

REPUBLIC OF KENYA



Enhancing Accountability

REPORT


OF

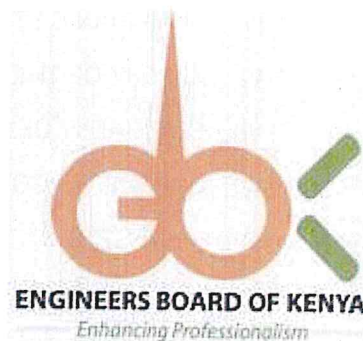
THE AUDITOR-GENERAL

ON

ENGINEERS BOARD OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2021**

| | |
|---|----------|
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| THE NATIONAL ASSEMBLY | |
| PAPERS PAID | |
| DATE: 15 FEB 2023 | DAY: Wed |
| TABLED BY: LDM | |
| CLERK-AT-THE-TABLE: M. Mado | |



ENGINEERS BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30TH, 2021

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

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a successor to the Engineers Registration Board (ERB) established by the Engineers Registration Act, Cap 530 (1969 now repealed).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

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

Engineers Board of Kenya Vision Statement

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

Engineers Board of Kenya Mission Statement

The Board's Mission 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—
 - i) Professional engineering services and works are undertaken by registered persons under this Act;
 - ii) Standards and professional ethics and relevant health and safety aspects are observed;
- (h) Assess, approve or reject engineering qualifications of foreign persons intending to offer professional engineering services or works;
- (i) Evaluate other engineering programmes both local and foreign for recognition by the Board;
- (j) Enter and inspect business premises for verification purposes or for monitoring professional engineering works services and goods rendered by professional engineers;
- (k) Instruct, direct or order the suspension of any professional engineering services works, projects, installation process or any other engineering works, which are done without meeting the set-out standards;
- (l) Approve and accredit engineering programs in public and private universities and other tertiary level educational institutions offering education in engineering;
- (m) Set standards for engineers in management, marketing, professional ethics, environmental issues, safety, legal matters or any other relevant field;
- (n) Prepare detailed curriculum for registration of engineers and conduct professional examinations for the purposes of registration;
- (o) Establish a school of engineering and provide facilities and opportunities for learning, professional exposure and skills acquisition, and cause continuing professional development programmes for engineers to be held;
- (p) Establish the Kenya Academy of Engineering and Technology whose purpose shall be to advise the National and the County Governments on policy matters relating to engineering and technology;
- (q) Plan, arrange, co-ordinate and oversee continuing professional training and development and facilitate internship of graduate engineers;
- (r) Collaborate with engineering training institutions, professional associations, engineering organizations and other relevant bodies in matters relating to training and professional development of engineers;
- (s) Determine the fees to be charged by professional engineers and firms for professional engineering services rendered from time to time;
- (t) Hear and determine disputes relating to professional conduct or ethics of engineers;
- (u) Develop, maintain and enforce the code of ethics for the engineers and regulate the conduct and ethics of engineering profession in general;

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

(c) Key Management

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

1. Board of Directors

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

| S/No. | Director | Designation |
|-------|---------------------------------|--|
| 1. | Eng. Erastus K. Mwongera | Chairman |
| 2. | Eng. Julia W. Ondeyo | Vice - Chairperson |
| 3. | Mr. Charles Obiero | Member |
| 4. | Mr. Bernard Leparmarai | Member |
| 5. | Eng. Benjamin K. Maingi | Member |
| 6. | Eng. Roselane A. Jilo | Member |
| 7. | Eng. Jane A. Simiyu | Member |
| 8. | Mr. Daniel Mutua | Member |
| 9. | Eng. Prof. Silvester O. Abuodha | Member |
| 10. | Eng. Dr. Johnson M. Matu | Member |
| 11. | Eng. Nathaniel Matalanga | Member |
| 12. | Eng. Francis Gitau | Member (Upto 31.03.2021) |
| 13. | Eng. Margaret N. Ogai | Registrar/CEO (Joined in May 2021) |
| 14. | Eng. Nicholas M. Musuni | Registrar/CEO (Immediate Former who retired in March 2021) |

2. Accounting officer/ Chief Executive Officer

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

3. Management

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

| S/No. | Name | Designation |
|-------|-------------------------|---|
| 1. | Eng. Margaret N. Ogai | Registrar/CEO (From 3 rd May 2021) |
| 2. | Eng. Nicholas M. Musuni | Registrar/CEO (Up to 3 rd March 2021) |
| 3. | Eng. Grace Onyango | Director, Capacity Building and Accreditation (Acting Registrar/CEO From 1 st /02/2021 to 2 nd /05/2021) |
| 4. | Eng. Anthony Okere | Director, Compliance and Enforcement |
| 5. | Catherine K. Mungania | Ag. Director, Corporation Secretary & Legal Services (Up to 30 th November 2020) |
| 6. | Mr. Erick Obiero | Manager, Human Resources and Administration |
| 7. | Mr. Sebastian Bwire | Manager, ICT |
| 8. | CPA Elijah N. Muriuki | Manager, Finance and Accounts |
| 9. | CPA Dennis M. Karanja | Manager, Internal Audit |
| 10. | Ms. Catherine Macharia | Manager, Supply Chain Management |
| 11. | Ms. Norah Nyaboga | Principal Registration Officer |

