining to registration of engineers and practice of engineering;
- (g) Enter and inspect sites where construction, installation, erection, alteration, renovation, maintenance, processing or manufacturing works are in progress for the purpose of verifying that—
 - i) Professional engineering services and works are undertaken by registered persons under this Act;
 - ii) Standards and professional ethics and relevant health and safety aspects are observed;
- (h) Assess, approve or reject engineering qualifications of foreign persons intending to offer professional engineering services or works;

- (i) Evaluate other engineering programmes both local and foreign for recognition by the Board;
- (j) Enter and inspect business premises for verification purposes or for monitoring professional engineering works services and goods rendered by professional engineers;
- (k) Instruct, direct or order the suspension of any professional engineering services works, projects, installation process or any other engineering works, which are done without meeting the set-out standards;
- (l) Approve and accredit engineering programs in public and private universities and other tertiary level educational institutions offering education in engineering;
- (m) Set standards for engineers in management, marketing, professional ethics, environmental issues, safety, legal matters or any other relevant field;
- (n) Prepare detailed curriculum for registration of engineers and conduct professional examinations for the purposes of registration;
- (o) Establish a school of engineering and provide facilities and opportunities for learning, professional exposure and skills acquisition, and cause continuing professional development programmes for engineers to be held;
- (p) Establish the Kenya Academy of Engineering and Technology whose purpose shall be to advise the National and the County Governments on policy matters relating to engineering and technology;
- (q) Plan, arrange, co-ordinate and oversee continuing professional training and development and facilitate internship of graduate engineers;
- (r) Collaborate with engineering training institutions, professional associations, engineering organizations and other relevant bodies in matters relating to training and professional development of engineers;
- (s) Determine the fees to be charged by professional engineers and firms for professional engineering services rendered from time to time;
- (t) Hear and determine disputes relating to professional conduct or ethics of engineers;
- (u) Develop, maintain and enforce the code of ethics for the engineers and regulate the conduct and ethics of engineering profession in general;
- (v) Determine and define disciplines of engineering recognised under the Engineers Act 2011;
- (w) Conduct recruitment of staff of the Board through a competitive process; and
- (x) Carry out such other functions related to the implementation of the Engineers Act 2011.

c. Key Management

EBK's day-to-day management was under:

Eng. Nicholas M. Musuni, PE – Registrar/Chief Executive Officer

d. Fiduciary Management

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

No	Name	Designation
1	Eng. Nicholas M. Musuni	Registrar/Chief Executive Officer
2	Eng Grace Onyango	Director, Capacity Building and Professional Development
3	Eng. Anthony Okere	Director, Compliance Standards and Enforcement
4	Catherine Mungania	Legal Services Manager
5	Mr.Fredrick Buchanan	Internal Audit Manager
6	Mr.Erick Obiero	Human Resources and Administration Manager
7	Mr,Sebastian Bwire	ICT Manager
8	CPA Mathew Kivava	Finance Manager
9	Ms.Catherine Macharia	Principal Supply Chain Management Officer
10	Ms.Norah Nyaboga	Principal Registration Officer
11	Ms.Beth Mbatia	Principal Communications Officer

e. Fiduciary Oversight Arrangements

Board Committees Towards Good Corporate Governance

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

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

Audit, Governance and Risk Committee

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

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

Membership of the Committee

- | | | |
|----------------------------------|---|-------------|
| i. Eng. Aruna Patel, | - | Chairperson |
| ii. Eng. Prof Francis J. Gichaga | - | Member |
| iii. Eng. Abdullahi Samatar, | - | Member |

Finance, Administration and Human Resource Development Committee

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

- i. To monitor the integrity of the financial statements of the Board and any formal communication relating to the Board's financial performance.
- ii. Oversee the finance and administration affairs of the Board.
- iii. Oversee the implementation of the Board's strategies.
- iv. Develop, review or update laws and regulations.
- v. Scrutinize policy issues before transmitting them to the Board for decision.
- vi. Oversee the resource mobilization, implementation of development programmes and sustainability of the Board.
- vii. Handles urgent and emergency issues on behalf of the Board.

- viii. Links with Government Ministries and Departments.
- ix. To ensure compliance with the legal and statutory requirements.

Membership of the Committee

- i. Eng. Julius M.Riungu, - Chairperson
- ii. Eng. Stanley Kamau, - Member
- iii. Eng. Michael Okonji, - Member
- iv. Mr. Etyang A.R.O - Member
- v. Eng. Gilbert Arasa - Member

Registration and Professional Development Committee (R&Pdc)

The functions of the Registration and Professional Development Committee includes:

- i. To process applications for registration of engineers and consulting firms.
- ii. To monitor professional activities of engineers and engineering consulting firms.
- iii. To conduct professional interviews for candidates applying for registration.
- iv. To ascertain deployment of registered engineers to perform engineering duties.
- v. To advise the Board on matters relating to technical affairs of the Board.
- vi. To ensure compliance of code of conduct and ethics for engineering practice.
- vii. To prepare curriculum for registration of engineers and conduct professional examinations.
- viii. To establish, operationalize and organize continuing professional development programmes for engineers of all categories.
- ix. To organize seminars, workshops and conferences.
- x. To coordinate competence building programmes for engineering consulting firms.
- xi. To oversee EBK publications.
- xii. To advise the Board on matters relating to professional development affairs of the Board.

Membership of the Committee

- i. Eng. Michael Okonji, - Chairperson
- ii. Eng. Prof.Francis J.Gichaga, - Member
- iii. Eng. Julius M.Riungu, - Member
- iv. Eng. Prof.Bancy M. Mati, - Member

Academics Qualifications Committee (AQC)

The functions of the Academics Qualifications Committee include:

- i. To evaluate undergraduate engineering programmes offered by the Universities and other Tertiary level Institutions offering education in engineering and advise on accreditation of engineering programmes.
- ii. Assess engineering qualifications of foreign persons intending to offer professional engineering services or works.
- iii. To develop, review and update the criteria and procedures for preparation of engineering programmes.
- v. To advise the Board on matters relating to engineering programs offered in the universities and other tertiary institutions.

Membership of the Committee

- | | | |
|-----------------------------------|---|-------------|
| i. Eng. Prof. Francis J. Gichaga, | - | Chairperson |
| ii. Eng. Prof. Bancy M. Mati, | - | Member |
| iii. Mr. Charles Obiero | - | Member |

Parliamentary Committee Activities

The Board reports on financial matters to the Parliamentary Investments Committee (PIC) by virtue of being a State Corporation. In addition, the Board due to its mandate also reports to the Transport, Public Works and Housing Committee as well as Education, Research and Technology Committee.

Most parliamentary committees investigate specific matters of policy or government administration or performance. Other parliamentary committees are responsible for matters related to the internal administration of the parliament.

Committees are able to do things which it would not be possible to undertake in the large, formal environment of the parliament, such as finding out the facts of a case or issue, gathering evidence from expert groups or individuals, sifting evidence and drawing up reasoned conclusions. This kind of work is more effectively carried out by small group members. An advantage of committees is that several of them can operate at one time enabling many more investigations to be conducted. Each committee has its own defined area of operation so that it is able to specialize and build up a body of expertise among its members.

Development Partner Oversight Activities

Development Partner Oversight Activities include;

- i. Monitor and review progress of projects in relation to the agreed performance contracts.
- ii. Provide recommendations regarding strategic directions, new opportunities for investment, and enhanced performance.
- iii. Approve the development projects budget proposal.
- iv. Issue clearances on projects at particular points during implementation
- v. Offer advice on corrective measures on ongoing projects

d. EBK Headquarters

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

KCB Bank Kenya Limited

Capital Hill Branch
P. O Box 58233 - 00200
Nairobi.

e. EBK Contacts

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

g. Independent Auditors

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

f. EBK Bankers

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





h. Principal Legal Adviser





The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
Nairobi.




