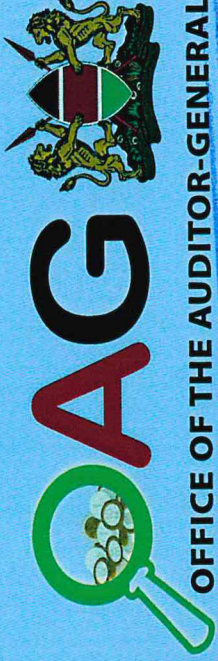


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 FEB 2021	DAY: <i>Weds</i>
TABLED REPORT	LOM
CLERK-AT THE TABLE:	<i>Mairah Wanyuku</i>

OF

THE AUDITOR-GENERAL

ON

ENGINEERS BOARD OF KENYA

FOR THE YEAR ENDED

30 JUNE, 2020

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

14 APR 2021

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ENGINEERS BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30TH 2020

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

TABLE OF CONTENTS	
	Page
I) KEY ENTITY INFORMATION AND MANAGEMENT	3
II) THE BOARD OF DIRECTORS	12
III) MANAGEMENT TEAM	16
IV) CHAIRMAN'S STATEMENT	20
V) REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER	22
VI) REVIEW OF EBK's 2019-2022 STRATEGIC PLAN PERFORMANCE	25
VII) CORPORATE GOVERNANCE STATEMENT	27
VIII) MANAGEMENT DISCUSSION AND ANALYSIS	32
IX) CORPORATE SOCIAL RESPONSIBILITY STATEMENT	54
X) REPORT OF THE DIRECTORS	59
XI) STATEMENT OF DIRECTORS' RESPONSIBILITIES	60
XII) REPORT OF THE AUDITOR GENERAL	62
XIII) STATEMENT OF FINANCIAL PERFORMANCE	63
XIV) STATEMENT OF FINANCIAL POSITION	64
XV) STATEMENT OF CHANGES IN NET ASSETS	65
XVI) STATEMENT OF CASH FLOWS	66
XVII) STATEMENT OF BUDGET VS ACTUAL	67
XVIII) NOTES TO THE FINANCIAL STATEMENTS	68

I) KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Engineers Board of Kenya (EBK) is a statutory body established under Section 3(1) of the Engineers Act 2011. The Board 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a successor to the Engineers Registration Board (ERB) established by the Engineers Registration Act, Cap 530 (1969 now repealed). 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.

Engineers Board of Kenya Vision Statement

The Board's Vision is *"A safe, efficient and effective engineering infrastructure, systems and processes for Kenya."*

Engineers Board of Kenya Mission Statement

The Board's Vision is *"To ensure production of competent engineers and quality engineering services through regulation, capacity building and enforcing compliance with set engineering standards for improved socio-economic development."*

Engineers Board of Kenya Core Values

The Board's core values are:

- i) *Integrity;*
- ii) *Professionalism;*
- iii) *Teamwork;*
- iv) *Public Interest;*
- v) *Fairness;*
- vi) *Respect and courtesy;*
- vii) *Inclusiveness and Diversity.*

(b) Principal Activities

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

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

- 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.

**- ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020**

(c) Key Management

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

1. Board of Directors

The Board of Directors is composed of highly experienced professionals and is responsible for the policy and strategy direction. The directors are accomplished practitioners with multiple skills that assure the proper functioning and administration of the Board and they play an oversight role to ensure that the management delivers on the Board's mandate. They are as listed below:

S/No.	Director	Designation
1.	Eng. Erastus K. Mwangera	Chairperson
2.	Eng. Gilbert M. Arasa	Member
3.	Mr. Daniel Mutua	Member
4.	Mr. Charles Obiero	Member
5.	Eng. Collins G. Juma	Member
6.	Eng. Benjamin Karimi Maingi	Member
7.	Eng. Roseline Ambasi Jilo	Member
8.	Eng. Jane Amagove Simiyu	Member
9.	Eng. Julia Waithira Ondeyo	Member
10.	Prof. (Eng.) Silvester Ochieng Abuodha	Member
11.	Eng. Johnson Mwangi Matu	Member
12.	Eng. Nathaniel Matalanga	Member
13.	Eng. Francis Gitau	Member
14.	Eng. Nicholas M. Musuni	Registrar/CEO

2. Accounting officer/ Chief Executive Officer

The Accounting Officer of the Board is **Eng. Nicholas M. Musuni**, who is the Registrar and Chief Executive Officer.

3. Management

The daily management of EBK is tasked to the Registrar/CEO and a team of professionals who head various directorates and departments at the Board. They are as listed below:

S/No.	Name	Designation
1.	Eng. Nicholas M. Musuni	Registrar/CEO
2.	Eng. Grace Onyango	Director, Capacity Building and Accreditation
3.	Eng. Anthony Okere	Director, Engineering Standards and Compliance
4.	Catherine K. Mungania	Ag. Director, Corporation Secretary & Legal Services
5.	Mr. Erick Obiero	Human Resources and Administration Manager
6.	Mr. Sebastian Bwire	ICT Manager
7.	CPA Dennis M. Karanja	Internal Audit Manager
8.	CPA Elijah N. Muriuki	Finance Manager
9.	Ms. Catherine Macharia	Ag. Supply Chain Management Manager
10.	Ms. Norah Nyaboga	Principal Registration Officer

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

S/No.	Name	Designation
11.	Mr. Tony Kibet Lang'at	Accountant
12.	Mrs. Pauline Mwarabu	Officer In charge – Corporate Communications

(d) Fiduciary Management

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

No.	Designation	Name
1.	Eng. Nicholas M. Musuni	Registrar/CEO
2.	Eng. Grace Onyango	Director, Capacity Building and Accreditation
3.	Eng. Anthony Okere	Director, Engineering Standards and Compliance
4.	CPA Elijah N. Muriuki	Finance Manager
5.	Ms. Catherine Macharia	Ag. Supply Chain Management Manager
6.	Mr. Tony Kibet Lang'at	Accountant

(e) Fiduciary Oversight Arrangements

(i) 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, Strategy and Human Resource Development Committee.
3. Registration and Professional Development Committee.
4. Academics Qualifications Committee.

1. 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.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Membership of the Committee

- | | | |
|------------------------------|---|-------------|
| i. Eng. Roseline A. Jilo | - | Chairperson |
| ii. Eng. Prof. S. O. Abuodha | - | Member |
| iii. Eng. Jane A. Simiyu | - | Member |
| iv. Eng. Nathaniel Matalanga | - | Member |
| v. Eng. Johnson M. Matu | - | Member |
| vi. Mr. Daniel Mutua | - | Member |

2. Finance, Strategy and Human Resource Development Committee

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

- a) To monitor the integrity of the financial statements of the Board and any formal communication relating to the Board's financial performance.
- b) Oversee the finance and administration affairs of the Board.
- c) Oversee the implementation of the Board's strategies.
- d) Develop, review or update laws and regulations.
- e) Scrutinize policy issues before transmitting them to the Board for decision.
- f) Oversee the resource mobilization, implementation of development programmes and sustainability of the Board.
- g) Handles urgent and emergency issues on behalf of the Board.
- h) Links with Government Ministries and Departments.
- i) To ensure compliance with the legal and statutory requirements.

Membership of the Committee

- | | | |
|----------------------------|---|-------------|
| i. Eng. Benjamin K. Maingi | - | Chairperson |
| ii. Eng. Francis Gitau | - | Member |
| iii. Eng. Julia Ondeyo | - | Member |
| iv. Mr. Charles Obiero | - | Member |
| v. Mr. Daniel Mutua | - | Member |

3. Registration and Professional Development Committee (R&PDC)

The functions of the Registration and Professional Development Committee includes:

- a) To process applications for registration of engineers and consulting firms.
- b) To monitor professional activities of engineers and engineering consulting firms.
- c) To conduct professional interviews for candidates applying for registration.
- d) To ascertain deployment of registered engineers to perform engineering duties.
- e) To advise the Board on matters relating to technical affairs of the Board.
- f) To ensure compliance of code of conduct and ethics for engineering practice.
- g) To prepare curriculum for registration of engineers and conduct professional examinations.
- h) To establish, operationalize and organize continuing professional development programmes for engineers of all categories.
- i) To organize seminars, workshops and conferences.
- j) To coordinate competence building programmes for engineering consulting firms.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

k) To oversee EBK publications.

l) To advise the Board on matters relating to professional development affairs of the Board.

Membership of the Committee

- | | | |
|------------------------------|---|-------------|
| i. Eng. Johnson M. Matu | - | Chairperson |
| ii. Eng. Benjamin K. Mainigi | - | Member |
| iii. Eng. Jane A. Simiyu | - | Member |
| iv. Eng. Roseline A. Jilo | - | Member |
| v. Eng. Francis Gitau | - | Member |

4. Academics Qualifications Committee (AQC)

The functions of the Academics Qualifications Committee include:

- a) 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.
- b) Assess engineering qualifications of foreign persons intending to offer professional engineering services or works.
- c) To develop, review and update the criteria and procedures for preparation of engineering programmes.
- d) 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. S. O. Abuodha | - | Chairperson |
| ii. Eng. Nathaniel Matalanga | - | Member |
| iii. Eng. Julia Ondeyo | - | Member |
| iv. Mr. Charles Obiero | - | Member |
| v. Mr. Daniel Mutua | - | Member |

(II) 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.

(III) Development Partner Oversight Activities

Development Partner Oversight Activities include;

- i. Monitor and review progress of projects in relation to the agreed performance contracts.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- ii. Provide recommendations regarding strategic directions, new opportunities for investment, and enhanced performance.
- iii. Approve the development projects budget proposal.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

- iv. Issue clearances on projects at particular points during implementation
- v. Offer advice on corrective measures on ongoing projects

(IV) Other Oversight Activities

In discharging its mandate, the Board under the leadership of the Registrar/CEO establishes such committees as are necessary for the performance of its duties. In the 2019-2020 financial year the following committees were constituted to undertake specific functions as indicated:

1. Human Resource Management Advisory Committee

This committee was established under Section 2.15 of the EBK Human Resource Policies and Procedures Manual to undertake several advisory responsibilities to the Registrar/CEO such as on the staff training and development, maintenance of the Board establishment, recruitment processes, performance management, staff disciplinary matters, staff promotions, among many others. During the financial year ended 30th June 2020 the following were the members of this committee:

S/No.	Name	Role
1.	Catherine Kinya	Chairperson
2.	Erick Obiero	Secretary
3.	Eng. Grace Onyango	Member
4.	Eng. Anthony Okere	Member
5.	Sebastian Bwire	Member

2. Performance Contract Committees

These committees were established to prepare, periodically monitor and report to the Board on the progress and implementation of the various targets as outlined in the Board's FY 2019/2020 Performance Contract. During the financial year ended 30th June 2020 the membership of the various committees were constituted as follows:

S/NO.	COMMITTEE	MEMBERS	POSITION
1	NATIONAL GENDER, EQUALITY & DISABILITY COMMITTEE	Eng. Grace Onyango Ludwina Kuchio Agnes Kirinyet Jane Wanjeri Tony Kibet Labanson Njau	Chairperson Member Secretary Member Member Secretariat
2	INFORMATION SAFETY AND SECURITY MANAGEMENT COMMITTEE	Sebastian Bwire Eng. Okere Makokha Levi Gachanja Kirui Benjamin Titus Muasya Pauline Mwarabu Boniface Mwangi	Chairperson Member Member Member Member Member Secretariat

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

S/NO.	COMMITTEE	MEMBERS	POSITION
3	CORRUPTION COMMITTEE PREVENTION	Eng. Nicholas Musuni	Chairperson
		Eng. Grace Onyango	Member
		Eng. Okere Makokha	Member
		Erick Obiero	Member
		Internal Audit Manager	Member
		Tony Langat	Member
		Sebastian Bwire	Member
		Catherine Kinya	Member
		Catherine Macharia	Member
		Norah Nyaboga	Member
4	COMPLAINTS COMMITTEE (CAJ)	Pauline Mwarabu	Member
		Eng. Okere Makokha	Chairperson
		Pauline Mwarabu	Secretary
		Catherine Kinya	Member
		Norah Nyaboga	Member
		Lilian Kilel	Member
		Eng. Grace Onyango	Chairperson
		Erick Obiero	Member
		Catherine Macharia	Secretary
		Tony Langat	Member
5	PROJECT OVERSIGHT COMMITTEE	Sebastian Bwire	Member
		Timothy Mumo	Secretariat
		Erick Obiero	Chairperson
		Pauline Mwarabu	Member
		John Vundi	Member
		Bernard Omutakha	Member
6	AIDS CONTROL COMMITTEE	Rose Murugi	Member
		Leah Njeri	Secretariat
		Erick Obiero	Chairman
		Catherine Kinya	Member
7	NATIONAL COHESION AND NATIONAL VALUES COMMITTEE	Boniface Shiyundu	Member

-ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) EBK Headquarters

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

(g) EBK Contacts

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

(h) EBK Bankers

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

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

Housing Finance Corporation Kenya,
Rehani House,
P.O Box 45219-00100,
Nairobi, Kenya

(i) Independent Auditors




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

(i) Principal Legal Adviser




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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020




II) THE BOARD OF DIRECTORS

 <p>1. Eng. Erastus K. Mwangera, PE CBS FIEK RCE</p>	<p>Board Chairperson Year of Birth: 1949</p> <p>Eng. Erastus Mwangera is a registered consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya.</p> <p>He holds a Bachelor's degree (Civil Engineering) from the University of Swansea, United Kingdom.</p> <p>Eng. Mwangera has a vast experience in the Public Service and the Private Sector and has recently served as the Chairman on Kenya Airports Authority, Kenya National Highways Authority, Sameer Group of Companies among many other organizations.</p> <p>Eng. Mwangera is a representative of the private sector in the Board.</p>
 <p>2. Eng. Julia W. Ondeyo, PE. Rep. State Corporations.</p>	<p>Board Vice - Chairperson Year of Birth: 1975</p> <p>Eng. Julia Ondeyo is a professional engineer with the Board and a Corporate member of the Institution of Engineers of Kenya.</p> <p>She holds Bachelor's degree (Civil Engineering) from the University of Nairobi and a Master degree in Business Administration from the Strathmore University.</p> <p>Eng. Ondeyo boasts of over twenty years' experience in the roads sector and is currently Deputy Director at the Kenya National Highways Authority (KeNHA).</p> <p>Eng. Ondeyo represents state corporations in the Board</p>
 <p>3. Eng. Francis Gitau, PE. PS Rep. State Department Of Infrastructure</p>	<p>Year of Birth: 1965</p> <p>Eng. Francis Gitau is a consulting engineer with the Board and a Corporate member of the Institution of Engineers of Kenya.</p> <p>He holds Bachelor's degree (Civil Engineering) from the University of Nairobi and an Executive Master degree in Business Administration from the Jomo Kenyatta University of Agriculture and Technology.</p> <p>Eng. Gitau has over 30 years in engineering management and is currently the Infrastructure Secretary at the State Department of Infrastructure.</p> <p>Eng. Gitau represents the Principal Secretary, State Department of Infrastructure, in the Board</p>




**-ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020**

 <p>4. Mr. Charles Obiero- PS Rep Ministry of Education</p>	<p>Year of Birth: 1964 Mr Charles Obiero holds a Bachelor of Education (B.Ed) from Kenyatta University and Masters in Education from the MVNU University, India.</p> <p>Mr Obiero has vast experience in the education sector and has worked as a teacher and in the management of the education sector sitting in Governing Councils of public universities in Kenya.</p> <p>Mr Obiero represents the Principal Secretary, State Department of Higher education in the Board.</p>
 <p>5. FA Daniel M. Mutua, PS, Rep, National Treasury.</p>	<p>Year of Birth: 1967 Mr Daniel Mutua is a Financial Analyst and holds B.E.D Economics / Business Studies from Kenyatta University and Masters in Business Administration from Maastricht Netherlands.</p> <p>Mr Mutua has served in various capacities as financial analyst with vast experience in management of state corporations.</p> <p>Mr Mutua represents the Principal Secretary, National Treasury in the Board.</p>
 <p>6. Eng. Nathaniel Matalanga, PE – PRESIDENT, Institution of Engineers of Kenya</p>	<p>YOB: 1970 Eng. Nathaniel Matalanga is a consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya. He holds Bachelor's degree (Civil Engineering) from the University of Nairobi</p> <p>Eng. Matanga has over 30 years in engineering practice and is an expert in structural engineering having started his career in the public service before joining the consulting industry. He is the proprietor of Ngasi Consulting engineers.</p> <p>Eng. Matalanga sits in the Board as the President of the Institution of Engineers of Kenya.</p>


ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020



 <p>10. Eng. Roselane Ambasi Jilo, PE. – IEK Nominee</p>	<p>Chairperson – Audit, Governance and Risk Committee</p> <p>YOB: 1970</p> <p>Eng Roselane Jilo is a professional engineer with the Board and a Fellow of the Institution of Engineer of Kenya. Eng Jilo holds a Bachelor’s degree in Electrical Engineering from the University of Nairobi, and an MBA (Strategic Management) from Kenya Methodist University. Eng Jillo has vast experience in engineering management in the public sector and currently works at the Kenya Pipeline Company</p> <p>Eng. Jilo was nominated to the Board by the Institution of Engineers of Kenya</p>
 <p>11. Eng. Johnson M. Matu, PE. Rep Private Sector</p>	<p>Chairperson – Registration and Professional Development Committee</p> <p>YOB: 1955</p> <p>Key Qualifications</p> <p>Eng. Johnson Matu is a consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya. Eng. Matu holds a Bachelor’s degree in Civil Engineering and an MBA from the University of Nairobi</p> <p>Eng. Matu has vast experience in engineering industry and has previously served as the Chairman of the Association of Consulting Engineers of Kenya (ACEK). He has also served as the Chairperson of the Kenya Private Sector Alliance (KEPSA) Energy and Infrastructure Board. Eng Matu is the proprietor of APEC Consulting.</p> <p>Eng. Matu represents the Private sector in the Board.</p>
 <p>12. Eng. Nicholas M. Musuni, PE – REGISTRAR/CHIEF EXECUTIVE OFFICER</p>	<p>YOB: 1979</p> <p>Eng. Nicholas Musuni is a professional engineer with the Board and a corporate member of the Institution of Engineers of Kenya.</p> <p>Eng. Musuni holds a Bachelor’s degree in Civil Engineering from the University of Nairobi and Associate member of the Chartered Institute of Arbitrators.</p> <p>Eng. Musuni has served in various capacities in the public service and has over 16 years’ experience in the field of engineering having served as Manager (Roads) at the Kenya Rural Roads Authority prior to joining the Board.</p> <p>Eng. Musuni has served as the Registrar / Chief Executive Officer of the Board since 2014.</p>

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020




	<p>YOB: 1980</p> <p>Ms Catherine Mungania is an advocate of the High Court and holds a Bachelors of Law, LLB, from the Moi University and Masters in Law, LLM, from the University of Nairobi. She's also a member of the Law Society of Kenya.</p> <p>Ms. Mungania has vast experience in administration of law in the judiciary, conveyancing and arbitration as well as in the corporate sector.</p> <p>Ms. Mungania is the Ag. Director, Corporation Secretary and Legal Services.</p>
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13. Catherine K. Mungania




III) MANAGEMENT TEAM

	<p>1. Eng. Nicholas M. Musuni, PE</p> <p>BSc (Civil Engineering), University of Nairobi.</p>	<p>Eng. Nicholas M. Musuni is the Registrar/CEO of EBK and the Accounting Officer. He has over 16 years hands-on experience in the field of Engineering and Management.</p> <p>He leads the Secretariat of the Board, is responsible for the day to day management of affairs and staff of the Board.</p> <p>As the Chief Executive Officer of the Board, he acts in accordance with instructions of the Board of Directors and accepts, transmits, services and keeps custody of documents in accordance with EBK Act No. 43 of 2011.</p>
	<p>2. Eng. Grace L. Onyango, PE</p> <p>BEng (Electrical and Electronic Engineering), University of Northumbria at Newcastle.</p>	<p>Director, Capacity Building and Accreditation</p> <p>She has over 11 years work experience in the Engineering profession.</p> <p>She oversees the Continuing Professional Development, Internship and Accreditation departments under the directorate.</p> <p>She is responsible for building capacity in the engineering profession and provide accreditation for engineering education, training and practice.</p>




ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

<p>3. Eng. Okere A. Makokha, PE</p>  <p>B.Tech (Electrical and Communications Engineering), Moi University.</p>	<p align="center">Director, Compliance Standards and Enforcement</p> <p>He has over 9 years' experience in Engineering and in Management.</p> <p>He oversees the following Engineering Standards and Compliance & Enforcement departments under the directorate.</p> <p>He is responsible for ensuring that there is compliance and enforcement of the Engineers Act 2011.</p>
<p>4. Catherine K. Mungania</p>  <p>LLM, UoN; LLB, Moi University; PGD in Law, KSL; Dip. in Human Resource, KIM.</p>	<p align="center">Ag. Director, Corporation Secretary and Legal Services</p> <p>She has over 13 years work experience in the legal profession which includes Court Work, Corporate work, Conveyancing & Arbitration. She's also a member of the Law Society of Kenya</p> <p>She oversees the Legal department and acts as the secretary to the Board of Directors.</p> <p>She is responsible for providing corporate secretarial services to the Board of Directors, provide legal advice to the Board and coordinate provision of legal services.</p>
<p>5. Mr. Erick O. Obiero</p>  <p>MBA (Strategic Management), UoN; BBA, Maseno University; Higher Dip. in Human Resource Management.</p>	<p align="center">Human Resource and Administration Manager</p> <p>He has over 8 years' experience in human resource profession and is a full member of the Institute of Human Resources Management of Kenya (IHRM-K).</p> <p>He oversees the Human Resource Management and Administration department.</p> <p>He is responsible for developing adequate human resource capacity for the Secretariat, developing and implementing effective administrative policies, procedures and processes.</p>

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

<p>6. Sebastian B. Abuja</p>  <p>BSc (Mathematics and Computing, Egerton University; Oracle Certified Associate (OCA), Microsoft Certified Professional (MCP).</p>	<p>Information Communication Technology (ICT) Manager He has over 13 years' experience in Information Communications Technology and is a Member of the Computer Society of Kenya.</p> <p>He oversees the Information Communication and Technology department.</p> <p>He is responsible for promoting the use of ICT in delivery of services towards realization of the Board's mandate.</p>
<p>7. CPA Elijah N. Muriuki</p>  <p>MAME, MKU; BCom. (Finance), KCA University; CPA</p>	<p>Finance Manager</p> <p>He has over 8 years' experience in the finance and accounting fields and is a full member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>He oversees the Finance and Accounts department.</p> <p>He is responsible for the prudent management of financial resources by implementing accounting policies, sound systems and procedures; and reporting on the financial performance of the Board.</p>
<p>8. CPA Dennis M. Karanja</p>  <p>MSc (Finance), UoN; BCom. (Finance), JKUAT; CPA</p>	<p>Internal Audit Manager</p> <p>He has over 8 years' experience in the field of internal audit and is a full member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors of Kenya (IIA-K)</p> <p>He oversees the Internal Audit department.</p> <p>He is responsible for evaluating the effectiveness of risk management, internal controls, governance processes and corruption prevention mechanisms of the Board.</p>

**-ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020**

<p>9. Norah K. Nyaboga</p>  <p>MA (Sociology), Bombay University; BA, Punjab University.</p>	<p>Principal Registration Officer</p> <p>She has over 21 years' hands-on experience Human Resources Development and Registration Management in the Board</p> <p>She oversees the registration and licensing department.</p> <p>She is responsible for carrying out registration of engineers and engineering firms and is the repository of information with regard to the engineering registration and qualifications.</p>
<p>10. Catherine W. Macharia</p>  <p>MSc (Purchasing and Supplies Mgmt), JKUAT; BSc (Procurement and Logistics), JKUAT.</p>	<p>Ag. Manager, Supply Chain Management</p> <p>She has over 12 years work experience as a procurement specialist in both Public and Private Sector. She is a member of Chartered Institute of Purchasing and supply (UK) MCIPS and a full member of Kenya Institute of supplies Management, MKISM.</p> <p>She oversees the Supply Chain Management function of the Board.</p> <p>She is responsible for implementation of efficient and effective systems of acquisition of goods, works and services, as well as disposal of assets.</p>
<p>11. Pauline W. Mwarabu</p>  <p>MA, UoN; BA UoN; Paramilitary Training, APTC/KESAL.</p>	<p>Officer-in-charge, Corporate Communications</p> <p>She has over 10 years work experience in public administration and is a member of both the Kenya Institute of Management (KIM) and Kenya Association of Professional Administrators and Managers (KAPAM).</p> <p>She oversees the administration function of the Board and also acts as the head of Corporate Communications department.</p> <p>She is responsible for promoting the Board's visibility, managing its branding and developing communication and marketing strategy, policies and plans.</p>

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

IV) CHAIRMAN'S STATEMENT

The financial year ended 30th June 2020 marks the eighth financial year since the enactment and operationalization of the Engineers Act, 2011. The financial year also marked 50 years of regulating engineering services in Kenya from the enactment of the Engineers Registration Act 1969 (now repealed). The financial year was therefore a significant milestone for the Board.