(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. Margaret N. Ogai | Registrar/CEO (From 3 rd May 2021) |
| 2. | Eng. Nicholas M. Musuni | Registrar/CEO (Up to 3 rd March 2021) |
| 3. | Eng. Grace Onyango | Director, Capacity Building and Accreditation (Acting Registrar/CEO From 1 st /02/2021 to 2 nd /05/2021) |
| 4. | Eng. Anthony Okere | Director, Engineering Standards and Compliance |
| 5. | CPA Elijah N. Muriuki | Manager, Finance and Accounts |
| 6. | Ms. Catherine Macharia | Manager, Supply Chain Management |

(e) Fiduciary Oversight Arrangements

Board Committees Towards Good Corporate Governance

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

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

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

The functions of the Registration and Professional Development Committee includes:

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

- d) To oversee compliance and enforcement of Engineer's Act
- e) To ensure compliance of code of conduct and ethics for engineering practice.
- f) To establish, operationalize and coordinate continuous professional development programmes for engineers of all categories.
- g) To formulate policies for the development of engineering.
- h) To oversee EBK publications.
- i) To advise the Board on matters relating to development of engineering education, training and practice.

Membership of the Committee

- | | | |
|--|---|----------|
| i. Eng. Dr. Johnson M. Matu | - | Chairman |
| ii. Eng. Benjamin K. Maingi | - | Member |
| iii. Eng. Jane A. Simiyu | - | Member |
| iv. Eng. Roseline A. Jilo | - | Member |
| v. Eng. Francis Gitau (upto March 2021) | - | Member |
| vi. Mr. Bernard Leparmarai (from March 2021) | - | Member |

2. Academics Qualifications Committee (AQC)

The functions of the Academics Qualifications Committee include:

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

Membership of the Committee

- | | | |
|------------------------------|---|----------|
| i. Eng. Prof. S. O. Abuodha | - | Chairman |
| ii. Eng. Nathaniel Matalanga | - | Member |
| iii. Eng. Julia Ondeyo | - | Member |
| iv. Mr. Charles Obiero | - | Member |
| v. Mr. Daniel Mutua | - | Member |

3. Finance, Strategy and Human Resource Development Committee

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

- a) Oversee the finance and administration affairs of the Board.
- b) To monitor the integrity of the financial statements of the Board and any formal communication relating to the Board's financial performance.
- c) To formulate the Board's strategies and oversee implementation of the same.
- d) Develop, review or update organizational policies and regulations.
- e) Oversee the resource mobilization, implementation of development programmes and sustainability of the Board.

- f) Maintain links with Government Ministries and Departments.
- g) To ensure compliance with the legal and statutory requirements.

Membership of the Committee

- | | | |
|---|---|----------|
| i. Eng. Benjamin K. Maingi | - | Chairman |
| ii. Eng. Francis Gitau (upto March 2021) | - | Member |
| iii. Eng. Julia Ondeyo | - | Member |
| iv. Mr. Bernard Leparmarai (from March 2021)- | | Member |
| v. Mr. Charles Obiero | - | Member |
| vi. Mr. Daniel Mutua | - | Member |

4. Audit, Governance and Risk Committee

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

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

Membership of the Committee

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

(I) Parliamentary Committee Activities

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

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

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 2021 the following were the members of this committee:

| S/No. | Name | Role |
|-------|--------------------|-------------|
| 1. | Eng. Grace Onyango | Chairperson |
| 2. | Erick Obiero | Secretary |
| 3. | Elijah N. Muriuki | 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 2020/2021 Performance Contract. During the financial year ended 30th June 2021 the membership of the various committees were constituted as follows:

| S/NO. | COMMITTEE | MEMBERS | POSITION |
|-------|--|--------------------|-------------|
| 1 | ALCOHOL AND DRUG ABUSE & ROAD SAFETY COMMITTEE | Pauline Mwarabu | Chairperson |
| | | Eng. Okere Makokha | Member |
| | | Rose Murugi | Secretary |
| | | Susan Mwendu | Member |
| | | James Muriithi | Member |
| | | Benjamin Kirui | Member |
| 2 | INFORMATION SAFETY AND SECURITY MANAGEMENT COMMITTEE | Sebastian Bwire | Chairperson |
| | | Pauline Mwarabu | Secretary |
| | | Tony Kibet | Member |
| | | Titus Muasya | Member |
| | | Juliet Macharia | Member |
| | | Levi Gachanja | Secretariat |
| | | Benjamin Kirui | Secretariat |
| 3 | COMPLAINTS AND COMPLIMENTS & NATIONAL COHESION AND NATIONAL VALUES COMMITTEE | Eng. Okere Makokha | Chairperson |
| | | Catherine Kinya | Member |
| | | Norah Nyaboga | Member |
| | | Erick Obiero | Member |
| | | Pauline Mwarabu | Secretary |
| | | Agnes Kirinyet | Member |
| | | Jacinta Kariuki | Member |
| | | Ludwina Kuchio | Member |