Housing Finance Corporation Kenya,

Rehani House,
P.O Box 45219-00100,
Nairobi

THE BOARD OF DIRECTORS

 <p>1. Eng. Wanjau D. Maina</p>	<p>Chairman YOB: 1956 Key Qualifications University of Newcastle Upon Tyne (MSc Environmental Engineering) University of Nairobi BSc (Civil Engineering) Work Experience: over 34 years' experience in the Engineering profession</p>
 <p>2. Eng. (Prof.) Francis J. Gichaga</p>	<p>Vice Chairman YOB: 1942 Key Qualifications University of East Africa BSc (Civil Engineering) University of Nairobi MSc (Civil Engineering) University of Nairobi PhD (Civil Engineering) Work Experience: over 45 years experience in the Engineering field</p>
 <p>3. Abednego Etyang</p>	<p>YOB: 1967 Key Qualifications University of Nairobi, Bachelor of Arts (BA) Moi University, Master of Public Administration (MPA) Work Experience: Over 25 years experience in Public Administration</p>
 <p>4. Charles Obiero</p>	<p>YOB: 1964 Key Qualifications Kenyatta University; Bachelor of Education (B.ED) Kenyatta University; Masters in Educational Administration</p>

 <p>5. Eng. Stanley K. Kamau</p>	<p>YOB: 1959</p> <p>Key Qualifications University of Nairobi BSc (Civil Engineering) Work Experience: 29 Years experience in the Engineering profession</p>
 <p>6. Eng. Abdullahi M. Samatar</p>	<p>YOB: 1963</p> <p>Key Qualifications University of Nairobi BSc (Civil Engineering) Work Experience: 27 years experience in the Engineering profession</p>
 <p>7. Eng. (Prof.) Bancy M. Mati</p>	<p>YOB: 1959</p> <p>Key Qualifications University of Nairobi BSc (Agricultural Engineering) University of Nairobi MSc (Land and water management) Cranfield University, UK, PhD (Rural land use and GIS) Work Experience: Over 20 years experience in Engineering profession</p>
 <p>8. Eng. Julius M. Riungu</p>	<p>YOB: 1950</p> <p>Key Qualifications University of London, UK BSc (Electrical and Electronics Engineering) Work Experience: Over 40 years experience in the Engineering profession</p>

<p>9. Eng. Collins Juma</p> 	<p>Bachelor of Engineering Degree (Mechanical) from Indian National Institute of Technology and a Masters Degree in Operations Management from the University of Nairobi. Worked Experience: over 25 years in the Energy Sector</p>
 <p>10. Eng. Aruna A. Patel</p>	<p>YOB: 1955 Key Qualifications University of Vallabhvidyanagar, India, BEng (Electrical) Work Experience: 28 years experience in the Engineering profession</p>
 <p>11. Eng. Nicholas M. Musuni</p>	<p>YOB: 1979 Registrar/Chief Executive Officer Key Qualifications University of Nairobi, BSc (Civil Engineering) Work Experience: Over 13 years experience in the field of engineering</p>

MANAGEMENT TEAM

	<p>Registrar/CEO Key Qualifications University of Nairobi, BSc (Civil Engineering) Work Experience: Over 13 years experience in the field of Engineering and Management</p>
	<p>Director, Capacity Building and professional Development Key Qualifications University of Northumbria at Newcastle, BEng (Electrical and Electronic Engineering) Work Experience: over 10 years experience in the Engineering profession</p>
	<p>Director, Compliance Standards and Enforcement Key Qualifications Moi University, B.Tech (Electrical and Communications Engineering) Work Experience: Over 8 years' experience in Engineering and in Management.</p>
	<p>Legal Services Manager LLM, University of Nairobi LLB, Moi University Post Graduate Diploma in Law, Kenya School of Law. Diploma in Human Resource, Kenya Institute of Management. 11 Years Work Experience in Legal, Court Work, Corporate work, Conveyancing & Arbitration</p>

1. Eng. Nicholas M. Musuni

2.Eng. Grace L. Onyango

3. Eng. Okere A. Makokha

4.Catherine Mungania

 <p>5.CPA. Fredrick Buchanan Okari Abea</p>	<p>Internal Audit Manager</p> <ul style="list-style-type: none"> • MBA (Finance)-UoN • BBM (Finance and Banking)-Moi University • Diploma in Accountancy-KNEC • CPA(K) • Member -ICPAK • Member- IIA-K • Senior Management Course Certificate-KSG • Corporate Governance Programme-KIM • Managing the Internal Audit Function-ESAMI • Professional Certification in Computer -ICDL
 <p>6. Mr.Erick Obiero</p>	<p>Human Resources and Administration Manager University of Nairobi, MBA (Strategic Management) Maseno University, BBA Higher Diploma in Human Resources Management (K) Full Member of the Institute of Human Resources Management of Kenya IHRM (K) Work Experience: More than 7 years' experience in Human Resources and Administration</p>
 <p>7. CPA Mathew Kivava (ICPAK MNO.13540)</p>	<p>Finance Manager Maseno University, BBA (Accounting Option) Certified Public Accountant (K), Full Member of ICPAK Work Experience: 10 years' experience in the field of Finance and Accounts</p>
 <p>8. Norah K. Nyaboga</p>	<p>Principal Registration Officer Bombay University, MA, Sociology Punjab University BA, Sociology Work Experience: Over 20 years' experience in Human Resources Development and Registration Management in the Board</p>

	<p>Principal Communications Officer Moi University, Bsc. Communications and Public Relations (CPR) Kenya Institute of Mass Communication, Diploma and Certificate in Journalism Member of AMWIK (Association of Media Women in Kenya) Work Experience: 5 years' experience in the field of Journalism and Communications</p>
	<p>Principal Supply Chain Management Officer JKUAT, MSC (Purchasing and Supply Management) Jomo Kenyatta University of Agriculture and Technology, Bsc in Procurement and Logistics Members of Chartered Institute of Procurement and Supplies (UK) MCIPS Full Member of the Kenya Institute of Supplies Management. MKISM Work Experience: More than 7 years' experience in Purchasing and Supplies Management</p>
	<p>ICT Manager University of Nairobi, MBA (MIS) ongoing. Egerton University, BSC (Mathematics & Computing). Oracle Certified Associate (OCA), Microsoft Certified Professional (MCP). Member of Computer Society of Kenya. Work Experience: Over 12 years' experience in Information Communications Technology</p>

CHAIRMAN'S STATEMENT

The financial statements and annual accounts of the Board for the financial year ended 30th June 2020 is the eight financial year since the enactment and operationalization of the Engineers Act, 2011. This is a unique year that has brought about attainment of significant progress and achievements by the Board while at the same time has altered the way the Board now operates given the global COVID – 19 Pandemic Crisis.

The year is marks the first complete cycle of the implementation of the 2019-2022 Strategic Plan. It is also the first complete year for the new Board Members having been appointed to offer the strategic leadership role in September, 2019.

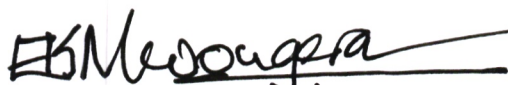
The Board during the year under review recorded tremendous achievements towards implementation of the Engineers Act, 2011 and development of the Board capacity. The achievements included; Gazettement of Engineers Rules, 2019, registration of engineers and engineering firms; conducting Continuing Professional Development (CPD) Programs for Engineers; the recruitment of 40 graduate engineers into the Graduate Engineers Internship Programme, accreditation of University of Eldoret (UoE) B.Eng. - (Agriculture & Biosystems Engineering) and two Engineering programmes at Technical University of Kenya (TUK) - BSc. - (Civil Engineering) and BSc. - (Mechanical Engineering) becoming the 11th local institution from only four (4) at the inception of the Board in 2012.

The Board aspiration to continuously develop the profession in line with global best practices sought international collaborations and knowledge sharing. During the year, the Board participated at the Global Engineering Congress organized by the World Federation of Engineering Organizations (WFEO) and the Institution of Civil Engineers (UK). The Board also carried out comparative studies and knowledge sharing with Engineers Australia, which is a founding member of the International Engineering Alliance (IEA), a global standards setting organization in engineering education and practice.

The Board while celebrating these and many other achievements attained during the year recognize the tremendous works ahead to fully archive the Vision and Mission. To archive these, the Board initiated several projects that will be completed in the 2019/20 financial year. The projects include automation services to members and stakeholders, development of Engineers Manual and the adoption of ISO 9001:2015 Quality Management System.