The financial year also saw the appointment of the new team of Board Members in September 2019. The Board of Directors continued offering the strategic leadership role and oversaw the launch and implementation of the 2019-2022 Strategic Plan. The Strategic plan development was guided by the Guidelines for Preparation of the Fourth Generation issued by National Treasury and is aligned to the Third Cycle of Medium-Term Planning (MTP III), the Medium-Term Expenditure Framework (MTEF) budget process, the Kenya Vision 2030, the Big Four Agenda, Africa's Agenda 2063, Mutual Recognition Agreement, the Sustainable Development Goals (SDGs) and the International Engineering Alliance requirements for the profession.

The Board also oversaw the implementation of the Engineers Rules 2019 and launched the Engineers Practicing Manual that provides a framework to guide the professional judgement and action of engineers and establishes criteria for consistent quality of professional services and works.

The Board during the year saw increased growth in membership registration in spite of the disruptions witnessed by the Covid - 19 pandemic during the second half of the year. The Board registered 2,712 engineers against the Strategic Plan target of 1,650 engineers under various categories.

The Board's flagship program the, Graduate Engineers Internship Programme further received additional funding from the National Government leading to additional sixty interns recruited into the programme to raise the number of beneficiaries to 100. Discussions are underway to ensure the benefits of internship program are availed to more graduate engineers across all sectors of the economy.

The Board continued to institute measures to assure efficiency in service delivery including continued automation of services and adoption of e-learning for purposes of continuing professional development programs. As part of continual improvement, the Board instituted Quality Management Systems that saw it awarded ISO 9001:2015 certification.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

During the year the Board also continued to work closely with its key stakeholders. The Board supported and participated in various activities organized by the Institution of Engineers of Kenya including the Annual International Conference in September 2019 besides jointly conducting the 1st World Engineers Day on 4th March 2020 among other activities. The Board also engaged Commission of Universities Education on areas of collaboration. The Board also participated in regional and international activities including joining the Engineers Registration Board (Uganda) in celebrating their 50th anniversary as well as participating in the World Engineering Convention in Melbourne, Australia where the Board initiated the process of acceding to the International Engineering Alliance Accords.

The Board however continued to face adverse litigation issues with potential to affect its mandate. The Board will continue to pursue measures to ensure the threat to quality of engineering profession is not compromised through engagement of relevant stakeholders.

The Board has unfortunately had some of its registered members affected by the COVID – 19 Pandemic. We wish to celebrate the contribution towards engineering services offered by members that have lost life caused by the pandemic and through other causes.

I acknowledge and appreciated the funding and the goodwill support from the members, the Government of Kenya through the State Department of Infrastructure and development partners particularly the World Bank.

Finally, I wish to acknowledge the support we have continued to receive from the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing and Urban Development throughout the financial year. I also wish to thank the Board of Directors, Management and Staff of the Board for their hard work through the year in executing the mandate of the Board.



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

BOARD CHAIRMAN

ENGINEERS BOARD OF KENYA

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

V) REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER

The Financial Year 2019/2020 saw the Board make tremendous progress in spite of interruptions caused by the COVID-19 pandemic in the second half of the year and a slow start to the financial year due to the delay in the appointment of the Board of Directors in the 1st quarter.

The overall number of persons registered by the Board under various categories grew by 16.1%, from 16,795 to 19,507. A total of 123 professional engineers, 2,561 graduate engineers, 9 consulting engineers, and 19 consulting firms were registered during the year. The number of graduate engineers joining the Industry continued to be high as was the case during the last financial year when 2,473 new graduate engineers were registered. The total number of professional engineers stood at 2,107 representing 6.2% growth, consulting engineers was 437 (2.1% growth), graduate engineers stood at 16,836 (17.9% growth) and consulting firms was 127(17.6% growth).

During the year the Board marked the 50th anniversary of regulation of engineering practice in Kenya. As part of the activities of commemoration, the Board organized a National conference which also saw the unveiling of the Engineers Practicing Manual as well as sensitization of the Engineers Rules 2019.

The Board continued with the implementation of its mandate under the Engineers Act and as further facilitated under the Engineers Rules 2019. The Board carried on strengthening and mainstreaming the continuing professional development programs. With the challenges occasioned by the pandemic the Board reviewed the mode of delivery from mainly in person training to virtual trainings. A total of eleven (11) in house programs were conducted during the year.

During the year under review, the Board continued with the implementation of the Graduate Engineers Internship Program and recruited an additional sixty graduate engineers to bring total to 100 the number of graduate engineers in the program. The Graduate Engineers Internship Program is a structured training program for graduate engineers whose main objective is to facilitate opportunities for graduate engineers to acquire requisite exposure and skills for professional registration. Further, the Board developed an online graduate engineer's information management system with the assistance of the ICT Authority. The system will help on the monitoring of all the graduate engineers activities and will be available to all graduate engineers who are going through structured programs in public and private sectors.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

The Board also conducted inquiries on complaints of professional misconduct by professional engineers. There were two (2) cases of complaint on professional services rendered by professional engineers and concerns on delivery of services pertaining to twenty-two (22) professional engineers.

The Board carried on with accreditation of engineering programs during the financial year and visited two Universities; the University of Eldoret and the Strathmore University. The Board's visit to the University of Eldoret resulted in the accreditation of two additional programs, Bachelors of Engineering (Civil and Structural Engineering) and Bachelors of Engineering (Mechanical and Production Engineering) after significant program improvement and resource allocation by the University. The Strathmore University demonstrated preparedness to launch a program in electrical engineering after reviewing the curriculum in line with the Board's recommendation and commencing development of the requisite infrastructure.

The financial performance of the Board grew stronger with increased internally generated revenues growing from KShs 20,148,671 to KShs 66,678,020 representing a growth of 231% as compared to growth of 31.1% preceding year. The growth is attributable to implementation of Engineers Rules 2019 and continued debt collection campaigns during the year. The Board received increased exchequer support of KShs 157 Million up from KShs 98 million with the increase directed to payment of legal costs and compensations.

During the year, the Board continued to strengthen its Human Resource capacity with the engagement of substantive Finance Manager and the Internal Audit Manager. The Board continued the implementation of the approved human resource instruments including the staff establishment and the career guidelines of its staff for improved service delivery. The improvement of the working environment continued with the commencement of the development of the Transcom House centre, the Board old offices. The refurbished centre will provide for a state of the art facility to help in conducting professional examinations and personalized services to our customers.

In line with the commitment to improved service delivery, the Board finalized the development of its Quality Management System and successfully documented the processes and procedures. This saw the Board certified as ISO 9001:2015 organization. The continual improvement is being implemented across all the Board Directorates and Departments to foster a culture of excellence in customer service.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

The Board further continued to implement several customer centric initiatives and reviewed the customer service charter availing it in English, Swahili and Braille. Customer service monitoring system and complaints handling mechanism were further strengthened during the year. The development of the Engineers Identification card to help weed out imposters commenced but was not concluded due to the breakdown of the supply chain by the COVID-19 pandemic. However, it is expected this will be achieved early 2020/2021. On line registration commenced with the migration of registration of graduate engineers to online platform beginning. The Board also commenced the redesign of its website to make it more robust, interactive and user friendly. During the year, the Board concluded pending legal suits pertaining to its mandate and the law with the declaration by the Court of Appeal that the Engineers Act 2011 was constitutional. Further, the Supreme Court amended its judgment against the Board to set aside the orders to the Board to register and compensate some of petitioners who were not trained as engineers. However, the High Court made a judgment that professional regulators, the Board included, did not have powers to accredit professional programs in the Country which affects the Board's accreditation processes as provided in the Engineers Act 2011.

The Board pursued its objective of development of the profession by strengthening the existing mutual recognition agreements under the East Africa Community Common Market Protocol through the development of the requisite regulations. Further the Board has commenced the process of acceding to the International Engineering Alliance Washington Accord .The mutual recognition agreements and the international accords provide a framework for the mobility of professional services and the Kenyan engineers stand to benefit from these initiatives.

The outlook for the Board's performance looks encouraging having navigated through the teething problems of resource mobilization, institutional development and entrenching the legal framework.

Finally, the management remains committed to upholding the National Values in Implementation of the Board's vision with the support and guidance of the Board of Directors, the Government and the partners and collaborating institutions.



Eng. Grace Onyango, PE
AG. REGISTRAR / CHIEF EXECUTIVE OFFICER
ENGINEERS BOARD OF KENYA

VI) REVIEW OF EBK's 2019-2022 STRATEGIC PLAN PERFORMANCE

During the year under review, The Board launched and operationalized its Strategic Plan (2019-2022). It is the Second Strategic Plan since the enactment of Engineers Act, 2011. The development of the plan was therefore informed by the lessons learnt during the implementation of the 1st Strategic Plan implemented during the period 2014 – 2019. The Strategic Plan (2019 – 2022) development was guided by the Guidelines for Preparation of the Fourth Generation issued by National Treasury. It is aligned to the Third Cycle of Medium-Term Planning (MTP III), the Medium-Term Expenditure Framework (MTEF) budget process, the Kenya Vision 2030, the Big Four Agenda, Africa's Agenda 2063, Mutual Recognition Agreement, the Sustainable Development Goals (SDGs) and the Washington Accord.

The development of the plan was carried out after a thorough review of the Board's operating environment and critically assessed the strengths, weaknesses, opportunities and threats facing the Board. The Strategic Plan (2019 – 2022) identified five Key Result Areas in which implementation is to be undertaken, performance measured, results communicated and reported. The key areas have focused strategic objectives i.e. the commitments that the Board has put in place to accomplish in the period. The plan provides for the implementation through the structures within the Board. It stipulates the accountability framework and outlines key strategies utilized by the Board to ensure effective implementation. It outlines the responsibilities for implementation to enhance accountability through Directorates and Departments. The plan also outlines the key success factors and risk analysis.

The plan provides a regular assessment of the progress made in implementation to ensure all the desired results are achieved. The regular assessment is carried out through monitoring, evaluation and reporting framework outlined. The framework forms the basis of cascading performance targets and output to lower levels through annual work plans, performance contracts and staff performance appraisal system. The framework also allows for tracking of programmes and activities outlined in the strategic framework, assessment of the impact of key programs and reporting of results to stakeholders.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Highlights of Key Achievements

The strategic plan implementation provides for annual progress evaluation. The first year of implementation has therefore been realised with the completion of 2019/20 financial year. Some of the key achievements are as follows:

- i) **Strategic objective One: To register and license qualified and competent engineers and engineering consulting firms to practise engineering.** The Board registered 2,712 persons against the target of 1,650 persons. The Board received, processed and registered 2,561 Graduate engineers, 123 Professional engineers, 9 Consulting engineers and 19 Consulting firms. The Board has also reduced the average time to process licenses from 90 days to 30 days within the first year of the implementation.
- ii) **Strategic objective Two: To ensure effective and efficient enforcement and compliance to the Engineers Act 2011 and Engineers Rules 2019.** The Board met the target to conduct one sensitization workshop on the Code of Conduct and Ethics. The Board also investigated all reported violations to the Engineers Act 2011 and its rules and finalized issuance of 1,619 identification cards.
- iii) **Strategic objective Three: To ensure compliance with the set standards in engineering practice.** The Board developed the Terms of Reference (TORs) to conduct a baseline research study on Engineering Practice and Compliance.
- iv) **Strategic objective Four: To build capacity through training and assessment of individual engineers and engineering firms.** The Board undertook 6 CPD programs during the year and recruited 60 Graduate Interns under the Graduate Engineers Internship Program (GEIP).
- v) **Strategic objective Five: To ensure that EBK delivers on its mandate in a sustainable manner.** During the year the Board maintained the implementation of strong and effective internal control systems, institutionalized supply chain manual and compiled organizational procurement plans aligned to budgetary allocations. Automation of Board services has also continuously been undertaken during the year, the Board has a functional App, introduced the online application and began development of GEIP Information Management System.

VII) CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors of EBK upholds high standards of corporate governance which foster a culture that values integrity and ethical behaviour which are essential for sustainable long-term performance and creating shareholder value. The Directors and the Management undertake to perform their duties with impartiality, honesty, transparency, accountability, professionalism, integrity, care and due diligence and to act in good faith to the best interests of the public. The Board has established a corporate governance framework, the key features of which are set out in this Corporate Governance Statement. The Board of Directors is responsible for the governance framework which operates under 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; and is committed to ensuring that the EBK complies with all applicable laws and statutes.