| S/NO. | COMMITTEE | MEMBERS | POSITION |
|-------|---|----------------------|-------------|
| 4 | HIV/AIDS CONTROL COMMITTEE | Erick Obiero | Chairperson |
| | | Rose Murugi | Secretary |
| | | John Vundi | Member |
| | | Bernard Omutakha | Member |
| | | Rita Ivayo | Secretary |
| 5 | GENDER & DISABILITY MAINSTREAMING COMMITTEE | Eng. Grace Onyango | Chairperson |
| | | Ludwina Kuchio | Member |
| | | Agnes Kirinyet | Secretary |
| | | Jane Wanjeri | Member |
| | | Juliet Macharia | Secretary |
| | | Tony Kibet | Member |
| 6 | CORRUPTION PREVENTION COMMITTEE | Eng. Nicholas Musuni | Chairperson |
| | | Eng. Grace Onyango | Member |
| | | Eng. Okere Makokha | Member |
| | | Erick Obiero | Member |
| | | Dennis Karanja | Member |
| | | Elijah Muriuki | Member |
| | | Tony Langat | Member |
| | | Sebastian Bwire | Member |
| | | Catherine Kinya | Member |
| | | Catherine Macharia | Member |
| | | Norah Nyaboga | Member |
| | | Pauline Mwarabu | Member |
| 7 | BUDGET IMPLEMENTATION COMMITTEE | Eng. Grace Onyango | Chairperson |
| | | Eng. Okere Makokha | Member |
| | | Elijah Muriuki | Secretary |
| | | Catherine Kinya | Member |
| | | Erick Obiero | Member |
| | | Catherine Macharia | Member |
| | | Norah Mboga | Member |
| | | Pauline Mwarabu | Member |
| | | Rose Murugi | Member |
| | | Tony Kibet | Member |
| | | Timothy Mumo | Secretariat |

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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: info@ebk.go.ke
Website: www.ebk.go.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

HFC Bank (Formerly 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

(j) Principal Legal Adviser

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

II) THE BOARD OF DIRECTORS



| | |
|---|--|
|  | <p>Board Chairperson Year of Birth: 1949 Eng. Erastus Mwongera is a registered consulting engineer with the Board and a Fellow of the Institution of Engineers of Kenya. He holds a Bachelor's degree (Civil Engineering) from the University of Swansea, United Kingdom. Eng. Mwongera has a vast experience in the Public Service and the Private Sector and has recently served as the Chairman on Kenya Airports Authority, Kenya National Highways Authority, Sameer Group of Companies among many other organizations. Eng. Mwongera is a representative of the private sector in the Board.</p> |
|  | <p>Board Vice - Chairperson Year of Birth: 1975 Eng. Julia Ondeyo is a professional engineer with the Board and a Corporate member of the Institution of Engineers of Kenya. She holds Bachelor's degree (Civil Engineering) from the University of Nairobi and a Master degree in Business Administration from the Strathmore University. Eng. Ondeyo boasts of over twenty years' experience in the roads sector and is currently Deputy Director at the Kenya National Highways Authority (KeNHA). Eng. Ondeyo represents state corporations in the Board</p> |
|  | <p>Year of Birth: 1965 Eng. Francis Gitau is a consulting engineer with the Board and a Corporate member of the Institution of Engineers of Kenya. 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. Eng. Gitau has over 30 years in engineering management and is currently the Infrastructure Secretary at the State Department of Infrastructure. Eng. Gitau represented the Principal Secretary, State Department of Infrastructure, in the Board up to 31st March 2021.</p> |

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

2. Eng. Julia W. Ondeyo, PE. Rep. State Corporations.

3. Eng. Francis Gitau, PE. PS Rep. State Department of Infrastructure

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| <p>4. Mr. Bernard J. Leparmarai, EBS</p> | <p>Year of Birth:</p> <p>Mr Bernard Leparmarai holds a Diploma in Public Administration and Master Degree in Governance & Development Management from the University of Birmingham, United Kingdom.</p> <p>Mr Bernard has over 30 years-experience in the public service as an administrator (formerly Regional Commissioner) for the Nairobi and Coast regions.</p> <p>Mr. Bernard represents the Principal Secretary, State Department of Infrastructure, in the Board effective from 1st April 2021.</p> |
|  <p>5. Mr. Charles Obiero- PS Rep Ministry of Education</p> | <p>Year of Birth: 1964</p> <p>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>6. FA Daniel M. Mutua, PS, Rep, National Treasury.</p> | <p>Year of Birth: 1967</p> <p>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> |



7. Eng. Nathaniel Matalanga,
CE – PRESIDENT, Institution of
Engineers of Kenya

YOB: 1965

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

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.

Eng. Matalanga sits in the Board as the President of the Institution of Engineers of Kenya.



8. Eng. Prof. Silvester O.
Abuodha, CE Rep Universities

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.



9. Eng. Jane A. Simiyu, CE. -
IEK Nominee

YOB: 1964

Key Qualifications

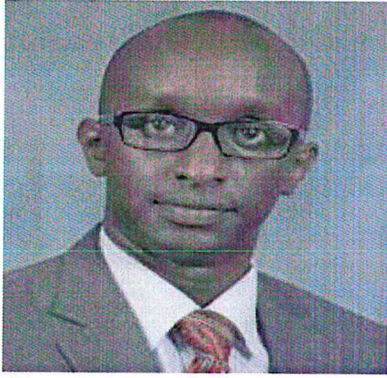
Eng. Jane Simiyu is a consulting engineer with the Board and a corporate member of the Institution of Engineers of Kenya. Eng. Simiyu holds a Bachelor's degree in Agricultural Engineering and an MBA (Project Planning & Management) from the University of Nairobi

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.