Engineers Board of Kenya Annual Report and Financial Statements Year Ended 30th June 2019

While executing its mandate, the Board during the year was faced with challenges of insufficient funding and legal challenge. All that notwithstanding, I acknowledge and appreciated the funding support from the Government of Kenya through the State Department of Infrastructure and development partners particularly the World Bank.



Eng. Erastus K. Mwongera, FIEK, RCE, CBS

BOARD CHAIRMAN

ENGINEERS BOARD OF KENYA

REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER

The Financial Year 2018/2019 saw the Board register impressive growths in various areas. The overall number of persons registered by the Board under various categories grew by 17.8%, from 14,319 to 16,881. The growth is mainly attributed to the increasing numbers of graduate engineers that are joining the Industry. The Board registered 2,473 new graduate engineers.

Registration of consulting firms also registered a significant growth from 15 registered during the financial year 2017/2018 to 25 registered during the year ended 30th June, 2019. This brings the total number of registered engineering consulting firms to 101, representing 32.8% increase during the year.

The Board carried on strengthening and mainstreaming the continuing professional development programs for engineer in line with the Engineers Act 2011. The Board facilitated 12 events which attracted 1,453 engineers. The adoption of technology in managing the programs has gone a long way in aiding the planning, coordination and dissemination of information. The Board also continued to streamline the programs to make them more accessible and relevant to engineers.

During the year under review, the Board received a grant from the Government towards the Graduate Engineers Internship Program. All the requisite systems for the implementation were put in place and the recruitment of the first 40 graduate engineers commenced. The program is aligned to the Public Service Commission's policy on internship and is geared towards providing opportunities to graduate engineers to get skills under mentorship by professional engineers which will ultimately lead to their registration as professional engineers.

The Board also completed the refurbishment of its offices at the Fortis Suites during the financial year. The facility has provided a decent working environment. The old offices were earmarked for renovation and alterations towards the establishment of the Board's examination center.

The financial performance of the Board grew stronger with increased internally generated revenues growing to KShs 37,545,085 from KShs 26,602,884 representing a growth of 41%. The growth is attributable to enhanced debt collection campaigns during the year as well as growth in Continuing Professional Development income.

Engineers Board of Kenya Annual Report and Financial Statements Year Ended 30th June 2019

The exchequer support however continues to reduce with the Board receiving a reduced budgetary support from Government of KShs 98 Million down from KShs 114 million during the year ended June 2018. This represents a drop of 16% from exchequer allocations.

The financial outlook however looks promising with the revision of payable fees during the financial year. It is expected that the Board will reduce its reliance on budgetary support for its recurrent budget in the next few years.

The Board continues to face several challenges with respect to its mandate and liabilities carried over from the Engineers Registration Board. The most significant challenge has been the legal suits inherited from the ERB with respect to challenges on the ERB's powers and mandate under the repealed Engineers Registration Act, 1969. The Board during the year has had to provide for compensations and costs arising from a judgement at the Supreme Court. The Government through the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works has committed to support the Board in the matter.

During the year, the Board invested significantly in Human Resource development and further strengthened its human resource and continued providing an adequate working environment. The Board reviewed the Human Resource Policy Manual, the staff establishment, organization structure and developed career guidelines for its staff members. This was done under the guidance of the Public Service Commission.

Overall, the Board has made tremendous efforts in delivering on its mandate in extremely constraining and resource scarce environment. It is however expected that with the systems that have been put in place and with the strengthening the secretariat, the Board will be able to more effectively deliver on its mandate.


ENG. NICHOLAS M. MUSUNI, PE
REGISTRAR/CHIEF EXECUTIVE OFFICER
ENGINEERS BOARD OF KENYA

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors of EBK believes that high standards of corporate governance fostering a culture that values integrity and ethical behaviour are essential for sustainable long-term performance and creating shareholder value. The Board has established a corporate governance framework, the key features of which are set out in this Corporate Governance Statement.

The Board of Directors is responsible for the governance framework which operates under Board-approved policies and practices. The governance framework and associated practices are reviewed by the Board and its committees to ensure it complies with current regulations.

Role and Responsibilities of Directors and Management

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

Attendance to Board meetings by Board members

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

The Board Charter

Operations of the Board at EBK are governed by a Board Charter which stipulates the roles and responsibilities of the Board members. The charter was developed and adopted as a key pillar of good corporate governance. Additionally, Mwongozo, the Code of Governance for State Corporations 2015 required that the Board members should develop and adopt a board charter.

Induction and Training

The EBK has formal letters of appointment in place with all non-executive directors setting out the terms of their appointment. As part of the induction program covering the EBK's financial position, strategies, operations and risk management policies, a new director is provided with an induction pack and meets with the Board Chairman, the Registrar, senior managers to gain valuable insights into relevant operational and corporate matters. Ongoing director education is provided through regular management presentations on key business functions and activities and visits to familiarize with EBK operations. Directors are also offered ongoing professional development and training programmes to enable them to develop and maintain their skills and knowledge.

To ensure directors remain equally informed on all material matters impacting the EBK, Board Papers are usually provided at least 14 days before the Board or committee meeting. All important information is usually dispatched to board members to keep them updated on developments affecting the Board

Director's Skills and Experience

The Board's objective is to have an appropriate mix of skills, expertise and experience on EBK's Board and Board committees. The Board as currently constituted draws a membership from all major disciplines of Engineering. Accordingly, the Board is also represented by representatives from all major stakeholders making the Board highly to attend to engineering matters in the country.

Board and Management Performance Evaluation

The Board members evaluate themselves through a Board self-evaluation exercise. The performance of individual members falls under the ambit of the Chairman. The Board evaluates the Registrar/CEO. The Registrar/ CEO conducts annual performance reviews of the senior managers to evaluate their performance against relevant performance measures and reports to the Board on the outcome of this review.

Succession plan

The succession plan at the Board level involves notifying the appointing officer when the term of the Board is coming to an end. At the management level EBK succession planning process, is to ensure that employees develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles.

Appointment and removal of Board members

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

MANAGEMENT DISCUSSION ANALYSIS

i. Implementation of the Act

a. Engineers Rules, 2019

The Engineers Act, 2011 came into force on 14th September, 2012 vide Kenya Gazette Supplement No. 102 dated 31st August, 2012. The Act repealed and replaced the Engineers Registration Act (1969) in order to provide for a stronger and effective legal framework to attend to the challenges of the day and promote the practice of engineering.

The Board has been committed to the implementation of the Act to ensure that the desired outcomes and benefits from the implementation of the Act were fully realized. To effectively do this, the Board made efforts to engage the Stakeholders, the Office of the Attorney General and the Committee on Delegated Legislation of the National Assembly to draft and gazette the Engineers Rules 2019.

The objectives of the Rules were in line with the Engineers Act 2011 and were geared towards achieving efficiency in service delivery, providing the right information to the public on redress mechanisms and institutionalizing the growth of engineers. Further the Subsidiary Legislation that had been in operation since 5th September, 1969 needed to be reviewed to be in line with the current Act that was in operation.

The Board developed draft regulations to the Act and subjected them to the stakeholders who gave their views and input with regard to the Rules. All the stakeholders' views and comments were adequately incorporated to the draft rules. The Board through several consultations and under the guidance of the legal counsels from the office of the Attorney General finalized the Engineers Rules 2019. The Board, upon receipt of the final copies from the office of the Attorney General, approved and executed and the Cabinet Secretary in-charge of the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works approved the Engineers rules 2018 pursuant to section 58 of the Engineers Act, 2011.



**CONSULTATIVE MEETING BETWEEN COMMITTEE ON DELEGATED LEGISLATION
AND STATE DEPARTMENT OF INFRASTRUCTURE ON ENGINEERS RULES, 2019
AT SAROVA WHITESANDS BEACH RESORT & SPA, MOMBASA 5TH FEB 2019**

The journey of drafting the Engineers Rules, 2019 commenced in the year 2013 when the Board drafted the Rules. The Board thereafter made various stakeholder engagements in Nairobi, Embu Kisumu and Mombasa and obtained views and comments from the all the stakeholders.

The Board after consultations, incorporated all the stakeholders' views and came up with a second draft, which was forwarded to the Office of the Attorney General for drafting. The Board thereafter embarked on a rigorous exercise guided by the Office of the Attorney General. This process made sure that all the Provisions of the Rules were in tandem with the governing statute and did not offend any other statute or the Constitution of Kenya.