Role and Responsibilities of Directors and Management

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

The Board Charter

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Committees of the Board

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

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

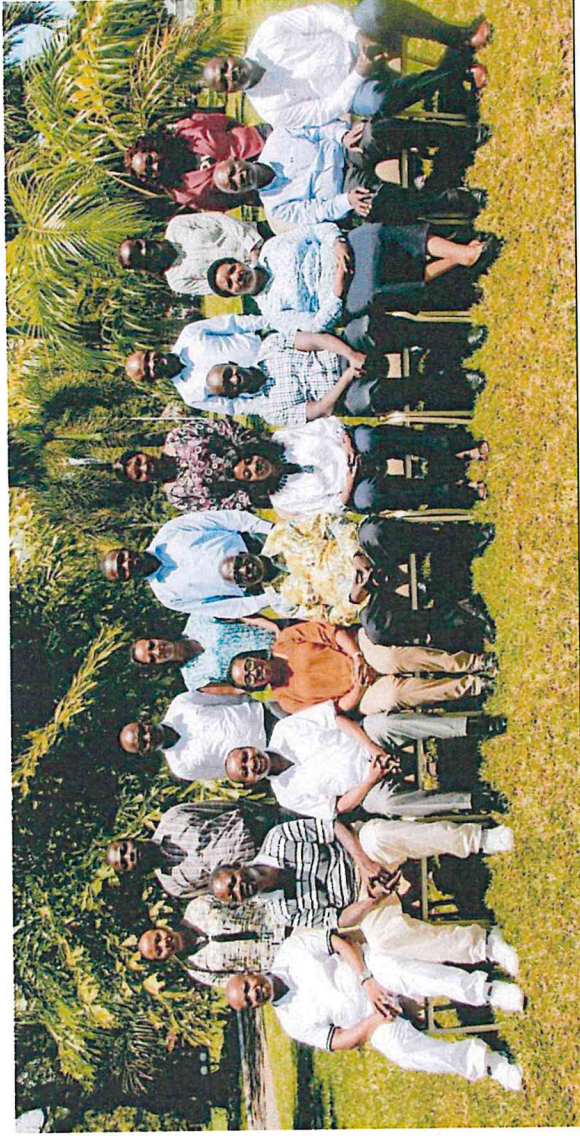
Induction and Training

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.

During the year 2019/2020 The Board's induction was conducted on 22nd to 25th October, 2019 at Sarova Whitesands Hotel Mombasa following Gazettement on 6th September, 2019. The senior management team was also present to offer the needed logistical support. The Board members were taken through the EBK's Mandates, functions and staff establishment. During the induction, a representative from State Corporations Advisory Committee (SCAC) took the members through the Mwongozo Code of Governance and best corporate practices.

The induction also covered fiduciary responsibilities of the Board of Directors. The members constituted the Board Committees to enable the Board operate as per the provisions of Mwongozo Code of Conduct.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020



Board members and Senior Management team during the new EBK board induction at Sarova Whitesands in Mombasa held on 22nd – 25th October 2019.

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.

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.

Board/Board Committee Meetings

During the year 2019/2020 the Board held three (3) Ordinary Meetings and nine (9) Special Meetings. There were other meetings during the year as need arose. These included meetings where members were engaged with various stakeholders including the Institution of Engineers of Kenya, which was held on 6th March, 2020 to deliberate on various ways of collaborations to ensure that both entities work together in serving the engineering fraternity in the Country.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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

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

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

No.	Name of Board Member	No. of Board Meetings Attended	No. of Committee Meetings Attended	Total No. of Meetings Attended
1.	Eng. Erastus K. Mwongera, PE	10	-	10
2.	Eng. Francis Gitau, PE	7	3	10
3.	Mr. Daniel Mutua	2	-	2
4.	Mr. Charles Obiero	9	8	17
5.	Eng. Nathaniel Matalanga, PE	4	1	5
6.	Eng. Benjamin Karimi Mainigi, PE	8	8	16
7.	Eng. Roseline Ambasi Jilo, PE	6	8	14
8.	Eng. Jane Amagove Simiyu, PE	8	7	15
9.	Eng. Julia Waithira Ondeyo, PE	10	7	17
10.	Prof. (Eng.) Silvester Ochieng Abuodha, PE	9	8	17
11.	Eng. Johnson Mwangi Matu, PE	10	10	20
12.	Eng. Gilbert Arasa	3	-	3
13.	Eng. Collins Juma	2	1	3

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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.

Board Performance Results

In the year under review, performance of the board was measured by officers drawn from State Corporations Advisory Committee. Results of the exercise gave the Board a score of **Excellent**.

Conflict of Interest

During the year ended 30th June 2020 there was no conflict of interest reported by members of the board in the conduct of their functions. As required, before commencement of each meeting held, every board member was given an opportunity to declare any conflict of interest in the matters for consideration.

Remuneration

Payment of Honoraria and allowances to the Chairperson and other allowances to the other members of the Board were made in accordance with Guidelines on Terms and Conditions of Service for State Corporations' Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff. The total expenses incurred in relation to Board activities was **Kshs. 10,336,846**.

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.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

VIII) MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The Board's Operational and Financial Performance

The Board is implementing its 3-year Strategic Plan (2019-2022) whose key result areas and activities are geared towards achieving the Boards mandate which is derived from the core functions as set out in the Engineers Act, 2011. They are: Registration of engineers and engineering consulting firms; Regulating engineering professional services; Setting of engineering standards; Development of the general practice of engineering; and Training and Capacity development of the Board.

In 2019/2020 the Board implemented the following key activities:

1. IMPLEMENTATION OF THE ACT

a. Registration of Engineers

The registration of engineers and consulting firms is one of the key mandates and function of the Board. During the year under review, there was a remarkable increase of the total number of engineers registered by the Board. The 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 Covid 19 pandemic affected the conduct of professional examinations which had been scheduled for the second half of the financial year after the reconstitution of the new Board in the 1st half.

The following were the engineers registered under various categories:

Registered Engineers During 2019/2020 Financial Year

Category	Number
Consulting Engineers	9
Professional Engineers	110
Graduate Engineers	2,561
Consulting Firms	19
Temporary Engineers	13

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

Registered Engineers During 2014-2020 Strategic Period

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Financial Year	Consulting Engineers	Professional Engineers	Graduate Engineers	Consulting Firms	Temporary Engineers
2014/15	33	127	1,130	0	12
2015/16	14	87	747	0	0
2016/17	21	125	1,755	18	31
2017/18	24	189	2,230	13	9
2018/19	15	74	2,473	25	6
2019/20	9	110	2,561	19	13
Total	116	712	10,896	75	71

b. The Engineers Manual

The Board developed The Engineers Manual, pursuant to Section 7 (1) (m) Of the Engineers Act, 2011 that mandates the Board to 'set standards for engineers in management, marketing, professional ethics, environmental issues, safety, legal matters or any other relevant field'.

The Engineers Manual is composed of guidelines to professional practice developed in the quest to achieve a defined, systematic and consistent approach that is accountable and can assure the public of adequate safety in implementation of engineering systems and infrastructure.

It was envisaged that The Engineers Manual would assist engineers in enhancing professionalism as it provides as framework to guide the professional judgement and action of engineers and establishes criteria for consistent quality of professional services and works. Further, the manual will enhance proper professional relationships with clients, employers and the public. The Engineers Manual was launched on 16th December, 2019 as the Board was celebrating 50 years of regulating the profession in Kenya.

c. The Scale of Fees for Professional Engineering Services, 2020

The Board developed the draft scale of fees Pursuant to Section 7 (1) (s) of the Engineers Act, 2011 that mandates the Board to 'determine the fees to be charged by professional engineers and firms for professional engineering services rendered from time to time.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

The development of the Scale of Fees was carried out in collaboration with a working group of industry players drawn from the Institution of Engineers of Kenya (IEK) and the Association of Consulting Engineers of Kenya (ACEK).

The Board thereafter engaged wider stakeholders through public participation invited through the print media. It is envisaged that the Scale of Fees will provide guidance in the delivery of professional services as it outlines the obligations of the various parties and provides a basis for professional remuneration.

d. 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 under review the Board organized and implemented the following CPD training activities.

Date	Course Title	Key Areas of Discussion	Venue & Region	Attendance
2 nd August 2019	Intellectual Property & Innovation Management	<ul style="list-style-type: none"> Public Policies for Intellectual Property Firm strategies for Intellectual Property Creating Value from Intellectual Property 	Crowne Plaza Hotel, Nairobi	62
22 nd -23 rd August 2019	Essentials of Public Private Partnerships (PPPs) Projects	<ul style="list-style-type: none"> Policy and Legal Framework for PPPs in Kenya Project Preparation and Project Execution Bid Preparation and Submittal – The Private Sector Perspective Documentation, Procurement of PPPs Implementation, Monitoring & Evaluation of PPPs Implementation, Monitoring & Evaluation of PPPs 	Sarova Panafic Hotel, Nairobi	105
3 rd – 6 th September 2019	Annual Engineers Conference	<ul style="list-style-type: none"> Engineers' input in the development of the Kenyan economy since 1969 Driving the economic agenda through engineering 	Leisure Lodge, Diani	1200

**-ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020**

		<ul style="list-style-type: none"> • Supply and demand for competent engineers in Kenya • Engineering education in Kenya • Engineering going forward • Launch of the Strategic Plan • Evolution of engineering in Kenya <ul style="list-style-type: none"> ○ Engineering 50 Years Ago ○ Engineering Now ○ Engineering in the Future • Production of a Documentary 	Merica Hotel, Nakuru	90
17 th – 18 th October 2019	Financial Management for Engineering Contracts	<ul style="list-style-type: none"> • The Changing Organization Relative to Engineering Contracts • Fundamentals of Financial Management for Engineering Contracts • Procurement and Financial Contract • Project, Supervisory & HR risk Management • Working Capital Management and Financial Forecasting • Financial Risk Management • Credit Control (Debt Management Strategy) • Interpreting Management and Financial Statements • Assessment and Valuation of Claims • Business Valuation and Investment Choices • Detecting Fraud and Financial Distress 		
7 th – 8 th November 2019	Integrating Climate Risk into Infrastructure Development	<ul style="list-style-type: none"> • The increasing costs and liabilities to public infrastructure as a result of climate change • The historical climate trends and methods for climate projection, acquisition, and application of 	Crowne Plaza Hotel	130

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

			<ul style="list-style-type: none"> climate data in relation to infrastructure. Risk assessment as applied to infrastructure response to climate change. 		
16 th & 17 th December 2019	Celebrating 50 Years of Regulating Engineering	<ul style="list-style-type: none"> Engineers' input in the development of Kenyan economy since 1969 Driving the Economic Agenda through Engineering The engineering labour force in Kenya over time Engineers Rules 2019 & Engineers Manual Opportunities for Engineers Engineers and Governance 	Kenyatta International Convention Centre	600	
27 th & 28 th February 2020	Advanced Project Management	<ul style="list-style-type: none"> Project Management Methodologies Project Planning Project Management Implementation Project management Culture Negotiating for Resources in Project Management Managing Conflict in Projects 	Barabara Plaza, Nairobi	58	
9 th March 2020	World Engineering Day Celebration	<ul style="list-style-type: none"> The United Nations Educational, Scientific, and Cultural Organization (UNESCO), which supports engineering through the Natural Science Division, and acknowledges engineering as the most significant means of achieving sustainable development through the enhancement of capacity building, gender equality, and safeguarding of World Heritage, at its Executive Board meeting held in April 2019, unanimously endorsed proclaiming the 4th day of March of every year as the World 	University of Nairobi, Graduation Square	1,000	

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

	Engineering Day as recommended by the World Federation of Engineering Organizations (WFEO). <ul style="list-style-type: none"> The Institution, in collaboration with the Engineers Board of Kenya (EBK), has planned a procession within the CBD on that day, starting from 9am at the University of Nairobi, Kenya. 	
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In line with Section 7 (1) (r) of the Engineers Act 2011 that allows the Board to “collaborate with engineering training institutions, professional associations, engineering organizations and other relevant bodies in matters relating to training and professional development of engineers,” the Board partnered with the following institutions to offer CPD training during the year under review:

- 1) The Dedan Kimathi University of Technology Training Centre
- 2) Somers Engineering
- 3) ITEC Engineering Ltd
- 4) Kenya College of Infrastructure (KCI)
- 5) Viscar Industrial Capacity Limited
- 6) GITS Consulting Services
- 7) Association of Consulting Engineers of Kenya (ACEK)
- 8) SKF Kenya Ltd
- 9) Davis & Shirliff Ltd
- 10) Center for Innovative Technology (CITECH)

Graduate Engineers Internship Programme

During the year under review, the Board received funding 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’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.

The Board recruited 60 additional graduate engineers into the program and accrued on with training for the 1st cohort including conducting an induction workshop that included a Meet Your Mentor Day, and subsequent placement into various engineering consulting firms and organizations for training.

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), 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.