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|---|---|
|  <p>10. Eng. Benjamin K. Maingi, CE. – IEK Nominee</p> | <p>Chairperson – Finance, Strategy and Human Resource Development Committee YOB: 1957 Eng. Benjamin Maingi is a consulting engineer with the Board and a corporate member of the Institution of Engineers of Kenya. Eng. Maingi holds a Bachelor's degree in Civil Engineering from the University of Nairobi and an Msc (Highway Engineering) from the University of Birmingham UK Eng. Maingi has vast experience in the engineering sector having served in various senior capacities in the public service. Eng. Maingi was nominated to the Board by the Institution of Engineers of Kenya.</p> |
|  <p>11. Eng. Roselane Ambasi Jilo, PE. – IEK Nominee</p> | <p>Chairperson – Audit, Governance and Risk Committee YOB: 1970 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 Jilo has vast experience in engineering management in the public sector and currently works at the Kenya Pipeline Company Eng. Jilo was nominated to the Board by the Institution of Engineers of Kenya</p> |
|  <p>12. Eng. Dr. Johnson M. Matu, CE Rep Private Sector</p> | <p>Chairperson – Registration and Professional Development Committee YOB: 1955 Key Qualifications 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, an MBA and a PhD (Project Planning and Management) from the University of Nairobi. 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. Eng. Matu represents the Private sector in the Board.</p> |



13. Eng. Nicholas M. Musuni, CE – REGISTRAR/CHIEF EXECUTIVE OFFICER

YOB: 1979

Eng. Nicholas Musuni is a Consulting Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya.

Eng. Musuni holds a Bachelor's degree in Civil Engineering from the University of Nairobi and Associate member of the Chartered Institute of Arbitrators.

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.

Eng. Musuni served as the Registrar / Chief Executive Officer of the Board from 4th March 2014 to **3rd March 2021**.



14. Eng. Margaret N. Ogai, CE REGISTRAR/CHIEF EXECUTIVE OFFICER

YOB: 1967

Eng. Margaret N. Ogai is a Consulting Engineer with the Board and a Fellow member of the Institution of Engineers of Kenya (IEK).

Eng. Margaret holds a Bachelor of Science Degree in Civil Engineering and a Master degree in Business Administration (Procurement) from the University of Nairobi.

Eng. Margaret has over 30 years wealth of experience in Infrastructure Development and Highways Management that cuts across both public and private sector.

Eng. Margaret started serving as the Registrar / Chief Executive Officer of the Board from **3rd May 2021** to date, and is responsible to for the implementation of the Board's strategic goals and the management of its resources including giving direction and leadership for the achievement of its mission.

III) MANAGEMENT TEAM

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| <p>1. Eng. Margaret N. Ogai, CE</p>  <p>MBA (Procurement) & BSc (Civil Engineering), University of Nairobi.</p> | <p>Eng. Margaret N. Ogai is the Registrar/CEO of EBK and the Accounting Officer. She is a Consulting Engineer with the Board and a Fellow member of the Institution of Engineers of Kenya (IEK).</p> <p>She leads the Secretariat of the Board and is responsible for the day-to-day management of affairs and staff of the Board.</p> <p>As the Chief Executive Officer of the Board, she acts in accordance with instructions of the Board of Directors and accepts, transmits, services and keeps custody of documents in accordance with Engineers Act, 2011.</p> |
| <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 is a Professional Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya (IEK).</p> <p>She oversees the Continuing Professional Development, Internship and Accreditation departments under the directorate.</p> <p>She is responsible for building capacity in the engineering profession and provide accreditation for engineering education, training and practice.</p> |
| <p>3. Eng. Okere A. Makokha, PE</p>  <p>B.Tech (Electrical and Communications Engineering), Moi University.</p> | <p>Director, Compliance Standards and Enforcement</p> <p>He is a Professional Engineer with the Board and a Corporate member of the Institution of Engineers of Kenya (IEK).</p> <p>He oversees the Engineering Standards and Compliance & Enforcement departments under the directorate.</p> <p>He is responsible for monitoring compliance and enforcing the Engineers Act 2011.</p> |

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| <p>4. Catherine K. Mungania</p>  <p>LLM, UoN; LLB, Moi University; PGD in Law, KSL; Dip. in Human Resource, KIM.</p> | <p>Ag. Director, Corporation Secretary and Legal Services She's a member of the Law Society of Kenya.</p> <p>Ms. Mungania served as the Ag. Director, Corporation Secretary and Legal Services up to 30th November 2020. She oversaw the Legal department and acted as the secretary to the Board of Directors.</p> <p>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>Human Resource and Administration Manager He is a full member of the Institute of Human Resources Management of Kenya (IHRM-K).</p> <p>He oversees the Human Resource Management and Administration department.</p> <p>He is responsible for developing adequate human resource capacity for the Secretariat, developing and implementing effective administrative policies, procedures and processes.</p> |
| <p>6. Sebastian B. Abuya</p>  <p>BSc (Mathematics and Computing, Egerton University; Oracle Certified Associate (OCA), Microsoft Certified Professional (MCP).</p> | <p>Information Communication Technology (ICT) Manager He is a Member of the Computer Society of Kenya.</p> <p>He oversees the Information Communication and Technology department.</p> <p>He is responsible for promoting the use of ICT in delivery of services towards realization of the Board's mandate.</p> |

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| <p>7. CPA Elijah N. Muriuki</p>  <p>MAME, MKU; BCom. (Finance), KCA University; CPA</p> | <p>Finance Manager</p> <p>He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>He oversees the Finance and Accounts department.</p> <p>He is responsible for the prudent management of financial resources by implementing accounting policies, sound systems and procedures; and reporting on the financial performance of the Board.</p> |
| <p>8. CPA Dennis M. Karanja</p>  <p>MSc (Finance), UoN; BCom. (Finance), JKUAT; CPA</p> | <p>Internal Audit Manager</p> <p>He is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors of Kenya (IIA-K)</p> <p>He oversees the Internal Audit department.</p> <p>He is responsible for evaluating the effectiveness of risk management, internal controls, governance processes and corruption prevention mechanisms of the Board.</p> |
| <p>9. Norah K. Nyaboga</p>  <p>MA (Sociology), Bombay University; BA, Punjab University.</p> | <p>Principal Registration Officer</p> <p>Her expertise includes hands-on experience in Human Resources Development and Registration & Licensing Management at 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> |
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10. Catherine W. Macharia



MSc (Purchasing and Supplies Mgmt), JKUAT; BSc (Procurement and Logistics), JKUAT.