The Board prepared a Notification of Regulatory Impact Statement as required by the Statutory Instruments Act, 2013. The Board then proceeded to prepare an Impact assessment statement which provided the basis of the development of the Rules and assessed the cost and benefits of the implementation of the Rules. The Board upon finalization of the impact assessment, recommended the explicit government regulation option since it provided the greatest net benefits across all the stakeholders. This option would ensure that only competent engineers were allowed to practice and the general public would benefit from the services of competent Engineers and therefore receive value for their money.

The Board then prepared and explanatory memorandum as required by the statutory instruments Act 2013 and tabled it to the Committee on Delegated Legislation of the National Assembly. The Board made various consultative engagements with the Committee on Delegated Legislation. The Committee made their input that were fully incorporated in the Rules. Upon approval by the Committee, the Board forwarded the final copy of the Engineers Rules, 2019 to Attorney General for Gazetement. The Attorney General gazetted the Engineers Rules 2019 vide Kenya Gazette Supplement No. 40 dated 5th April, 2019 which are now in force.

b. Registration of Engineers

The registration of engineers and consulting firms is one of the key mandates and function of the Board. During the year under review, there was a remarkable increase of the total number of engineers registered by the Board. The major contribution to the increase was the registration of graduate engineers arising from the Supreme Court ruling compelling the Board to register persons as graduate engineers.

However, the numbers of professional and consulting engineers registered during the year declined due to reduced activity after the expiry of the term of the Board in the 3rd quarter.

The following were the engineers registered under various categories:

Registered Engineers During 2018/2019 Financial Year

Category	Number
Consulting Engineers	15
Professional Engineers	74
Graduate Engineers	2,473
Consulting Firms	25

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

Registered Engineers During 2014-2019 Strategic Period

Financial Year	Consulting Engineers	Professional Engineers	Graduate Engineers	Consulting Firms
2014/15	33	127	1,130	14
2015/16	14	87	747	3
2016/17	16	125	1,755	12
2017/18	24	189	2,230	15
2018/19	15	74	2,473	25
Total	102	602	8,335	69

c. Continuing Professional Development Programs for Engineers

The Board continued strengthening the continuing professional development program for engineers by organizing in house activities in varied relevant areas in line with its mandate of developing the profession. During the year, twelve programs were organized both in Nairobi and around the Country.

The programs offered by the Board included in areas such as

- Project Risk Management
- Contract Management for engineers
- Assets Management

A total of 1,453 engineers benefited from the program.

In order to ensure that the nascent CPD programs were efficient, the Board continued to leverage on technology and upgraded the Events Management System to offer a more interactive and efficient CPD administration environment.

The Board also supported other accredited providers to widen the scope of opportunities for career development of engineers under the CPD programs. The number of service accredited service providers during the year was fourteen.

Continuing Professional Development Programs for Engineers

Sno.	Date	Course Title	Venue & Region	Attendance
1	30 th & 31 st August 2018	Monitoring & Evaluation and Value for Money Analysis	Naivasha Country Club	76
2	17 th – 21 st September 2018	Africa Engineering Week (In Partnership with IEK)	Pride-Inn Paradise Hotel, Mombasa	600
3	19 th – 22 nd November 2018	Engineering Partnerships Convention (EPC) 2019	Sawela Lodges, Naivasha	200
4	27 th – 28 th February 2019	Understanding and Application of Eurocodes	Sarova Panafric Hotel, Nairobi	76
5	11 th & 12 th April 2019	Project Management Essentials	Merica Hotel, Nakuru	27
6	18 th April 2019	Engineers & Integrity: Code of Ethics and Conduct for Professionals	Silver Springs Hotel, Nairobi	81
7	26 th April 2019	Fundamentals of Contract Management for Engineers	Merica Hotel, Nakuru	70
8	10 th May 2019	Concrete Structures Code	The Heron Portico Hotel, Nairobi	68
9	28 th – 29 th May 2019	Asset Management for Engineering Teams	Nyali Sun Africa Hotel & Spa, Mombasa	70

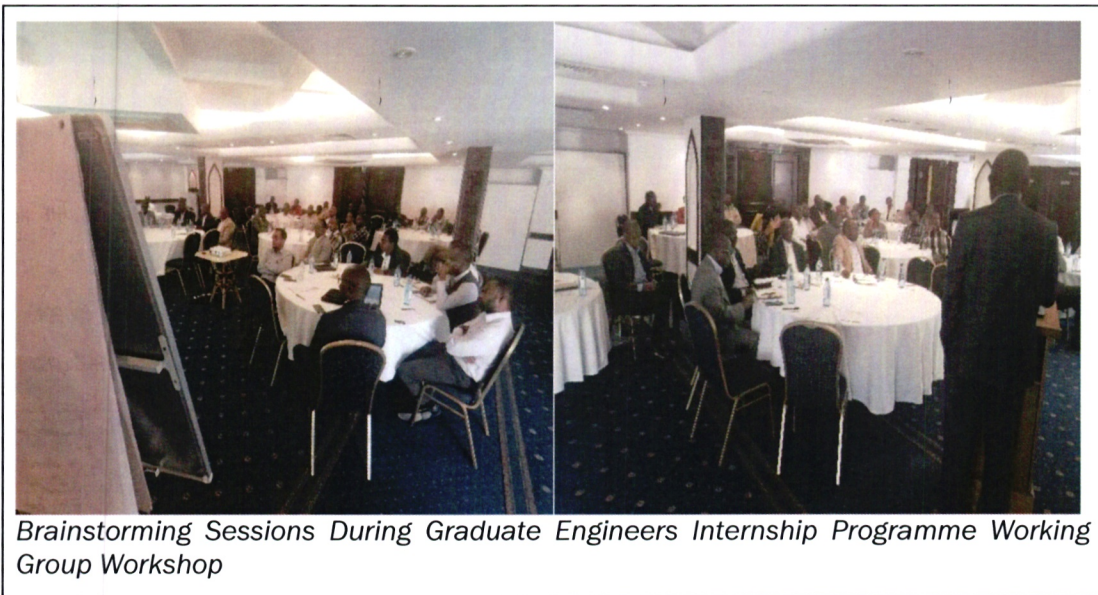
Sno.	Date	Course Title	Venue & Region	Attendance
10	30 th – 31 st May 2019	Fundamentals of Reliability-Based Maintenance	Nyali Sun Africa Hotel & Spa, Mombasa	70
11	6 th & 7 th June 2019	Fundamentals of Contract Management 2	Sawela Lodges, Naivasha	45
12	20 th – 21 st June 2019	Project Management Essentials 2	Kisumu Hotel, Kisumu	70
	Total			1,453

d. Graduate Engineers Internship Program

During the year under review, the Board received the seed money for the Board’s flagship Graduate Engineers Internship Program. The key program is aimed at offering opportunities to graduate engineers and provide a structured training program for the engineers. The program is meant to shorten the period needed by the graduate engineers to acquire requisite experience and attend the professional examination.

The Board commenced the recruitment of 40 graduate engineers into the program and finalized all the prerequisite arrangement including development of project implementation document and the identification of suitable mentors and trainers. The 40 graduate engineers are expected to start their internship in September 2019.

The Board’s Graduate Engineers Internship Program working group comprising industry stakeholders both in the public and private sectors reviewed the program in line with the Public Service guidelines on the management of internship program.



e. Accreditation of Programmes

The Engineers Act 2011, confers on the Board the function and mandate to accredit engineering programmes in public and private Universities and other tertiary institutions offering education in engineering programmes.

In exercising the mandate, the Board during the year conducted an accreditation visit to University of Eldoret (UoE), Jomo Kenyatta University of Agriculture and Technology (JKUAT) and the Technical University of Kenya (TUK) in order to evaluate adequacy of their engineering programmes. The accreditation visits are culmination of elaborate engagement with the Universities for a long period of time to ensure that the programmes meet the needs of the students, the Country and are sufficient to enable the graduates to be trained to become professional engineers.

This visit culminated into accreditation of BSc. - (Marine Engineering) and BSc. - (Mining and Mineral Engineering) programmes at Jomo Kenyatta University of Agriculture & Technology, Interim Accreditation of UoE B.Eng. - (Agriculture & Biosystems Engineering) and two Engineering programmes at TUK - BSc. - (Civil Engineering) and BSc. - (Mechanical Engineering) becoming the 11th local institution from only four (4) at the inception of the Board in 2012.