An accreditation visit was conducted from 29th – 31st January 2020 and this visit culminated into accreditation of UoE B.Eng. Mechanical & Production Engineering and B.Eng. Civil & Structural Engineering Programme. The accreditation team included:

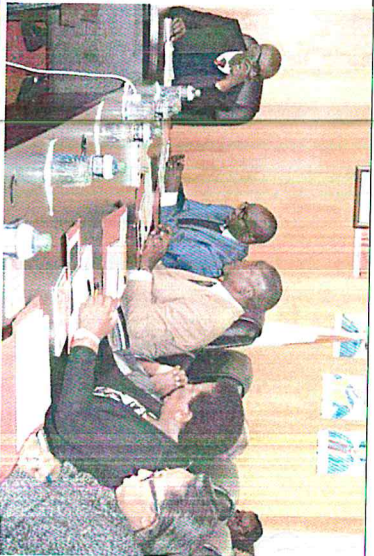
- Members of the Board's Academic and Qualifications Committee
- Industry experts (one for each discipline)
- Management



Vice Chancellor UoE welcoming the Board



UoE School of Engineering Team



**-ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020**

<p>CEO/Registrar giving remarks before the accreditation exercise</p>	 <p>Group photo of Accreditation Team (Board and UoE)</p>
<p>Board's AQC Chairman giving a brief on what the accreditation exercise will entail</p>	 <p>Inspection of one of the laboratories at UoE</p>

f. Partnerships/Collaborations/Memorandum of Understanding

The Board held a consultative meeting with the Commission for University Education on 22nd January 2020. The two entities deliberated on various ways that they could collaborate to ensure that our stakeholders received quality services. It was noted that there was need of coming up with some harmonized *mundus operandi* especially on accreditation of engineering programs in Kenya.

The Board on 7th day of May, 2020 entered into a Memorandum of Understanding with the National Bank of Kenya for the issuance of membership cards to EBK registered engineers. The cards are a form of identifications for engineers to ensure that non engineers do not engage in any engineering works. The cards have a QR codes on its rear that the Board shall use to manage access into EBK organized trainings and other events. It also has a payment wallet that may be used for loading funds or extending credit facilities.

The Board also signed another MOU with the ICT Authority on 14th May, 2020 for the development of a graduate trainees' management system. The system would enhance graduate trainees' programs, knowledge management and sharing of lessons learnt in the graduate trainee programs.

g. Litigations

The Board had fewer litigation cases during the year under review. The main ones were:

- (i) In the *Supreme Court Petition No. 39 of 2019 between Martin Wanderi & Others – vs Engineers Board of Kenya & Others;*
The application by the Board for review of the judgement was in respect to the Supreme Court judgement that was delivered against the Board on 17th July, 2018 in *Martin Wanderi case*; the Board held that the Supreme Court had erred in its judgement by ordering the Board to register all the petitioners.
The Supreme Court reviewed its judgment to the extent that the petitioners who had Technicians and Technologists degrees were not eligible to be registered as engineers and were ordered to be registered by Kenya Technicians and Technologists Registration Board.
- (ii) *Court of Appeal No. 174 of 2015 Martin Wanderi & 19 Others –vs- Engineers Board of Kenya & 4 Others;*
The matter concerned graduates of Masinde Muliro University who had sued the Board challenging the constitutionality of Engineers Act, 2011. The graduates sought to have the decision of the High Court by Justice Mumbi Ngugi which held that the Act was constitutional set aside.
The Appellate Court dismissed and noted there was no discrimination under the provisions of Section 16 of the Act as alleged, the Court stated that if the appellants were aggrieved by the by-laws of IEK, they should have challenged the same and not the Act. The Court further stated that there was sufficient public participation that was done before enactment of the Act in 2012.

2. DEVELOPMENT OF THE BOARD

i) Training on the Development of Infrastructure Score Card

The Board Chairman Eng. Erastus K. Mwangera attended and inaugurated the training of Engineers on the development of the Kenya Infrastructure Score Card organized by the Institution of Engineers of Kenya at Radisson Blu Hotel on 12th March 2020. The Chairman informed the participants that the Board had been a proponent of development of local engineering capacity at all levels in line with the mandate granted to it by the Engineers Act 2011. Indeed, this was the reason why the Board supported initiatives such as Infrastructure Score Card Training to provide engineers with the capacity to deliver effective and economical solutions on engineering problems.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

He took note of the Infrastructure Score Card as a useful tool for planning, and reporting the progress recorded by governments on the development and management of the National Infrastructure. In his speech, the Chairman stated that the need for development of safe, adequate and resilient infrastructure could not be overemphasized. The realization of socio-economic developmental objectives was premised on availability of the necessary infrastructure which engineers play a pivotal role in its delivery.

The Engineers Board of Kenya had therefore embarked on a mission of creating the necessary environment for a thriving profession under the reviewed legal framework with several initiatives such as continuing professional development for professional engineers, graduate engineers' internship programs for young engineers and accreditation of engineering programs to ensure student engineers get the right training. These initiatives called for support from the Government as they were capital intensive investments that were sure to yield positive results for the entire spectrum of the economy.

ii) Staff Induction, Capacity Building and Customer Centric Training

1) Staff Recruitment and Induction

In a bid to strengthen its internal capacity and enhance good governance, the Board competitively and successfully filled below critical posts, Internal Audit Manager and Finance Manager that fell vacant in the course of the year.

2) Customer Centric Training

The Board organized for a customer centric reflection for all its staff members in order to enhance customer service. This was a build up to the customer centric training held the previous financial year alongside the team building activity. During the customer centric reflection, the CEO took all the members through the customer service charter and staff committed in writing that they will service customers diligently and in strict observance of the service charter timelines.

3) Staff Capacity Building

The Board had projected staff to undertake various capacity building activities. However, due to the COVID-19 pandemic most of the activities did not take place. However, the following trainings took place before the COVID-19 Pandemic broke out:

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

NO.	Training	Participants	Date
1	Communications Skills	1	16 th to 20 th March, 2020
2	Disability Mainstreaming Committee	5	26 th February 2020
3	Customer Centric Reflection	All Staff Members	25 th February, 2020

iii) World Engineering Day held on 4th March, 2020

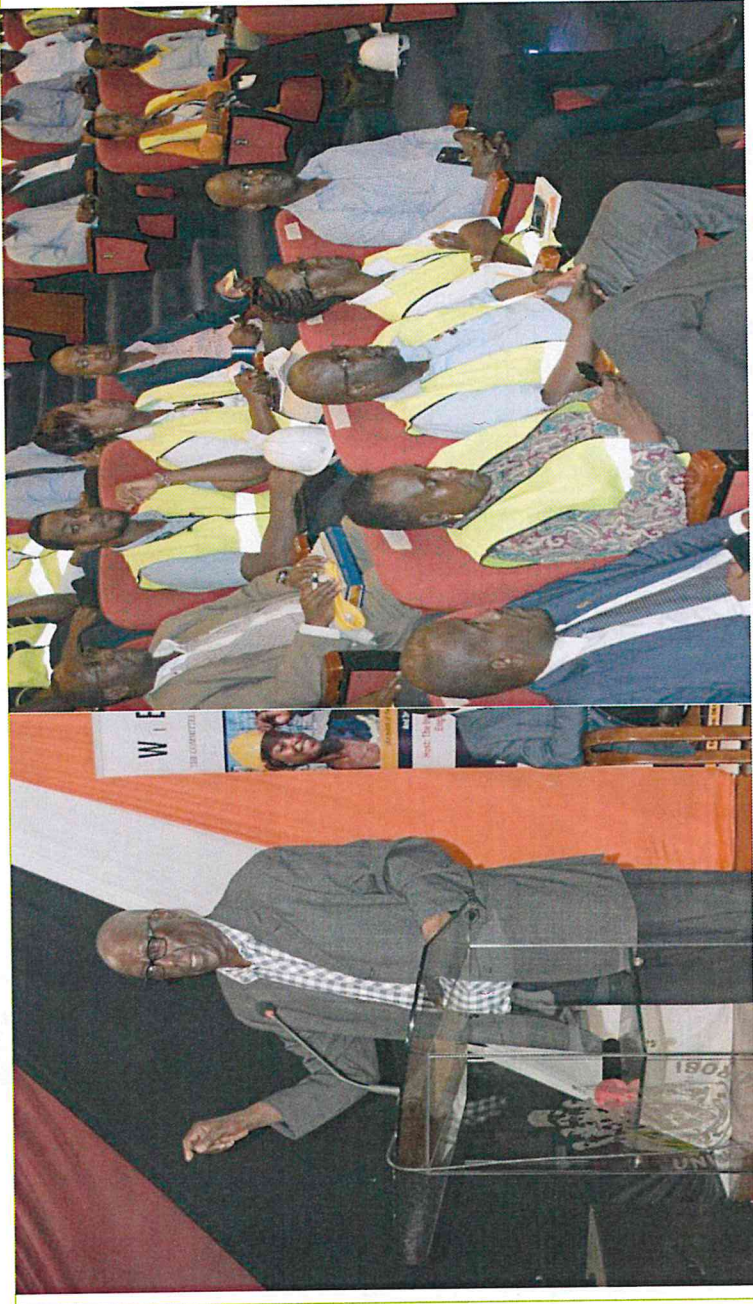
The 40th General Conference of UNESCO adopted a resolution to proclaim 4th March of every year a world-engineering day for sustainable development. This was an opportunity to celebrate the important contributions of engineers and engineering to sustainable Development and modern life. It was also an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

The Board in collaboration with the Institution of Engineers of Kenya participated in the world Engineering day. The function was attended by more than 3,000 Engineers who participated and shared experiences on how to build and improve the engineering profession since it was the core of delivering the necessary environment for economic prosperity.

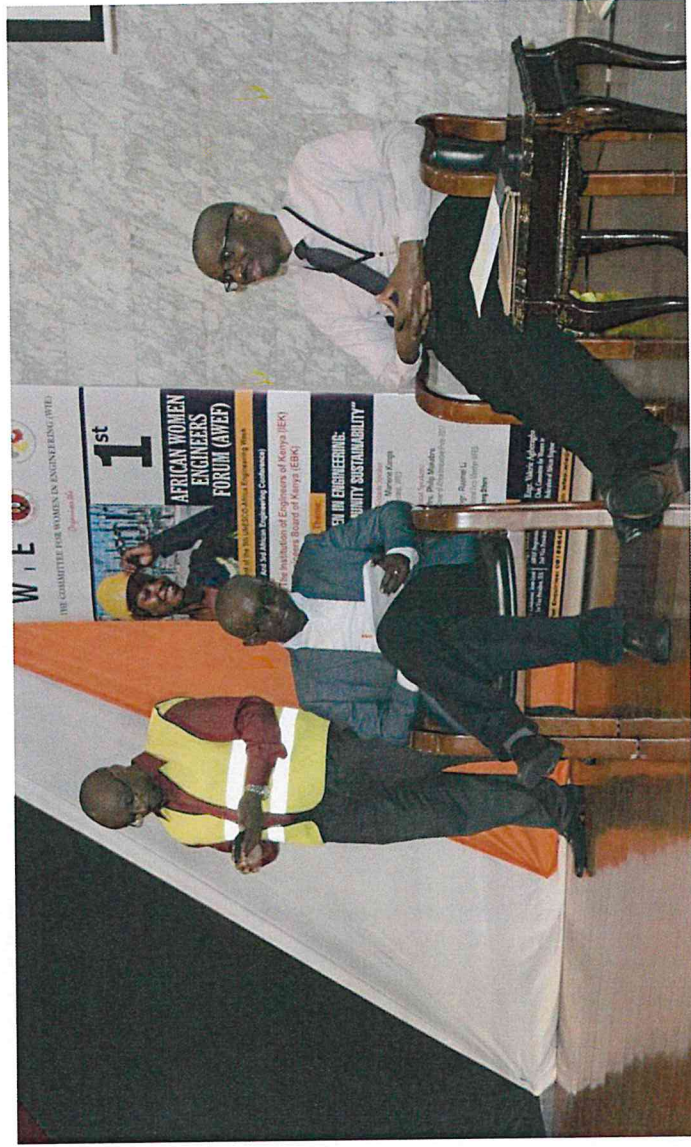


Staff Members and other delegates participate in a walk during the World Engineering day

**- ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020**



(Left): The EBK Board Chairperson addressing the delegates and (right) A section of the delegates following the proceedings during the World Engineering day.




Part of the team of panellists led by the EBK Registrar/CEO Eng. Nicholas M. Musuni.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

iv)	Celebrating 50 Years of Regulating Engineering in Kenya
<p>From 1969, the Board's mandate has been the registration and licensing of engineers. However, the Board was unable to regulate the entire value chain of engineering until the enactment of the Engineers Act 2011. This Act of Parliament expanded the Board's functions and powers to effectively regulate engineering education, engineering training and engineering practice. In the 50 years, there are several milestones that the Board has achieved from regulation, accreditation, internship programmes, CPD programmes to acquiring new offices amongst others. This celebration was held at the KICC from 3rd-6th December 2019.</p>	
v) EBK's ISO Certification Journey	
<p>During the year under review, the Board conducted various activities that saw it become ISO 9001:2015 certified. The key activities include;</p>	
<ul style="list-style-type: none">• Conducting stage 1 and stage 2 internal quality audits• Implementation of corrective actions after the internal audits.• Conducting management reviews.• External audit by the certifying body, i.e., Kenya Bureau of Standards (KEBS)• Official certification by the certifying body	
<p>The Board is now certified as per ISO 9001:2015 standard.</p>	

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

 Kenya Bureau of Standards
P O Box 54974-00200, Popo Road-South C, Nairobi



QUALITY MANAGEMENT SYSTEM CERTIFICATION SCHEME

CERTIFICATE OF REGISTRATION

No. KEBS/QMS/RF/327 Rev. 00 Page 1 of 2

Awarded to:


ENGINEERS BOARD OF KENYA
P. O. BOX 30324-00100
NAIROBI

This is to certify that the Quality Management System (QMS) implemented by the above organization has been audited and found to comply with the requirements of:

ISO 9001:2015 Quality Management Systems - Requirements

The certification covers the activities as specified in the authorized annex(es) bearing the registration number.