Manager, Supply Chain Management

She is a member of Chartered Institute of Purchasing and supply (UK) MCIPS and a full member of Kenya Institute of supplies Management, MKISM.

She oversees the Supply Chain Management function of the Board.

She is responsible for implementation of efficient and effective systems of acquisition of goods, works and services, as well as disposal of assets.

11. Pauline W. Mwarabu



MA, UoN; BA UoN; Paramilitary Training, APTC/KESAL.

Officer-in-charge, Corporate Communications

She is a member of both the Kenya Institute of Management (KIM) and Kenya Association of Professional Administrators and Managers (KAPAM).

She oversees the administration function of the Board and also acts as the head of Corporate Communications department.

She is responsible for promoting the Board's visibility, managing its branding and developing communication and marketing strategy, policies and plans.

IV) CHAIRMAN'S STATEMENT

The financial year ended 30th June 2021 marked 10 years of the implementation of Engineers Act, 2011. The financial year is therefore a significant milestone for the Board as we reflect on the progress made so far and sets focus on the next strategic planning period. This will ensure that engineering practice contributes to economic development towards realisation of Vision 2030 goals.

The Board registered 1,884 persons against the Strategic Plan target of 1,800 persons under various categories. In particular, the Board recorded increased professional and consulting engineers' registration due to increased sensitization efforts by the Board to the public on need for engagement of professional engineers. The Board registered a total of 235 professional engineers which represented 76.69% increase and 56 consulting engineers up from 9 registered in 2019/2020 Financial Year.

The Graduate Engineers Internship Programme received additional funding from the National Government leading to additional sixty interns being recruited into the programme. This raised the number of beneficiaries to 100. Further, The Board developed an Agency Based Model and Academic Model to strengthen the structured training of graduate engineers. The Board targets to have at least 10,000 professional engineers in the next five years.

The Board has continued to be ranked high in delivery of high-quality services. During the year the Board attained a score of 75% on implementation of values and principle in Public Service. It achieved a very good score in the 16th cycle of Performance Contracting and received an unqualified audit opinion for 2018/19 audited financial statements; This is the sixth successive year the Board has received a clean report. Despite this impressive performance, the Board has been faced with challenges that include non-compliance to Engineers Act, 2011 and unfavourable judgment on engineering programmes accreditation which limited its ability to execute its functions of accreditation. The increased cases of collapsing buildings, bridges, and risk of compromised quality of engineering education, among other challenges are the areas that the Board intends to address in the next financial year.

The measures to address these challenges include building synergies with other regulators within the building sector through collaboration with National Construction Authority (NCA) and the Board of Registration of Architects and Quantity Surveyors (BORAQS). Further, the Board engaged Commission for University Education to collaborate in areas of accreditation of engineering programmes. The Board is also pursuing the gazettelement of the Engineers Scale of Fees.

During the year the Board also continued to work closely with its key stakeholders. The Board supported and participated in various activities jointly organized with the Institution of Engineers of Kenya such as the 27th Annual International Conference in November 2020 and the 2nd World Engineers Day on 4th March 2021. The Board also participated in regional and international activities including initiating the process towards attaining signatory status at the Washington Accord for international accreditation of engineering courses offered by local universities. Towards this end, the Board is being mentored by Pakistan and Malaysia. The mentorship committee has additional representation of members from Myanmar, Australia, and China. Signatory status will ease the mobility of our local engineers across member countries of the International Engineering Alliance.

The year also saw changes in management with Eng. Nicholas Musuni retiring after completing his term. Eng. Musuni worked with the Board for seven years and made remarkable contribution in the implementation of Engineers Act, 2021, development and implementation of Engineers Rules 2019, development and implementation first Strategic Plan (2014-2019), development and launch of the second strategic plan (2019-2022), launch of new EBK Secretariat offices and refurbishment of the new Examination Centre. During his tenure he also initiated Continuous Professional Development (CPD) for Engineers and Graduate Engineers internship programme (GEIP). These programs have resulted in the improved quality of Engineering services in the country and a safer built environment for citizens. He handed over to Eng. Margaret Ogai, who joins the Board with over 30 years of hands-on, management & leadership experience having worked both in the public and private sectors in highways management. The Board is highly optimistic of exponential growth in its profile and status as it continues executing its mandate as enshrined in the Engineers Act of 2011.