The accreditation team led by Eng D.M. Wanjau with JKUAT University top management led by the Vice Chancellor



The accreditation team led by Eng D.M. Wanjau with JKUAT University top management led by the Vice Chancellor



The accreditation team led by Eng D.M. Wanjau (Centre) with Technical University top management led by the Vice Chancellor, Prof Aduol (Front Row, 4th from left)

f. The Engineers Manual Development

The Engineers Manual is a set of guidelines geared towards enhancement of consistent engineering methods and practices that will ensure accountability in the delivery of quality engineering services in Kenya. It is intended to enhance professionalism as it provides a framework to guide the professional judgement and action of engineers and establishes criteria for consistent quality of professional services and works.

Engineers Manual describes the characteristics of a reasonable and prudent engineer, and the standards of practice that all members must strive to achieve. The manual provides the basis for monitoring, inspection and verification of engineers, professional engineering services and works in the Country as stipulated in the Engineers Act, 2011. It is envisaged that the manual will enhance proper professional relationships with clients, employers and the public. The manual also gives guidelines on Working of Accredited Checkers, Report Writing, Use of Software, Engineer as an Expert Witness and the specific areas in line with Clause 7(1) (m) of the Engineers Act, 2011 such as management, marketing, professional ethics, environmental issues, safety and legal matters.

Different Stakeholders were involved from its inception and a majority of them gave feedback on areas of improvement. Their views have been incorporated in in development of the final draft document which is now complete and awaiting printing and publishing before launching and operationalization.

g. International Collaborations

Global Engineering Congress; Towards realization of the UN Sustainable Development Goals

The Board has been at the forefront in spearheading the development of the profession in line with global best practices and continued to seek international collaborations and knowledge sharing. During the year, the Board participated at the Global Engineering Congress organized by the World Federation of Engineering Organizations (WFEO) and the Institution of Civil Engineers (UK). The Congress was held in London, United Kingdom in from 21st to 26th October 2018.

The congress brought together over 3,000 engineers from around the World to share experiences and knowledge on the contribution of engineers towards the realization of the United Nations Sustainable Development Goals. The Congress developed several key actions and reports.

The recommendations of the congress will contribute to shape the Board's approach towards realization of Kenya Big Four Agenda, which are aligned to the UN's SDGS.



Collaboration with Engineering Australia; Entrenching Global Best Practices

The Board also carried out comparative studies and knowledge sharing with Engineers Australia, the professional engineers body in Australia and a leader in engineering practice around the World. The Engineers Australia is a founding member of the International Engineering Alliance (IEA) which is the global standards setting organization in engineering education and practice.

The Board is particularly keen and committed to acceding to the Washington accord for engineers to provide for the global mobility of Kenyan engineers based on equivalence of education, training and practice.

Engineers Board of Kenya Annual Report and Financial Statements Year Ended 30th June 2019

The Engineers Australia committed to offering the necessary guidance to the Board to facilitate Kenya's movement to the accord.

The Board also received technical support from the Engineers Australia towards the establishment of the Kenya Academy of Engineering and Technology (KAET) in line with the Australian Academy of Engineering and Technology. The KAET is established in accordance with the Engineers Act 2011 and is geared towards advising the National and County Government in policy matters relating to engineering in Kenya.

The Board has approved the constitution establishing and setting the operations of Kenya Academy of Engineering including the Council which is the supreme organ for the Academy. The Board is mandated by the Act to Establish the Kenya Academy of Engineering (KAET) that is meant to advise the National and the County Governments on policy matters relating to engineering and technology.



EBK Board team led by the PS Infrastructure Julius Korir (Seated on far Left) and Australian Academy of Technology and Engineering Team

ii. Development of the Board

a. Development of Human Resource Instruments

The Board developed key Human Resource Instruments to provide the proper institutional framework for the effective implementation of the Act. The Board's Human Resource Instruments have been approved by the Public Service Commission through the States Corporations Advisory Committee. The Salaries and Remunerations Commission has also conducted a job evaluation for the Engineers Board of Kenya.

The instruments that were put in place were; The Human Resources Policy and Procedures Manual, the staff establishment, organization structure in line with the State Corporations Advisory Committee (SCAC) in support of the support service delivery, commitments and obligations of the Engineers Board of Kenya (EBK) to the targeted beneficiaries. These were done in line with the various statues and guidelines within the Public Service and best practices in Human Resource Management and Development.

The Organizational Structure was developed with an aim to maximize the efficiency and success of the Organization, facilitate working relationships with various sections of the organization; and retain order and command whilst promoting flexibility and creativity.

It is expected that the new instruments will guide staff to achieve their full potential and ultimately enable the Board to achieve the Mandate under the engineers Act, 2011. The Board will continue to develop and review necessary policy documents in line with the relevant regulations.

b. Acquisition of and Relocation to the New Office Premises at Fortis Suites

Since the inception of the Board in 1969, the Board had been operating within the Ministry offices at Transcom House Annex. The Board in partnership with the Government and Development Partners over the few years acquired, partitioned and equipped the new office premise at Fortis Suites 9th and 10th Floor to accommodate the expanded secretariat personnel to serve client better and to maintain its professional brand. The Board moved to the new premises in the month of January, 2019. The new premises were officially opened on 18th January, 2019 by the Principal Secretary Ministry of Transport Infrastructure, Urban Development and Public Works Dr. Julius Korir, CBS.



The Chairman of the Board, Eng. D.M. Wanjau (left), The Principal Secretary, State Department of Infrastructure, Dr. Julius Korir (Centre) and the Registrar, Eng. Nicholas Musuni during the official opening of the Board's offices at Fortis Suites

c. Strategic Plan II 2020 - 2022

Strategic planning is a systematic process that helps an organization to set an ambition for the future and determine how best to achieve it. Its primary purpose is to connect three key the mission, vision and the plan to archive the ultimate goals. Strategic planning is necessary to determine the direction of the organization. It focuses all the efforts and ensures that everyone in the organization is working towards a common goal. Strategic planning help agree actions that will contribute to business growth, align resources for optimal results, prioritize financial needs, build competitive advantage, engage with staff and communicate what needs to be done. Significant strategic planning help to manage and reduce organizational risks, remove uncertainty, analyze potential risks, implement risk control measures and consider how to minimize the impact of risks, should the risks occur.

The Board's Strategic Plan I (2014-2019) development relied heavily on review of the Vision 2030, First MTP (2008-2012), Second MTP Concept Note, the Constitution of Kenya 2010 and documents in the infrastructure sector. Extensive review of the documents and key informant interviews culminated in the formulation of the vision and mission statements as well as identification of operating values. On the basis of the formulated mission, vision and core values, goals and strategic objectives were established and relevant strategies and implementation matrix was crafted.

Engineers Board of Kenya Annual Report and Financial Statements Year Ended 30th June 2019

Development of a Strategic Plan I enabled EBK to examine the new contextual environment in which it operated, explore the factors and trends that affected the way it performed its core functions, sought to meet its mandates and fulfill its vision and mission, frame strategic issues which were addressed and to craft and implement strategies for responding to the pertinent issues. The Plan was launched on 24th March, 2015 together with the availing of new Logo.

The Board has initiated development of the second strategic plan that will guide the strategic direction from 2020-2022. The second strategic plan will continue with the successes of the Strategic Plan I in which it led to establishment and operationalization key structures. The second strategic plan will focus on standards, compliance and enforcement, operationalization of Kenya Academy of Engineering and Technology (KAET) and Kenya School of Engineers.



Launched of 1st Strategic Plan (2014-2018) and Availing of New Logo on 24th March, 2015

d. Engineering Partnerships Convention

During the year the Board organized and conducted a national convention to bring together all stakeholders to create synergies for realization and delivery of better engineering services, growth Potential and Drive “The Big Four” Plan. This convention was held in Naivasha, Nakuru County between 19th and 22nd November 2018.

The forum provided different sector Players in Infrastructure Industry and academia to show case their innovations and present papers on innovative products on Engineering. The convention provided a platform for training on the role of the Engineer in the “The Big Four” agenda. The Convention is attracted participation from engineering stakeholders from all over the country both from the government and the private sector.