Managing Director/Authorized Officer

Date of first issue: **6th February 2020**
Valid subject to the condition of the scheme. Printed copies of this certificate can be validated at www.kebs.org

Date of issue: **6th February 2020**
Date of expiry: **5th February 2023**

vi) Automation of the Board's Processes and Services

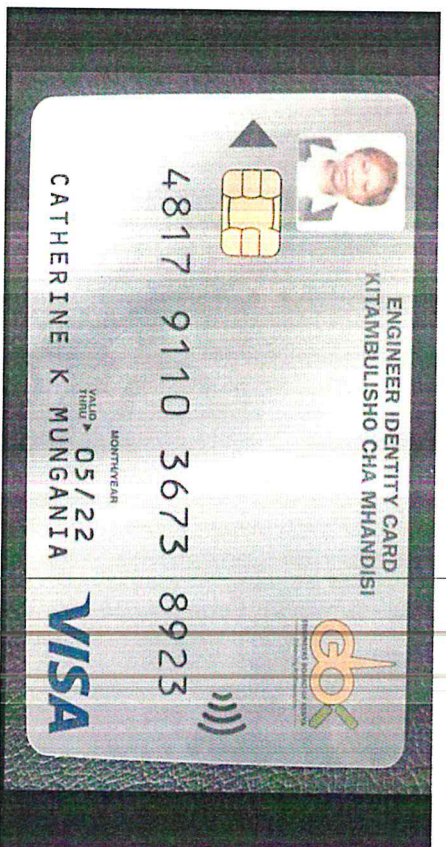
The following processes have already been automated with continuous improvements and upgrades currently underway:

1. Use of Enterprise Resource Planning (ERP) System

The registration of Graduate Engineers, Professional Engineers and Consulting Firms is now online. However, there are some gaps that have been identified including Integration with Payment Gateway to make the process of registration seamless, Upgrade of Hardware, inclusion of Accredited Partners' module and Engineer Identity Card verification. These gaps will be addressed under the planned ERP Upgrade.

2. Engineers Identification Cards (Engineers ID)

EBK has partnered with the National Bank of Kenya (NBK) for purposes of generating high quality and secure Engineer ID Cards. The mass production of the ID Cards is expected to be undertaken in the Financial Year 2020/2021 due to supply chain disruptions occasioned by the COVID 19 pandemic.



3. GELP Information Management System

EBK has developed, in partnership with the ICT Authority, a system, GELPMIS (GELP Management Information System) that automates all GELP activities, right from Recruitment to Placement, Reporting, Monitoring & Evaluation, up to Program Exit. The process is currently at System Acceptance stage, where the system is tested against user requirements to ensure that all requirements are met.

vii) Other Activities

- Hosted a combined total nine (9) interns from the Public Service Commission and ICT Authority
- Carried out Corruption Risk Assessment in the areas of Information Communication Technology, Payroll Management, Procurement and Financial Management and implemented risk mitigation plan to address the risks identified.
- The Board Conducted a sensitization workshop and continued registering youth, women and persons with Disability suppliers during financial year 2019/2020 in line with its performance Contract for the financial year 2019/2020. These initiatives were geared towards enhancing awareness, building capacity, increasing transparency and promoting allocation of 30% procurement opportunities.
- The Board was able to successfully deal with the following issues, among others:
 - Violations of the Engineers Act, 2011 and Engineers Rules 2019, which includes forgery by individuals.

- ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

- Various complaints and concerns by various agencies and the public. This included suspension of engineers from the NCA online project registration system, conducting of an inquiry of the role of an engineer in a building that collapsed.
- Implementation of various provisions of the Engineers Rules, 2019 and in particular; the development and acquisition of compliance tools such as Engineers IDs, Engineers Stamps, Site Instruction booklets and Projects Stickers. These compliance tools are set to be rolled out this financial year (2020-2021).

I) FINANCIAL PERFORMANCE

- Comparative analysis of revenue received in the last three (3) years is as indicated in the graph below. In **2017/2018** revenue was Kshs. **152,588,468**, in **2018/2019** revenue was Kshs. **182,864,499** and in **2019/2020** revenue was Kshs. **293,245,326**.
- Comparative analysis of operating expenses in the last three (3) years is as indicated in the graph below. In **2017/2018** operating expenses was Kshs. **102,716,769**, in **2018/2019** operating expenses was Kshs. **153,051,780** and in **2019/2020** operating expenses was Kshs. **192,349,179**.
- Comparative analysis of surplus (deficit) in the last three (3) years is as indicated in the graph below. In **2017/2018** surplus was Kshs. **49,871,698**, in **2018/2019** surplus was Kshs. **29,812,719** and in **2019/2020** surplus was Kshs. **100,896,147**.

SECTION B

Board's Compliance with Statutory Requirements

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

SECTION C

Key Projects and Investment decisions EBK is planning/implementing

The Board is implementing its Strategic Plan and programmes are implemented in accordance with Annual Work Plans and Budgets drawn from the plan. Key projects are geared towards facilitating delivery of the Board's mandate in line with the National Government strategic objectives and policies as outlined in the Medium-Term Plan III of the Vision 2030 and aligned to the President's Big Four Agenda. The Board is carrying out the following three programs in the Medium Term 2018/19 to 2020/22;

1. The Graduate Engineers Internship Programme (GEIP)

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

GEIP is an internship programme designed to enable young graduate engineers to gain hands-on professional experience under the close supervision of senior registered members of the profession within a period of 3 years. EBK looks for internship opportunities for interns. One of the main modes of implementation of the GEIP Programme is to work with organizations that already have graduate engineers as their employees and have an internship programme. Several organizations have reached out to the Board and have their internship programmes come under the Board's GEIP Programme. This will fast track the rate of transition from graduate to professional engineer within these organizations.

2. Establishment of Kenya School of Engineering

The Engineers Act, 2011 gives the Board the function to establish a school of engineering and provide facilities and opportunities for learning, professional exposure and skills acquisition, and cause continuing professional development programmes for engineers to be held;

The school of Engineering will provide a platform where students with deficiencies for Registration in certain disciplines to bridge and become registrable by the Board. This will minimize the challenges associated with non-registration of graduates.

The school of Engineering will equip Engineers with a forum to enhance their professional skills through programmes under Continuing Professional Development.

Engineering graduates with training on practical skills required in the Job market therefore ideally adding value to the graduates before they enter the market. The Board has requested the government to fund this programme. A virtual School of Engineering is in the formation with various institutions having been contacted for partnerships. For instance, BCDIP which has developed a course on Project Management.

3. Kenya Academy of Engineering and Technology

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

4. Compliance and Enforcement of Engineering Standards

To conduct monitoring of compliance by entering and inspect sites where projects are being implemented as provided for in the Section 7 (1) (g) and (f) of the Engineers Act, 2011.

SECTION D

Major Risks facing EBK

The key risks facing the Board include:

i. Operational Risks

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

ii. Market Risks

- Low awareness and uptake of registration services among the consulting engineering firms and temporary engineers.
- Competition from other established professional regulatory bodies both locally and internationally.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

iii. Legal and Regulatory risks

- The Board being a regulator is faced with court cases from time to time some of which demand for financial compensation from the Board.
- The coming into effect of the Universities Amendment Act, 2016 as well as the Engineering Technology Act, 2016 in one way or the other have affected the regulatory aspect of the Board.

SECTION E

Material Arrears in Statutory/Financial Obligations

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

SECTION F

The Board's Financial Probity and Serious Governance Issues

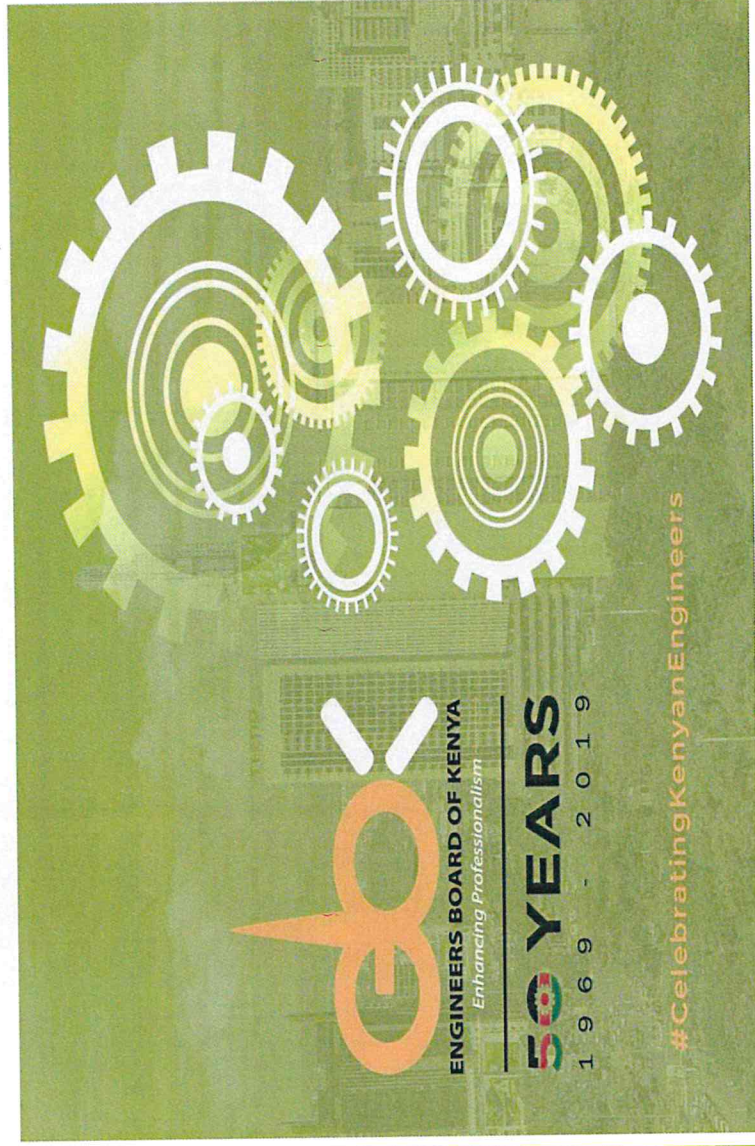
There is no financial improbity reported by the Internal Audit Unit, The Board Audit Governance and Risk Committee, External auditors, or other National Government Agencies providing oversight.

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

SECTION G

EBK @50 Years Celebrations Pictorials



The Principal Secretary, State Department of Infrastructure, Arch. (Prof.) Paul Maringa, joins the EBK Board Members and Staff in a celebratory applause.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020



The Principal Secretary, State Department of Infrastructure, Arch. (Prof.) Paul Maringa, joins the EBK Board Members in cutting the celebration cake.



The Principal Secretary, State Department of Infrastructure, Arch. (Prof.) Paul Maringa, gives the key note address during the celebrations.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020



Some of the panellists and delegates following the proceedings during the celebrations.



One of the invited guests addressing the delegates during the celebrations.

IX) CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

- Integrity
- Professionalism
- Teamwork
- Public Interest
- Inclusiveness and Diversity

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

CORPORATE SOCIAL RESPONSIBILITY EVENTS FOR FY 2019/20

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

1) Beyond Zero campaign and Beyond Zero Marathon

The 'Beyond Zero campaign' is part of the initiatives outlined in the Strategic Framework for the engagement of the First Lady, Her Excellence Mrs Margaret Kenyatta, in HIV control and promotion of maternal, new born and child health in Kenya that was unveiled on World AIDS Day 2013. The framework aims to galvanise high-level leadership in ending new HIV infections among children and reducing HIV related deaths among women and children in Kenya. The Beyond Zero Initiative has used the Half Marathon as the anchor fundraising platform, raising funds and resources to bring to focus key challenges facing Kenyans and build strategic partnerships that will address these challenges.