I acknowledge and appreciate the funding and the goodwill support from the registered engineers, the Government of Kenya through the State Department of Infrastructure and the development partners, particularly The World Bank. Finally, I wish to acknowledge the support the Board has continued to receive from the Cabinet Secretary, MoTIHUD&PW and the Principal Secretary, State Department of Infrastructure 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. Mwongera, FIEK, RCE, CBS
BOARD CHAIRMAN
ENGINEERS BOARD OF KENYA

Sign: 

V) REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER

During the FY 2020/21, the Board implemented its mandate under the Engineers Act, 2011, the Engineers Rules 2019 and the Strategic Plan 2019-2022. The Board registered 1,576 graduate engineers, 235 professional engineers, 56 consulting engineers and 17 consulting firms. It also 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 nineteen (19) programs were conducted during the year in accordance with the training needs assessment.

The ongoing COVID-19 pandemic provided a dynamic view and altered the traditional ways of operations. The Board leveraged its ICT systems to provide services to its clients to ensure the full implementation of health protocol directives and the welfare of staff and the public. This saw the recorded increase in the online applications for registration of both professional and consulting engineers' categories during the year.

However, the number of registered professional and consulting is still below the recommended ratio of professional engineers against the total population for developing countries of 1:5000. The Board therefore put in place mechanisms to increase the numbers of professional engineers. To start with, the Board completed and launched the state-of-the-art examination centre that will allow several panels and administration of professional examinations to be undertaken concurrently. The Board also recruited and inducted more panel members to meet diversity and inclusivity requirements and to increase frequency of interview schedules. The Board is also implementing Graduate Engineers Internship Programme (GEIP) with 100 graduate engineers onboarded and further developed the Academia and Agency Model to upscale the GEIP Model.

The Board is strengthening the compliance and enforcement framework to address non-compliance to Engineers Act, 2011. The Board, in collaboration with NCA and BORAQS, is actively investigating several cases of buildings and bridges collapses. The preliminary findings however show limited engagement of professional engineers. The strengthening of the compliance framework will eliminate these occurrences and promote the engagement of qualified and competent engineers in all sectors of the economy.

During the year, the Board continued to strengthen its Human Resource capacity with the engagement of substantive senior officers in the Registration & Licensing and Compliance and Enforcement Directorates. The Board further held a colourful farewell party for the outgoing

Registrar/CEO Eng. Nicholas M. Musuni as recognition for his exemplary service to the Board and the entire engineering fraternity.

The outlook for the Board's performance is generally positive having navigated through the teething problems of resource mobilization, institutional development and creating an enabling legal framework for quality engineering services. The financial performance of the Board grew stronger with increased internally generated revenues growing from Kshs. 66.7 million to Kshs. 84.8 million representing a growth of 27% during the year under review. The growth is attributable to continued implementation of the Engineers Rules 2019 and increased annual subscriptions collection campaigns during the year. The Board received increased exchequer support of Kshs. 183 million up from Kshs. 151 million in the previous year with the increase directed to the refurbishment of the examination centre, implementation of the Graduate Engineers Internship Programme and payment of legal costs & damages compensations.

Finally, the Management acknowledges the continued guidance and support of the Board and the Parent Ministry through the State Department for Infrastructure. We also acknowledge the support of development partners, particularly The World Bank. The Management remains committed to enhancing professionalism in implementation of the mission and we expect to achieve an equally good performance in the FY 2021-22.



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

VI) STATEMENT OF STRATEGIC PLAN PERFORMANCE FOR THE FY 2020/2021

The Board launched and operationalized its Strategic Plan (2019-2022) in the previous FY 2019/2020. It is the Second Strategic Plan since the enactment of Engineers Act, 2011. The strategic plan implementation provides for annual progress evaluation. During 2020/21, the key achievements of the Board 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 1,884 persons against the target of 1,800 persons. The Board received, processed, and registered 1,676 Graduate engineers, 235 Professional engineers, 56 Consulting engineers and 17 Consulting firms. Cumulatively, the Board has registered a total of 4,596 persons against a target of 3,450 in the mid-term.
- ii) **Strategic objective Two: To ensure effective and efficient enforcement and compliance to the Engineers Act 2011 and Engineers Rules 2019.** The Board conducted four sensitization workshops against a target of on compliance to the Engineers Act 2011 and Engineers Rules 2019. These workshops included: World Engineering Day Celebration held on 4th March, 2021 at the University of Nairobi grounds jointly with IEK; the National Construction Authority Research Dissemination Forum held between 18th -22nd January, 2021; the Graduate Engineers Conference; The Pathway to Professional Registration held on 10th September, 2020, with 2,263 delegates in attendance; and Stakeholders Workshop on the Scale of Fees for Professional Engineering Services live Webinar held on 22nd September, 2020 with 920 delegates in attendance. The Board also investigated all reported violations to the Engineers Act 2011, continued the issuance of the Engineers Identification Cards and commenced the development of Engineers Stamps.
- iii) **Strategic objective Three: To ensure compliance with the set standards in engineering practice.** The Board finalized the development of the Draft Scale of Fees for professional Engineering Services and submitted it to the Office of the Attorney General for review, drafting of the legislative bill and submission to the National Assembly for approval and gazettelement
- iv) **Strategic objective Four: To build capacity through training and assessment of individual engineers and engineering firms.** The Board undertook nineteen (19) CPD programs during the year and commenced the recruitment of additional 100 Graduate Interns

under the Graduate Engineers Internship Program (GEIP). The Board also partnered with eleven (11) Service providers to offer CPD courses to our members in different areas.

- 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 was undertaken during the year; the registration of Graduate Engineers, Professional Engineers and Consulting Firms is now online.