Participants Present During the Engineering Partnerships Convention

e. Staff Team Building, Capacity Building and Customer Centric Training

The Board organized for a sensitization of all staff on the approved Human Resource Instruments and teambuilding in order to create awareness on the instruments as well as create synergies among members of staff. Following the revision and the subsequent approval of Human Resource instruments that included Human Resource Policy and Procedures Manual, Board Organization Structure, Career Guidelines and Staff Establishment, there was a need to sensitize staff on the and enlighten them on the opportunities presented. During the same forum the members of staff were also trained on good customer service and teambuilding activities carried out. This has led to a more cohesive team that is focused on customer service.



f. Exit of the Board Members

Engineers Board of Kenya was appointed vide Gazette Notice No. 2701 dated 22nd April, 2016 for a period of three (3) years with effect from 8th March, 2016. The Board served for a period of three years and the term expired on 8th March, 2019.

The Board of Directors were responsible for the overall strategy, policy formulation and governance. The Board delegates the performance of day-to-day management of EBK to the Registrar/Chief Executive Officer who in turn delegates authority to the appropriate Senior Managers for specific activities and transactions, including implementation of the corporate strategy and operations of the Board.

The Board made efforts to deliver on its mandate of registration of engineers and firms, setting of engineering standards, training and general development of engineering in the Country.

Under the Engineers Act 2011, the Board witnessed remarkable growth of the engineering fraternity. The number of newly registered Professional Engineers steadily rose from 1,600 to 2,300 representing over 40% increase. The Board engaged the Government to have a dedicated Graduate Engineers Internship Program (GEIP). Through the State Department of Infrastructure, the Board was provided with the initial finances to kick start the GEIP programme. This will help the Graduate Engineers transit to Professional Engineers within the stipulated timeframe of three years.

The Board has been strengthening the legal framework for the engineering practice with enactment of Engineers Rules, 2019, code of ethics for engineers and also the Engineers Manual for engineers. All these efforts were geared to provide the proper and conducive environment for engineers to enable them offer quality professional services to the Nation. All these efforts are not without challenges from financial constraints to policy and legal limitations. However, the Board continued to dialogue with its stakeholders by holding regular consultations with the relevant stakeholders. The Board indeed held national workshops and during the just concluded financial year held two regional workshops in Uasin Gishu and Embu covering North Rift / Western Kenya and Eastern / Central Kenya respectively besides engaging various government agencies and bodies on development of the profession.

REPORT OF THE DIRECTORS

The Directors submitted their report together with the audited financial statements for the year ended June 30, 2019, which showed the state of Engineers Board of Kenya's affairs.

Principal Activities

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

Results

The results of the entity for the year ended June 30, 2019 are set out from page 34 to page 58


Directors

The Board of Directors who served during the year in accordance with Engineers Act, 2011 are shown on page 1 to page 3.

Auditors

The Auditor General is responsible for the statutory audit of the Engineers Board of Kenya in accordance with the Section 68 (2) (K) of the Public Finance Management (PFM) Act, 2012. The Auditor General is responsible for auditing the Boards Accounts. Under article, 229 (5) of the Constitution of Kenya 2010, the Auditor General may and report on the accounts of any entity that is funded from public funds.

By Order of the Board


Chief Executive Officer/Registrar

Date11-10-2019.....

STATEMENT OF BOARD'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act, require the Directors to prepare financial statements in respect of Engineers Board of Kenya, which give a true and fair view of the state of affairs of the Board at the end of the financial year/period and the operating results of the Board for that year/period. The Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's financial statements which give a true and fair view of the state of affairs of the Board and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes:

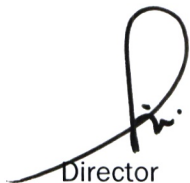
- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board.
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- iv. Safeguarding the assets of the Board.
- v. Selecting and applying appropriate accounting policies.
- vi. Making accounting estimates that are reasonable in the circumstances.

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

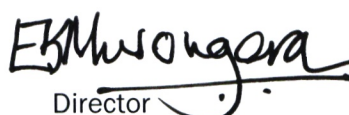
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Board's financial statements were approved by the Board on 11th October, 2019 and signed on its behalf by:



Director



Director



Director

REPUBLIC OF KENYA

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



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ENGINEERS BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Engineers Board of Kenya set out on pages 34 to 58, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Engineers Board of Kenya as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Engineers Act, 2011 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

05 February, 2021

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE 2019

	YEAR	2018/2019	2017/2018
	NOTES	KSH	KSHS
REVENUE: NON-EXCHANGE TRANSACTIONS			
Government Grants	1	97,280,000	114,687,500
Application Fees	2	6,219,281	3,172,680
Annual Subscription Fees	3	18,060,700	15,695,050
License Fees	4	683,325	1,666,347
In Kind Donations	5	47,988,414	11,298,084
Total Non-Exchange Transactions		170,231,720	146,519,661
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Income	6	513,101	331,829
Other Income	7	3,000	205,058
CPD Income	8	12,116,678	5,531,920
Total Exchange Transactions		12,632,779	6,068,807
Total Revenue		182,864,499	152,588,468
EXPENSES			
Staff Costs	9	48,794,083	42,971,160
Board Expenses	10	6,610,166	11,942,010
Administrative Expenses	11	9,975,654	12,518,849
Maintenance Costs	12	747,815	3,513,322
Workshops, Media and Legal Costs	13	8,736,164	10,679,293
Audit Fees	14	350,000	350,000
Training Expenses	15	247,370	924,750
CPD Expenses	16	5,496,410	3,371,473
Provision for Doubtful Debts	17	2,184,459	2,719,197
In kind expenses	18	47,988,414	5,811,784
Depreciation and Amortization	19	21,921,246	7,914,931
Total Expenses		153,051,780	102,716,769
SURPLUS FOR THE PERIOD		29,812,719	49,871,698

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2019

	YEAR	2018/2019	2017/2018
ASSETS	NOTES	KSHS	KSHS
CURRENT ASSETS			
Inventories	20	653,390	2,478,203
Receivables	21	26,151,148	29,089,673
Cash and Cash Equivalents	22	35,258,331	22,780,312
Total Current Assets		62,062,869	54,348,188
Non-Current Assets			
Property and Equipment	19	244,142,256	143,265,841
Total Non-Current Assets		244,142,256	143,265,841
TOTAL ASSETS		306,205,125	197,614,029
EQUITY AND LIABILITIES			
Equity			
Capital Reserves	23	135,752,585	47,484,821
Retained Earnings	24	160,902,455	131,090,736
Total Equity		296,656,040	178,575,557
Current Liabilities			
Trade Payables	25	7,105,958	17,214,911
Provision for Audit Fee	25	350,000	350,000
Prepaid Income	25	1,882,167	1,473,561
Consulting Engineers	25	210,960	
Total Current Liabilities		9,549,085	19,038,472
TOTAL EQUITY AND LIABILITIES		306,205,125	197,614,029

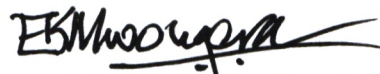
The Financial Statements set out on page 34 to 58 were signed on behalf of the Board of Directors by:



Eng. Nicholas M. Musuni, PE
Registrar/CEO



Tony K. Langat
Accountant
ICPAK No.: 24156



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

Date: 11-10-2019

Date: 11-10-2019

Date: 11-10-2019

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30TH JUNE 2019

DESCRIPTION	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	KSHS	KSHS	KSHS
Balance as at 1 st July 2017	47,484,821	78,639,939	126,124,760
Surplus for The Year		49,871,698	49,871,698
Prior Year Adjustment		2,579,099	2,579,099
Balance as at 30th June 2018	47,484,821	131,090,736	178,575,557
Balance as at 1 st July 2018	47,484,821	131,090,736	178,575,557
Revaluation Reserve	19,130,000		19,130,000
Additional Reserve	69,137,765		69,137,765
Surplus for The Year		29,812,719	29,812,719
Balance as at 30th June 2019	135,752,586	160,902,455	296,656,040