The Board participated in the 5th Edition of beyond Zero Marathon that took place on 8th March 2020 in Nairobi Kenya. The objectives of the 5th Edition Marathon were:

- 1) I will run for zero child deaths
- 2) I will run for zero maternal deaths
- 3) I will run for zero FGM
- 4) I will run for a healthy lifestyle for the elderly
- 5) I will run for early screening of cancer
- 6) I will run for inclusion of persons who are differently abled
- 7) I will run for better nutrition for children
- 8) I will run for zero child marriages
- 9) I will run for zero HIV infections

The Board sponsored thirty (30) members of staff who took part in the marathon on an umbrella of Run for Zero maternal deaths

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020



(Above and Below) The EBK Team participating in the Beyond Zero Marathon



ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

II) Tree Planting Exercise at Ngong Hills Forest

“Presidential directive on tree planting”

The Board was involved in implementation of Presidential Directives on the Constitutional target of 10% national tree cover to be achieved by year 2022 through among other initiatives the revival of Chief’s tree nurseries with technical support of Kenya Forest Service and allocation of 10% Corporate Social Responsibility (CSR) to tree growing;

In conjunction with other agencies under the state department of Infrastructure the EBK was involved in adoption of a section of Ngong hills forest in which a total of Five Thousand Trees were planted.

The objectives of this exercise were:

- 1) Contribute 5000 trees to the above National Strategy
- 2) Enhancing the contribution of the forestry sector towards implementation of the Big 4 Agenda.
- 3) Community job creation through employment of youths to water and manage the seedlings.

The Board made a financial contribution towards the same and sponsored thirteen officers to carry out the exercise.



EBK’s Registrar/CEO giving his remarks during the event



EBK Registrar/CEO Eng. Nicholas Musuni and the Director, Capacity Building and Accreditation Eng. Grace Onyango during the tree planting campaign at Ngong' Hills Forest.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

X) REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Board's affairs.

Principal activities

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

Results

The results of the Board for the year ended June 30, 2020 are set out on pages 64 to 86.

Directors

The members of the Board of Directors who served during the year in accordance with the Engineers Act 2011 are shown on pages 12 to 16. During the year, Eng. Gilbert Arasa was replaced by Eng. Francis Gitau in the Board with effect from 8th January 2020, Eng. Collins Juma exited the Board in April 2020 being replaced by Eng. Nathaniel Matalanga with effect from May 2020 and Mr. Daniel Mutua joined the Board on 23rd April 2020.

Auditors

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

By Order of the Board



Eng. Grace Onyang'o, PE
Ag. Registrar/Chief Executive Officer
Engineers Board of Kenya
Nairobi.

Date:
28/09/2020

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

XI) STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year ended on June 30, 2020. This responsibility includes:

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

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Engineers Act of 2011. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year ended June 30, 2020, and of the Board's financial position as at that date.


ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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.

The Directors confirm that the Board has complied fully with applicable Government of Kenya Regulations and the terms of external financing covenants (where applicable), and that the Board's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Engineers Board of Kenya (EBK) financial statements were approved by the Board on 28th September 2020 and signed on its behalf by:



Director



Director



Director





REPORT OF THE AUDITOR-GENERAL ON ENGINEERS BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Engineers Board of Kenya set out on Pages 63 to 87, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows, and 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 Engineers Board of Kenya as at 30 June, 2020, 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 judgement, 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 the Board of Directors

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

The Board of Directors are responsible for overseeing the Board's 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustain its services.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
 - Perform such other procedures as I consider necessary in the circumstances.
- I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.
- I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA **NANCY GATHUNGU**, CBS
AUDITOR-GENERAL

Nairobi

27 January, 2022

Report of the Auditor-General on Engineers Board of Kenya for the year ended 30 June, 2020

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

XIII) STATEMENT OF FINANCIAL PERFORMANCE

	YEAR		2018/2019	
	NOTES	KSH	KSH	KSH
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants & Subsidies	6	151,000,000	97,280,000	
Application Fees	7	13,776,183	6,219,281	
Annual Subscription Fees	8	98,386,000	18,060,700	
License Fees	9		683,325	
In Kind Donations	10	11,678,635	47,988,414	
Total Non-Exchange Transactions		274,840,818	170,231,720	
REVENUE FROM EXCHANGE TRANSACTIONS				
Interest Income	11	1,499,486	513,101	
Other Income	12	-	3,000	
CPD Income	13	16,905,022	12,116,678	
Total Exchange Transactions		18,404,508	12,632,779	
Total Revenue		293,245,326	182,864,499	
EXPENSES				
Use of Goods and Services	14	75,516,113	24,805,598	
Employee Costs	15	61,602,074	48,794,083	
Remuneration of Directors	16	10,336,846	6,610,166	
Depreciation and Amortization Expense	17	28,176,859	21,921,246	
Repairs and Maintenance	18	1,791,203	747,815	
In kind expenses	19	11,678,635	47,988,414	
Increase in Provision for Doubtful Debts	20	3,247,449	2,184,459	
Total Expenses		192,349,179	153,051,780	
SURPLUS FOR THE PERIOD		100,896,147	29,812,719	

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

XIV) STATEMENT OF FINANCIAL POSITION

	YEAR	2019/2020	2018/2019
ASSETS	NOTES	KSHS	KSHS
CURRENT ASSETS			
Inventories	21	-	653,390
Receivables from Non-Exchange Transactions	22	82,359,951	26,151,147
Cash and Cash Equivalents	23	111,415,986	35,258,331
Total Current Assets		193,775,937	62,062,868
Non-Current Assets			
Property and Equipment	24	206,845,405	221,994,265
Intangible Assets	25	13,068,570	22,147,992
Total Non-Current Assets		219,913,975	244,142,257
TOTAL ASSETS		413,689,912	306,205,125
EQUITY AND LIABILITIES			
Equity			
Capital Reserves	26	140,842,015	135,752,585
Retained Earnings	27	261,799,600	160,902,455
Total Equity		402,641,615	296,655,040
Current Liabilities			
Trade Payables	28	1,681,675	7,456,958
Prepayments and Accruals	29	9,366,623	2,093,127
Total Current Liabilities		11,048,298	9,550,085
TOTAL EQUITY AND LIABILITIES		413,689,912	306,205,125

The Financial Statements set out on page 64 to 86 were signed on behalf of the Board of Directors by:


 Eng. Grace Onyango, PE
 Ag. Registrar/CEO


 Tony K. Langat
 Accountant


 Eng. Erastus K. Awongera, FIEK, RCE, CBS
 Board Chairperson

ICPAK No.: 24156

Date: 28/09/2020

Date: 28/09/2020

Date: 28/09/2020

XV) STATEMENT OF CHANGES IN NET ASSETS

DESCRIPTION	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	KSHS	KSHS	KSHS
Balance as at 1 st July 2018	47,484,821	131,090,736	178,575,557
Capital Reserve	88,267,765		88,267,764
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
Balance as at 1 st July 2019	135,752,585	160,902,453	296,656,040
Capital Reserve	4,084,053		4,084,053
Share Capital Account	1,005,375		1,005,375
Surplus for The Year		100,896,147	100,896,147
Balance as at 30th June 2020	140,842,015	261,799,600	402,641,615

XVI) STATEMENT OF CASH FLOWS

DESCRIPTION	YEAR NOTE	2019/2020	2018/2019
		KSH	KSH
Cash Flow from Operating Activities			
Surplus for the Year		100,896,147	29,812,719
Depreciation and Amortization Expense	17	28,176,859	21,921,246
Surplus Before Working Capital Changes		129,073,006	51,733,965
Changes in Working Capital			
Changes in Inventories	21	653,390	1,824,813
Changes in Receivables	22	(56,208,804)	965,024
Changes in Payables	28	(5,775,283)	(10,108,953)
Changes in Prepaid Income	29	7,273,496	408,606
Net Cash Generated from Operating Activities		75,015,805	44,823,455
Cash Flow from Investing Activities			
Purchase of PPEs	24	(3,948,579)	(103,667,661)
Net Cash Generated from Investing Activities		(3,948,579)	(103,667,661)
Cash Flow from Financing Activities			
Capital Reserve	26	4,084,053	69,137,765
Net Cash Generated from Financing Activities		4,084,053	69,137,765
Net Increase in Cash and Cash Equivalents		75,151,279	10,293,559
Cash and Cash Equivalents at Beginning of The Year		36,264,707	25,971,148
Cash and Cash Equivalents at End of The Year		111,415,986	36,264,707

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

XVII) STATEMENT OF BUDGET VS ACTUAL

ITEM	BUDGET		ACTUAL ON COMPARABLE BASIS		PERFORMANCE DIFFERENCE		VARIANCE	
	KSH	KSH	KSH	KSH	KSH	%	NOTES	
REVENUE								
Government Grants	157,000,000	157,000,000	151,000,000	(6,000,000)	(3.97%)			
Application Fees	10,900,000	10,900,000	13,776,183	2,876,183	20.88%	(i)		
Annual Subscription Fees	45,720,000	45,720,000	98,386,000	52,666,000	53.53%	(ii)		
In Kind Donations	12,000,000	12,000,000	11,678,635	(321,365)	(2.75%)			
Interest Income	-	-	1,499,486	1,499,486	100.00%			
CPD Income	15,000,000	15,000,000	16,905,022	1,905,022	11.27%	(iii)		
Total income	240,620,000	240,620,000	293,245,326	52,625,326				
EXPENSE								
Use of Goods and Services	107,952,000	107,952,000	75,516,113	(32,435,887)	(42.95%)	(iv)		
Employee Costs	67,675,400	67,675,400	61,602,074	(6,073,326)	(9.86%)			
Remuneration of Directors	11,000,000	11,000,000	10,336,846	(663,154)	(6.42%)			
Depreciation and Amortization Expense	22,500,000	22,500,000	28,176,859	5,676,859	20.15%			
Repairs and Maintenance	2,300,000	2,300,000	1,791,203	(508,797)	(28.41%)	(v)		
In kind expenses	12,000,000	12,000,000	11,678,635	(321,365)	(2.75%)			
Increase in Provision for Doubtful Debts			3,247,449	3,247,449	100.00%			
Total Expense	223,427,400	223,427,400	192,349,179	31,078,221				

N/B: There were no adjustments to the original budget during the financial year under review.

Notes on the budget performance:

- i) The increase in this income stream is due to the newly revised application fees as per the Engineers Rules, 2019.
- ii) The budget was prepared using the cash basis whereas the actual is based on the accrual basis.
- iii) The increased income is due to increased awareness of the CPD programmes and enhanced participation on the same by both the members and other stakeholders.
- iv) The Board scaled down operations due to the austerity measures employed during the year and the advent of the COVID-19 pandemic leading to significant reduction in costs in areas such as staff training and development, delayed intake of GEIP Cohort II, among others.
- v) The Board scaled down operations due to the austerity measures employed during the year and the advent of the COVID-19 pandemic leading to reduced administrative activities.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

XVIII) NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

The Board's financial statements have been prepared in accordance with 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.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.
	<i>The entity has no Public Sector Combinations transactions and therefore the standard does not apply</i>

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The entity is not involved in any Financial Instruments transactions and therefore the standard does not apply</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Standard	Effective date and impact:
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><i>The entity has is not involved in any Social Benefits transactions and therefore the standard does not apply</i></p> <p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

iii. Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The Board recognizes revenues from fees, 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. Annual subscription fee are measured on accrual basis on all the registered members while application fees are measured on actual fees received.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

CPD Income

Continuing Professional Development (CPD) income is recognized as actual training fees charged on participants and course accreditation & validation of service providers.

Interest income

Interest income is an accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

a) Budget information – IPSAS 24

The original budget for FY 2019-2020 was approved by the EBK's Board of Directors. Subsequent revisions were made to the approved budget in accordance with specific approvals from the Parent Ministry and the National Treasury.

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

The Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on an accrual basis.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

b) Taxes – IAS 12

Current income tax

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

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

c) Property, plant and equipment – IPSAS 17

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

Category	Estimated Useful Life (Years)	Depreciation Rate
Office Space	99	2%
Telephones, Telephone Equipment's, Apparatus and Instruments	8	12 ½%
Furniture and Fittings	8	12 ½%
Motor vehicles and Motor cycles	4	25%
Computers, photocopiers, fax machines, calculators and IT Equipment	3	33.33%
Intangible Assets	3	33.33%

d) Provisions – IPSAS 19

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.					
e) Nature and purpose of reserves					
The Board creates and maintains reserves in terms of specific requirements.					
Capital Reserves					
Refers to Net value of assets bequeathed by the former Engineers Registration Board to its successor the Engineers Board of Kenya after enactment of Engineers Act, 2011.					
Retained Earnings					
Refers to cumulative surplus over the years.					
f) Changes in accounting policies and estimates – IPSAS 3					
The Board recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.					
g) Employee benefits – IPSAS 25					
Retirement benefit plans					
The Board provides a defined contribution plan retirement benefits for its employees under the National Social Security Fund and pension scheme.					
h) Related parties – IPSAS 20					
The Board regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Registrar/CEO and Senior Management Team.					
i) Intangible Assets -IPSAS 31					
Section 96: The depreciable amount of intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use. The Board will amortize its intangible assets for a period of 3 years					

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

j) 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 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.

k) Comparative figures

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

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

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

Estimates and assumptions

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

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Board

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The provision for doubtful debts has been provided for at 10%.

l) Inventories – IPSAS 12

The cost of inventories was recognized as an expense during the period as opposed to carrying amount in the previous years. The cost of inventories recognized as an expense during the period consists of those costs previously included in the measurement of the items of inventory.

m) 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, 2020.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

6. Government Grants & Subsidies

Description	2019 -2020 KShs	2018 -2019 KShs
Recurrent Expenditure Grants	84,000,000	35,280,000
Development Expenditure Grants	67,000,000	62,000,000
Total	151,000,000	97,280,000

7. Application Fees

Description	2019-2020 KShs	2018-2019 KShs
Consulting Firms	599,200	523,000
Consulting Engineers	460,000	102,000
Professional Engineers	1,776,000	331,500
Graduate Engineers	3,867,000	4,323,500
Temporary Engineers	5,517,983	339,281
University Accreditation Fee	900,000	600,000
Accredited Checker	50,000	-
Engineers ID Fee	606,000	-
Total	13,776,183	6,219,281

8. Annual Subscription Fees

Description	2019-2020 KShs	2018-2019 KShs
Consulting Firms	3,390,000	1,177,500
Consulting Engineers	8,180,000	1,267,200
Professional Engineers	20,480,000	3,291,000
Graduate Engineers	66,336,000	12,323,000
Graduate Technicians		2,000
Total	98,386,000	18,060,700

9. License Fees

Description	2019-2020 KShs	2018-2019 KShs
Temporary Engineers Annual License	-	683,325
Total	-	683,325

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

10. In Kind Donations

Description	2019-2020 KShs	2018-2019 KShs
World Bank Programmes	11,678,635	47,988,414
Total	11,678,635	47,988,414

11. Interest Income

Description	2019-2020 KShs	2018-2019 KShs
HFCK Interest	1,499,486	513,101
Total	1,499,486	513,101

12. Other Income

Description	2019-2020 KShs	2018-2019 KShs
Replacement of Certificates	-	3,000
Total	-	3,000

13. CPD Income

Description	2019-2020 KShs	2018-2019 KShs
Course Accreditation and Validation Fee	930,300	1,120,000
CPD Training Fee	15,974,722	10,996,678
Total	16,905,022	12,116,678

14. Use of Goods and Services

Description	2019-2020 KShs	2018-2019 KShs
Communication, Publishing & Printing Services	4,018,570	716,790
Refined Fuel Lubricants	1,202,000	1,695,056
General Office Supplies	3,660,925	3,195,030
Hospitality Supplies and Services	1,055,289	1,600,041
Motor Vehicle Insurance	296,634	234,249
Utilities	2,679,538	551,527
Bank Charges	363,032	228,287
Relocation, Service Charge & Cleaning Services	2,139,427	1,754,674
Corporate Social Responsibility	327,750	-
Workshops	4,686,149	4,152,553
Legal and Contracted Services	35,145,000	4,583,611

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Description	2019-2020 KShs	2018-2019 KShs
Audit Fees	350,000	350,000
Domestic Travel & Subsistence	684,584	247,370
Tuition Fee	775,640	-
Conference Facilities	7,252,602	3,675,740
Facilitation Fee	1,745,828	1,820,670
GEIP-Interns Stipends	8,308,656	-
GEIP-Monitoring & Evaluation	17,500	-
GEIP-Project Design	806,990	-
Total	75,516,113	24,805,598

15. Employee Costs

Description	2019-2020 KShs	2018-2019 KShs
Contracted Labour	2,233,953	1,832,619
Deployed Allowances	446,642	682,610
Gross Salaries	53,169,456	40,853,425
Staff Medical Insurance	5,357,023	4,976,430
WIBA	395,000	449,000
Total	61,602,074	48,794,083

16. Remuneration of Directors

Description	2019-2020 KShs	2018-2019 KShs
Chairman Honoraria	354,500	654,000
Board Allowances and Expenses	6,204,471	3,567,675
Committee Allowances and Expenses	1,066,525	965,746
Panel Allowances and Expenses	2,467,144	1,148,725
Board Medical Cover	244,206	274,020
Total	10,336,846	6,610,166

17. Depreciation and Amortization Expense

Description	2019-2020 KShs	2018-2019 KShs
Office Space	9,790,772	1,345,434
Motor Vehicles, Including. Motor Cycles	3,586,875	4,782,500
Computers & Related Equipment	3,028,923	4,306,729
Office Equipment, Furniture & Fittings	2,690,868	6,646,857

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Description	2019-2020	2018-2019
	KShs	KShs
Intangible Assets	9,079,421	4,839,726
Total	28,176,859	21,921,246

18. Repairs and Maintenance

Description	2019-2020	2018-2019
	KShs	KShs
Maintenance Furniture	12,520	30,000
Maintenance Equipment	427,160	286,515
Maintenance Building	73,988	159,916
Maintenance Motor Vehicles	1,277,535	271,384
Total	1,791,203	747,815

19. In Kind Expenses

Description	2019-2020	2018-2019
	KShs	KShs
World Bank Programmes	11,678,635	47,988,414
Total	11,678,635	47,988,414

20. Increase in Provision for Doubtful Debts

Description	2019-2020	2018-2019
	KShs	KShs
Increase in Provision for Doubtful Debts	3,247,449	2,184,459
Total	3,247,449	2,184,459

21. Inventories

Description	2019-2020	2018-2019
	KShs	KShs
Inventories	-	653,390
Total	-	653,390

22. Receivables from Non-Exchange Transactions

Description	2019-2020	2018-2019
	KShs	KShs
Consulting Firms	1,190,000	1,608,800
Graduate Engineers	82,268,214	27,519,634
Professional Engineers	6,471,091	1,214,370

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

Consulting Engineers	1,581,750	1,712,000
Provision of Doubtful Debts	(9,151,105)	(5,903,657)
Total	82,359,951	26,151,147

23. Cash and Cash Equivalents

Description	2019-2020	2018-2019
	KShs	KShs
National Bank Account	32,668,193	6,563,784
Housing Finance Account	45,881,079	16,022,906
KCB Bank Account	447,460	2,696,240
M-Pesa Account	32,419,254	9,975,400
Total	111,415,986	35,258,331

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

24. Property and Equipment

	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Capital Work in progress	Total
2018/2019						
ASSET VALUATION						
Valuation at Cost	133,245,777	32,227,018	9,481,830	9,451,671		184,406,296
Additions during the Year	1,297,600	-	8,594,370	68,290,094		78,182,064
Revaluation		19,130,000	-	-		19,130,000
At June 30th, 2019	134,543,377	51,357,018	18,076,200	77,741,765		281,718,360
ASSET DEPRECIATION						
Accumulated as at July 1st, 2018	-	32,227,018	7,920,066	2,495,492		42,642,576
Charge for the year	1,345,434	4,782,500	4,306,729	6,646,857		17,081,520
Net Book Value at June 30th, 2019	133,197,943	14,347,500	5,849,405	68,599,417		221,994,265
2019/2020						
ASSET VALUATION	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Capital Work in progress	Total
Valuation at Cost	134,543,377	51,357,018	18,076,200	77,741,765	1,113,600	282,831,960
Additions during the Year			497,335	2,337,644	1,113,600	3,948,579
At June 30th, 2020	134,543,377	51,357,018	18,573,535	80,079,409	1,113,600	285,666,939
ASSET DEPRECIATION						
Accumulated as at July 1st, 2019	1,345,434	37,009,518	12,226,795	9,142,349		59,724,096
Charge for the year	2,690,868	3,586,875	3,028,923	9,790,772		19,097,438
Accumulated as at June 30th, 2020	4,036,302	40,596,393	15,255,718	18,933,121		78,821,534
Net Book Value at June 30th, 2020	130,507,075	10,760,625	3,317,817	61,146,288	1,113,600	206,845,405

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

25. Intangible Assets

Description	2019-2020		2018-2019	
	KShs		KShs	
Cost				
At beginning of the year		27,282,096		1,796,499
Additions				25,485,597
At end of the year		27,282,096		27,282,096
Amortization and Impairment				
At beginning of the year		5,134,105		294,379
Amortization		9,079,421		4,839,726
At end of the year		14,213,526		5,134,105
Net Book Value at June 30th, 2019		13,068,570		22,147,991

26. Capital Reserves

Description	2019-2020		2018-2019	
	KShs		KShs	
At beginning of the year		135,752,585		47,484,821
Additional Reserve		4,084,053		88,267,764
Share Capital Account		1,005,375		-
Total		140,842,013		135,752,585

27. Retained Earnings

Description	2019-2020		2018-2019	
	KShs		KShs	
Opening Balance		160,902,453		131,090,736
Surplus for the Year		100,896,147		29,811,719
Total		261,799,600		160,902,455

28. Trade Payables

Description	2019-2020		2018-2019	
	KShs		KShs	
Trade Payables		1,681,675		7,455,958
Total		1,681,675		7,455,958

29. Prepayments and Accruals

Description	2019-2020		2018-2019	
	KShs		KShs	
Prepaid Subscriptions		9,016,622		1,743,127
Accrued Audit Fee		350,000		350,000
Total		9,366,622		2,093,127

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

30. Significant Variance in Current and Prior Year Actuals

ITEM	CURRENT YEAR BALANCE (KSH)	PRIOR YEAR BALANCE (KSH)	VARIANCE (KSH)	VARIANCE (%)	REMARKS
Recurrent Expenditure Grants	84,000,000	35,280,000	48,720,000	138%	The Government Funding Allocation was increased in the review year. This was to cater for compensation due to Supreme Court Ruling and the implementation of Graduate Engineers Internship Programme.
Application Fees	13,776,183	6,219,281	7,556,902	122%	The increase was due to revision of members' Application Fee as a result of implementation of Engineers Rules, 2019.
Annual Subscription Fees	98,386,000	18,060,700	80,325,300	445%	The increase was due to revision of members' Subscription Fee as a result of implementation of Engineers Rules, 2019.
License Fees	-	683,325	(683,325)	(100%)	The new Engineers Rules, 2019 implementation reviewed the license fee charges. The fee is no longer charged on the registered members.
In Kind Donations	11,678,635	47,988,414	(36,309,779)	(76%)	The received fewer donation during the year under review. Most Project initiated during the year were still at the initiation phase.
Interest Income	1,499,486	513,101	986,385	192%	The interest received from the Bank was higher due to increased development funds deposited in the investment account
CPD Income	16,905,022	12,116,678	4,788,344	40%	The variance was due to increase in members awareness and attendance for training offered
Use of Goods and Services	75,516,113	24,805,598	50,710,515	204%	The increase due to compensation arising out of supreme court ruling, implementation of Graduate internship programme and increased CPD Activities.
Employee Costs	61,602,074	48,794,083	12,807,991	26%	The increase was due to payment of Gratuity to Registrar/CEO, deductions to Director of Pension and payment of staff salary arrears after Salary and Remuneration (SRC) Commission review.
Cash and Cash Equivalents	111,415,986	35,258,331	76,157,655	216%	The increase was due to increased development funding allocation. The uptake of these funds is done on phases

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

ITEM	CURRENT YEAR BALANCE (KSH)	PRIOR YEAR BALANCE (KSH)	VARIANCE (KSH)	VARIANCE (%)	REMARKS
Trade Payables	1,681,675	7,456,958	(5,775,283)	(77%)	The reduce payables was due to spirited efforts to clear all bending bills as by the Government directive
Prepayments and Accruals	9,366,623	2,093,127	7,273,496	347%	This was due to increased deposits of subscription fee by members who do not fully disclose their identities.

31. 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.

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

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.

32. RELATED PARTY DISCLOSURES

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors

Description	2019-2020	2018-2019
	Kshs	Kshs
a) Grants from the Government		
Grants from National Govt	151,000,000	97,280,000
Donations in kind	11,097,816	47,988,414
Total	162,097,816	145,268,414
b) Key management Compensation		
Directors' emoluments	10,704,556	6,610,166
Compensation to the CEO	5,038,080	4,918,080
Compensation to key management	6,627,924	6,507,924
Total	22,370,560	18,036,170

33. SEGMENT REPORTING

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

ENGINEERS BOARD OF KENYA
Annual Reports and Financial Statements
For the year ended June 30, 2020

34. 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.

35. CURRENCY

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

36. EVENTS AFTER REPORTING PERIOD

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

37. TRANSFERS FROM STATE DEPARTMENT OF INFRASTRUCTURE

SNO.	DATE RECEIVED	UTILIZATION DESCRIPTION	AMOUNT
1	9-Oct-2019	Development Exchequer	36,500,000.00
2	17-Oct-2019	Recurrent Exchequer	21,000,000.00
3	19-Feb-2020	Recurrent Exchequer	21,000,000.00
4	19-May-2020	Recurrent Exchequer	21,000,000.00
5	22-Jun-2020	Recurrent Exchequer	21,000,000.00
6	25-Jun-2020	Development Exchequer	30,500,000.00
	TOTAL		151,000,000.00

38. OUTSTANDING AUDIT ISSUES

There were no outstanding audit issues arising from previous audits