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2019

DESCRIPTION	NOTE	YEAR 2018/2019	YEAR 2017/2018
Cash Flow From Operating Activities			
Surplus for the Year		29,812,719	49,871,698
Depreciation	19	21,921,246	7,914,931
Prior Year Adjustment	24	-	2,644,448
Provision for Doubtful Debts	17	2,184,459	2,719,197
Surplus Before Working Capital Changes		53,918,424	63,150,274
Changes in Working Capital			
Changes in Inventories	20	1,824,813	(1,784,104)
Changes in Receivables	21	965,024	(1,803,489)
Changes in Payables	25	(10,108,953)	19,038,472
Changes in Prepaid Income		408,606	
Net Cash Generated from Operating Activities		47,007,914	78,601,153
Cash Flow From Investing Activities			
Acquisition of Property And Equipment	19	(68,290,094)	(5,486,300)
Investment in Office Space	19	(1,297,600)	(69,364,341)
Acquisition of Intangible Assets	19	(25,485,597)	(709,200)
Acquisition of Computers & Related Equipment		(8,594,370)	(287,995)
Proceeds from Disposal of Fixed Income Investments	19		582,382
Net Cash Generated From Investing Activities		(103,667,661)	(75,265,454)
Cash Flow From Financing Activities			
Capital Reserve	23	69,137,765	-
Net Cash Generated From Financing Activities		69,137,765	-
Net Increase in Cash and Cash Equivalents		12,478,018	3,335,699
Cash and Cash Equivalents at Beginning of The Year		22,781,312	19,444,613
Cash and Cash Equivalents at End of The Year		35,258,331	22,780,312

STATEMENT OF BUDGET VS ACTUAL

FOR FINANCIAL YEAR 2018/2019

ITEM	APPROVED BUDGET	ACTUAL	VARIANCE (BUDGET VS ACTUAL)	% VARIANCE	Remarks
Government Grants	162,500,000	97,280,000	(65,220,000)	(67%)	Government funding fell short of the approved budget
Annual Subscription Fees	13,210,000	18,060,700	4,850,700	27%	The increase was due to increase efforts of continuous recovery of outstanding subscription fee by the registered members
Application Fees	3,790,000	6,219,281	2,429,281	39%	The increase was due to Supreme Court Judgment that allowed increased Graduate Engineers applications
License Fees	750,000	683,325	(66,675)	(10%)	
Donations	5,000,000	47,988,414	42,988,414	90%	Increase was caused by utilization of Reallocated KTSSP funds to the Board
Bank Interest		513,101	513,101		
CPD Income		12,116,678	12,116,678		This was unanticipated income during Budget preparation. CPD was commissioned earlier than as had been expected while preparing the budget
Staff Costs	72,800,000	48,794,083	24,005,917	49%	Planned recruitment of additional staff not undertaken due to resource challenges
Board Expenses	16,800,000	6,610,166	10,189,834	154%	Board activities was scaled down due to resource challenges and term ending within the year
Administrative Expenses	21,000,001	9,975,654	11,024,347	111%	Board Scaled down operations due to resource challenges
Maintenance Costs	2,400,000	747,815	1,652,185	221%	Board Scaled down operations due to resource challenges
Workshops, Media and Legal Costs	54,750,000	8,736,164	46,013,836	527%	Board Scaled down operations due to resource challenges
Audit Fees	350,000		350,000		
Training Expenses	5,000,000	247,370	4,752,630	1921%	Training undertaken under donor funding due to resource challenges
CPD Expenses		5,496,410	(5,496,410)		This were unanticipated expenses. CPD was commissioned the budget preparation
Depreciation and Amortization	12,500,000	21,921,246	(9,421,246)	(43%)	The asset acquired under World Bank reallocated funds were depreciated during the year

NOTES TO THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

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

The Board is a successor to the Engineers Registration Board (ERB) established by the Engineers Registration Act, Cap 530 (1969).

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

II. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION - IPSAS 1

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

ADOPTION OF NEW AND REVISED STANDARDS

a. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
<p>IPSAS 33: First time adoption of Accrual Basis IPSAS</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.</p> <p><i>The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply</i></p>
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p><i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</i></p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following: Its power over the other entity Its exposure or rights to variable benefits from involvement with the other entity Its ability to control the nature, timing and amount of benefits from the other entity. Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p><i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i></p>
<p>IPSAS 36: Investments in</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the</p>

Standard	Impact
Associates and Joint Ventures	<p>accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p><i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i></p>
IPSAS 37: Joint Arrangements	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p><i>The entity does not have an interest in a joint arrangement and therefore the standard does not apply</i></p>
IPSAS 38: Disclosure of Interests in Other Entities	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p><i>The entity does not have an interest in a joint arrangement and therefore the standard does not apply</i></p>

b. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The Board recognizes revenues from fees, 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 Board and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably. Resources are measured by the actual amount received during the financial year.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. 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.

b) Budget information – IPSAS 24

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Taxes – IAS 12

Current income tax

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

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

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 30-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.

e) Property, plant and equipment – IPSAS 17

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

Category	Estimated Useful Life	Depreciation Rate
Telephones, Telephone Equipment's, Apparatus and Instruments	8	12 ½ %
Furniture and Fittings	8	12 ½ %
Motor vehicles and Motor cycles	4	25%
Computers, photocopiers, fax machines, calculators and IT Equipment	3	33.33%

h) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Board determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

IPSAS 29.65

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

i) Inventories – IPSAS 12

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

j) Provisions – IPSAS 19

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

Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

To this end the Board hereby discloses a contingent liability of about Ksh. 7,000,000 arising from the following: -

- The Board's Registrar drew salary and benefits from former employer Kenya Rural Roads Authority (KeRRA) since his gazettelement on 4th March 2014 until December 2015. It is expected that the Board will reimburse KeRRA once it is in a position to.

Contingent assets

The Board does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

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

n) Foreign currency transactions – IPSAS 4

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

o) Borrowing costs – IPSAS 5

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

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

p) Related parties – IPSAS 20

The Board regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties.

q) Intangible Assets -IPSAS 31

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

The Board will amortize its intangible assets for a period of 10 years

r) Service concession arrangements – IPSAS 32

The Board 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 Board recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

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

s) 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.

t) Comparative figures

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

u) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

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

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36. 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. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance. The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) Subsequent events – IPSAS 14

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

NOTES TO FINANCIAL STATEMENT CONTINUED			
NOTE	DESCRIPTION	2018/2019	2017/2018
		KSHS	KSHS
1	Government Grants		
	Recurrent Expenditure Grants	35,280,000	36,000,000
	Development Expenditure Grants	62,000,000	78,687,500
		97,280,000	114,687,500
2	Application Fees		
	Consulting Firms	523,000	268,000
	Consulting Engineers	102,000	57,000
	Professional Engineers	331,500	312,000
	Graduate Engineers	4,323,500	1,754,500
	Temporary Engineers	339,281	781,180
	University Accreditation Fee	600,000	-
		6,219,281	3,172,680

NOTES TO FINANCIAL STATEMENT CONTINUED			
NOTE	DESCRIPTION	2018/2019	2017/2018
		KSHS	KSHS
3	Annual Subscription Fees		
	Consulting Firms	1,177,500	930,000
	Consulting Engineers	1,267,200	1,091,650
	Professional Engineers	3,291,000	2,648,400
	Graduate Engineers	12,323,000	10,399,000
	Graduate Technicians	2,000	626,000
		18,060,700	15,695,050
4	License Fees		
	Temporary Engineers Annual License	683,325	1,666,347
		683,325	1,666,347
5	Donations in Kind		
	World Bank Programmes	47,988,414	11,298,084
		47,988,414	11,298,084
6	Finance Income		
	Finance Income (HFCK Interest)	513,101	331,829
		513,101	331,829
7	Other Income		
	Sale of Tenders	-	5,000
	Replacement of Certificates	3,000	8,000
	Mpesa Utility	-	192,058
		3,000	205,058
8	CPD Income		
	Course Accreditation Fee	1,120,000	1,535,500
	Tuition Fee	10,996,678	3,996,420
		12,116,678	5,531,920
9	Staff Costs		
	Contracted Labour	1,832,619	1,980,551
	Deployed Allowances	682,610	689,546
	Gross Salaries	40,853,425	34,037,135
	Staff Medical Insurance & WIBA	5,425,430	6,263,929
		48,794,083	42,971,160
10	Board Expenses		
	Chairman Honoraria	654,000	960,000
	Board, Panel, Committee Allowances and Expenses	5,682,146	9,843,341
	Board Medical Cover	274,020	1,138,669
		6,610,166	11,942,010

NOTES TO FINANCIAL STATEMENT CONTINUED			
NOTE	DESCRIPTION	2018/2019	2017/2018
		KSHS	KSHS
11	Administrative Expenses		
	Communication Services & Supplies	716,790	1,048,621
	Fuel, Transport, Travel & Subsistence	1,695,056	2,587,044
	Office & General Supplies	3,195,030	4,481,674
	Hospitality Supplies and Services	1,600,041	3,198,456
	Motor Vehicle Insurance	234,249	729,219
	Utilities	551,527	303,307
	Bank Charges	228,287	170,528
	Relocation and Service Charge	1,754,674	
		9,975,654	12,518,849
12	Maintenance Costs		
	Maintenance Furniture	30,000	6,438
	Maintenance Equipment	286,515	901,813
	Maintenance Building	159,916	1,847,124
	Maintenance Vehicles	271,384	757,946
		747,815	3,513,322
13	Workshops, Media and Legal		
	Workshops	4,152,553	4,278,393
	Printing, Advert and Publicity	3,916,177	3,791,544
	Legal and Contracted Services	232,000	2,609,356
	GEIP Workshop	435,434	-
		8,736,164	10,679,293
14	Audit Fee		
	Audit Fees	350,000	350,000
		350,000	350,000
15	Training Expenses		
	Staff Training	247,370	924,750
		247,370	924,750
16	CPD Expenses		
	Conference Facilities	3,675,740	2,108,889
	Facilitation Fee	1,820,670	1,262,584
		5,496,410	3,371,473
17	Provision of Doubtful Debts		
	Provision of Doubtful Debts	2,184,459	2,719,197
		2,184,459	2,719,197

NOTES TO FINANCIAL STATEMENT CONTINUED						
NOTE	DESCRIPTION	2018/2019	2017/2018			
		KSHS	KSHS			
18	In Kind Expenses					
	In Kind Expenses	47,988,414	5,811,784			
		47,988,414	5,811,784			
19						
2017/2018	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Intangible Assets	Total
ASSET VALUATION						
Valuation at Cost	63,881,436	32,227,018	9,193,835	3,965,371	1,087,299	110,354,959
Additions	69,364,341	-	287,995	5,486,300	709,200	75,847,836
Valuation at June 30 th , 2018	133,245,777	32,227,018	9,481,830	9,451,671	1,796,499	186,202,795
ASSET DEPRECIATION						
Accumulated as at July 1 st , 2017		27,309,240	6,289,777	1,314,277	108,730	35,022,024
Charge for the year		4,917,534	1,630,289	1,181,460	185,649	7,914,931
Net Book Value at June 30 th , 2018	133,245,777	-	1,561,764	6,956,179	1,502,120	143,265,841
2018/2019	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Intangible Assets	Total
ASSET VALUATION						
Valuation at Cost	133,245,777	32,227,018	9,481,830	9,451,671	1,796,499	186,202,795
Additions	1,297,600	-	8,594,370	68,290,094	25,485,597	103,667,661
Revaluation		19,130,000	-	-	-	19,130,000
At June 30th, 2018	134,543,377	51,357,018	18,076,200	77,741,765	27,282,096	309,000,457
ASSET DEPRECIATION						
Accumulated as at July 1 st , 2018	-	32,227,018	7,920,066	2,495,492	294,379	42,936,955
Charge for the year	1,345,434	4,782,500	4,306,729	6,646,857	4,839,726	21,921,246
Net Book Value at June 30 th , 2019	133,197,943	14,347,500	5,849,405	68,599,417	22,147,992	244,142,256
Net Book Value at June 30 th , 2018	133,245,777	-	1,561,764	6,956,179	1,502,120	143,265,841

NOTES TO FINANCIAL STATEMENT CONTINUED			
NOTE	DESCRIPTION	2018/2019	2017/2018
		KSHS	KSHS
20	Inventory at cost	653,390	2,478,203
		653,390	2,478,203
21	Receivables		
	Consulting Firms	1,608,800	1,836,500
	Graduate Engineers	27,519,634	26,802,710
	Professional Engineers	1,214,370	1,571,470
	Graduate Technicians	1,712,000	1,785,200
	Provision of Doubtful Debts	(5,903,656)	(2,906,207)
		26,151,148	29,089,673
22	Cash and cash equivalents		
	National Bank	6,563,784	14,679,135
	Housing Finance	16,022,906	6,755,252
	M-Pesa	2,696,240	1,345,927
	KCB Bank Limited	9,975,400	-
		35,258,331	22,780,312
23	Capital Reserve		
	Opening Balance	47,484,821	47,484,821
	Additional Reserve	88,267,764	-
		135,752,585	47,484,821
24	Retained Earnings		
	Opening Balance	131,090,736	78,639,939
	Surplus for the Year	29,811,719	49,871,698
	Prior Year adjustment	-	2,579,099
		160,902,455	131,090,736
25	Current Liabilities		
	Accounts Payable	7,105,958	17,214,911
	Provision for Audit Fee	350,000	350,000
	Prepaid Income	1,882,167	1,473,561
	Consulting Engineers	210,960	
		9,549,085	19,038,472

26. RELATED PARTY DISCLOSURES

Government of Kenya

The Board is established as a State Corporation under the State Corporations Act Cap 446 of the Laws of Kenya.

Key Management

The Board does not provide certain qualifying employees with car and housing loans on terms more favorable than available in the market.

Board Members

The board expenses during the period reported totaled **Ksh 6,610,166**

27. FINANCIAL RISK MANAGEMENT

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

The Board overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Board has carried out financial risk management survey which is summarized below;

Market risk

Foreign exchange risk

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

Price risk

The Boards is lowly exposed to equity securities price risk because it does not have investments in quoted shares that are carried at fair values. The Board neither trades in debt securities

Interest rate risk

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its maturing obligations attributable to the financial liabilities. The Board manages liquidity risk through continuous monitoring of forecast and actual cash flows.

28. INCORPORATION/LEGAL STATUS

The Board is established by the Engineers Act, 2011 as a body corporate and is domiciled in Kenya.

29. SEGMENT REPORTING

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

30. ULTIMATE HOLDING ENTITY

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

31. CURRENCY

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

32. EVENTS AFTER REPORTING PERIOD

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

33. TRANSFERS FROM STATE DEPARTMENT OF INFRASTRUCTURE

DATE RECEIVED	UTILIZATION DESCRIPTION	AMOUNT
24/10/2018	1 st Quarter Recurrent Expenditure	9,000,000
28/11/2018	2nd Quarter Recurrent Expenditure	8,280,000
13/12/2018	1 st Half Development Expenditure	31,000,000
20/03/2019	3 rd Quarter Recurrent Expenditure	9,000,000
10/05/2019	2 nd Half Development Exchequer	31,000,000
28/05/2019	4 th Quarter Recurrent Exchequer	9,000,000
TOTAL		97,280,000

34. NATURE AND PURPOSE OF RESERVES

CAPITAL RESERVES

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

RETAINED EARNINGS

Refer to cumulative surplus over the years. Included in the capital reserve for accounts of 2017/18 is a figure for the prior year adjustment in relation to the Boards Mpesa Balances where more details are provided for in the notes.

35 CONTINGENT LIABILITY

The Board is awaiting advise and confirmation from the Attorney General as to whether to pay damages and cost estimated at **Ksh 155,000,000** arising from Supreme Court Judgement delivered on 17th July 2018. The Petition was between **Martin Wanderi & Others Vs. Engineers Board of Kenya & Others** petition No. 19 of 2015. The Supreme Court ordered the Board to pay Ksh. 200,000 to 149 petitioners together with interest at the rate of 12% p.a with effect from 15th October, 2012 the date of High Court Judgement. (Estimated 55,000,000 as at 15th October 2019). The Board was further ordered to pay cost of suit at the High Court, Court of Appeal and the Supreme court. Estimated Bill of Cost: Supreme Court Ksh 50,000,000, Court of Appeal Ksh 30,000,000 and High Court Ksh 20,000,000.

36. OUTSTANDING AUDIT ISSUES

There were no outstanding audit issues arising from previous audits