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 approved policies and practices. The governance framework and associated practices are reviewed by the Board and its committees to ensure it complies with current regulations; and is committed to ensuring that the EBK complies with all applicable laws and statutes.

Role and Responsibilities of Directors and Management

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

The Board Charter

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

Committees of the Board

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

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

Induction and Training

Formal letters of appointment are in place with all non-executive directors setting out the terms of their appointment. 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. Further sensitization programs for directors is regularly undertaken 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 7 days before the Board or committee meeting. All important information is usually dispatched to board members to keep them updated on developments affecting the Board.

During the year 2020/2021, 3 Board members attended an induction training that was conducted on 14th to 16th October, 2020 in Mombasa facilitated by the Kenya School of Government. During the induction, a representative from State Corporations Advisory Committee (SCAC) took the members through the Mwongozo Code of Governance and best corporate practices.

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 responsive to engineering matters in the country.

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Attendance to Board meetings by Board members

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

Board/Board Committee Meetings

During the year 2020/2021 the Board held Four (4) Ordinary Meetings and Eleven (11) Special Meetings. There were other meetings during the year as need arose.

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

| No. | Board / Board Committee | No. of Meetings Held |
|-----|--|----------------------|
| 1. | Regular Board Meeting | 4 |
| 2. | Special Board Meeting | 11 |
| 3. | Registration and Professional Development Committee | 5 |
| 4. | Academic Qualifications Committee | 5 |
| 5. | Finance, Strategy and Human Resource Development Committee | 6 |
| 6. | Audit, Risk and Governance Committee | 4 |

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

| No. | Name of Board Member | No. of Board Meetings Attended | No. of Committee Meetings Attended | Total No. of Meetings Attended |
|-----|--|--------------------------------|------------------------------------|--------------------------------|
| 1. | Eng. Erastus K. Mwongera, RCE, CBS, FIEK | 15 | - | 15 |
| 2. | Eng. Francis Gitau, PE | 5 | 4 | 9 |
| 3. | Mr. Daniel Mutua | 11 | 13 | 24 |
| 4. | Mr. Charles Obiero | 11 | 9 | 20 |
| 5. | Eng. Nathaniel Matalanga, CE | 13 | 7 | 20 |
| 6. | Eng. Benjamin K. Maingi, CE | 13 | 11 | 24 |
| 7. | Eng. Roselane A. Jilo, PE | 13 | 8 | 21 |
| 8. | Eng. Jane A. Simiyu, CE | 13 | 9 | 22 |
| 9. | Eng. Julia W. Ondeyo, PE | 9 | 9 | 18 |
| 10. | Prof. (Eng.) Silvester O. Abuodha, CE | 12 | 8 | 20 |
| 11. | Eng. Dr. Johnson M. Matu, CE | 13 | 8 | 21 |
| 12. | Mr. Bernard J. Leparmarai | 1 | 2 | 3 |

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 conducted by State Corporations Advisory Committee. Results of the exercise gave the Board a score of **Very Good**.

Conflict of Interest

During the year ended 30th June 2021 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. 9,872,822**.

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.

Code of Ethics and Conduct

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

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 2021/2022 the Board implemented the following key activities:

1. IMPLEMENTATION OF THE ENGINEERS ACT

a. Registration of Engineers

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

However, the Covid 19 pandemic affected the conduct of professional examinations which had been scheduled to commence during the 1st quarter of the financial year after the reconstitution of the new Board in the previous financial year.

The following were the engineers registered under various categories:

Registered Engineers During 2020/2021 Financial Year

| Category | Number |
|------------------------|--------|
| Consulting Engineers | 56 |
| Professional Engineers | 235 |
| Graduate Engineers | 1576 |
| Consulting Firms | 17 |
| Temporary Engineers | 17 |

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

Registered Engineers During 2014-2021 Strategic Period

| 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 |
| 2020/21 | 56 | 235 | 1,576 | 17 | 17 |
| Total | 172 | 947 | 12,472 | 92 | 88 |

b. 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.

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) and thereafter engaged wider stakeholders through public participation invited through the print media. During the year under review, the Board in conjunction with the Office of the Attorney General drafted the legislative bill and submitted it to the National Assembly for their review through the relevant departmental committees.

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.

c. Continuing Professional Development Programs for Engineers

The Board continued strengthening the Continuous Professional Development (CPD) programs for engineers by organizing in house activities in various relevant areas in line with its mandate of developing the engineering profession. During the year under review the Board organized and implemented the following CPD training activities which were pre-dominantly conducted via the online platform due to the COVID 19 pandemic restrictions:

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| Date | Course Title | Venue & Region | Attendance (No. of Participants) |
|---------------------------------|--|----------------|----------------------------------|
| 24 th July 2020 | Strategic Management for Large Engineering Projects: "The Stakeholder Value Network Approach" | Live Webinar | 163 |
| 14 th August 2020 | Hydraulics & Hydrology Design, Analysis & Modelling Using Open Flows (Parts I & II) | Live Webinar | 64 |
| 18 th August 2020 | Flood Modelling & Real-Time Operational Decision Support Solutions for Water & Wastewater Systems (Parts I & II) | Live Webinar | 66 |
| 21 st August 2020 | Large Engineering Projects: Using The Stakeholder Value Network Approach In The Stakeholder Analysis And Its Impact On Successful Project Completion | Live Webinar | 58 |
| 4 th September 2020 | Process Plant Design, Analysis and Modelling Using OpenPlant + PlantSight (Parts I & II) | Live Webinar | 50 |
| 11 th September 2020 | Project Delivery in the Face of COVID-19 | Live Webinar | 93 |
| 25 th September 2020 | Structural Design Analysis and Modelling Using STAAD.PRO+ RAM (Parts I, II & III) | Live Webinar | 104 |
| 6 th October 2020 | Construction Safety Due Diligence: Case Studies | Live Webinar | 82 |
| 16 th October 2020 | Equipping your Project Team to Stay Productive & Agile while Working Remotely | Live Webinar | 102 |
| 23 rd October 2020 | Delivering Productivity Improvements in Construction through BIM & Digital Twins | Live Webinar | 110 |
| 30 th October 2020 | Asset Life Cycle Information Management and Reliability Solutions for Plants | Live Webinar | 81 |
| 10 th November 2020 | AutoCAD Fundamentals; Autodesk BIM 360 Fundamentals; Civil 3D Fundamentals | Live Webinar | 73 |
| 20 th November 2020 | Monitoring and Evaluation in the Face of Disruption; A Case Study of Covid-19 | Live Webinar | 77 |

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| 19 th February 2021 | Enhancing Access to Adequate, Affordable and Reliable Energy Supply | Live Webinar | 60 |
| 11 th – 12 th March 2021 | Earned Value Management for Project Performance Management | Merica Hotel, Nakuru | 33 |
| 16 th April 2021 | Industry 4.0, and Importance to Engineering and Manufacturing | Live Webinar | 96 |
| 23 rd April 2021 | Managing Environmental and Social Issues Relating to Large Projects | Virtual Workshop | 93 |
| 6 th – 7 th May 2021 | PPPs in Engineering Projects – Financing, Risk Mitigation, PPP Procurement & Bidding, Good Governance and Anti-Corruption | Virtual Workshop | 130 |
| 21 st May 2021 | Advanced Project Management (Project Design using Logical Framework) | Live Webinar | 91 |

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) Institution of Engineers of Kenya
- 2) Association of Consulting Engineers of Kenya (ACEK)
- 3) Architectural Association of Kenya
- 4) The Dedan Kimathi University of Technology Training Centre
- 5) Institute of Applied Project Management
- 6) Eenovetors
- 7) Viscar Industrial Capacity Limited
- 8) Davis & Shirtliff Ltd
- 9) Howard Aidevo Consulting Ltd
- 10)GITS Consulting Services
- 11)Kenya Society of Environmental, Biological and Agricultural Engineers
- 12)Avvy Group

d. 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 for the graduate engineers to enable them acquire the requisite experience and prepare them for 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, conducted an induction workshop for them which led to their subsequent placement into various engineering consulting firms and organizations for on-the-job training. The Board also carried out Monitoring and Evaluation activities for the interns admitted in the Cohort 1 group and commenced recruitment of the Cohort 3 group during the fourth quarter of the financial year under review.

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. During the year under, there was an adverse court judgement that hindered the Board from exercising this mandate.

f. Partnerships/Collaborations/Memorandum of Understanding

The Board held several consultative meetings with the Commission for University Education during the year under review. 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. A draft Memorandum of Understanding was prepared and is expected to be signed in FY2021/22.

During the 2020/2021 FY, the Board underwent mentorship for provisional signatory status towards acceding to the Washington Accord. Two key mentorship sessions held were meant to help the mentors understand:

- Governance structure of the Board
- Education system in Kenya

The Board intends to continue engaging the mentors, i.e., Pakistan Engineering Council and Board of Engineers Malaysia in the quest to become a provisional signatory status at the Washington Accord during the 2021/2022 FY.

2. DEVELOPMENT OF THE BOARD'S INSTITUTIONAL CAPACITY

i) Refurbishment of the Examination Centre

The Board launched the newly refurbished world class examination centre on one of its office spaces on 25th February 2021. This is in response to the growing demand of the Board's core mandate of registration of engineers and engineering consulting firms. During the year under review, the Board increased the number of panellists and conducted multiple professional examinations sessions as more rooms had been created for the same.

ii) Employees Welfare

1) Staff Recruitment and Induction

In a bid to strengthen its internal capacity and enhance good governance, the Board competitively and successfully filled the posts of Registrar/CEO & other senior officers that fell vacant in the course of the year. The Board's recruitment policy ensures the gender ratio is taken into consideration as well as other salient features of the constitution such as marginalized and ethnic diversity.

2) 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 while observing all the stipulated the COVID-19 Pandemic Ministry of Health Guidelines:

| NO. | Training | Participants | Date |
|-----|----------------------------|-------------------|---|
| 1 | ADSA & Transport Committee | 2 C'ttee members | 08 th - 12 th February 2021 |
| 2 | Remote Working | Senior Management | 12 th January 2021 |
| 3 | Goals Achievement Training | All Staff Members | 31 st May 2021 |

The Board conducted a virtual staff training of 11 managers on 12th January 2021 themed, "Empowering Remote Worker." This training was informed by the impact of COVID-19 on the operations of businesses including the Board which led to the sudden and swift shift of tens of millions of workers from on-site to remote work environments. The aim of the training was to sensitize and empower the staff on remote working so as to maintain their engagement and productivity.

The Board has also put in place Occupational Health and Safety Committee in line with the Occupational Safety and Health Act of 2007, (OSHA) The Committee ensures the Board's work environment is safe and healthy for both the staff as well as the clients in order to ensure seamless service provision.

iii) World Engineering Day held on 4th March, 2021

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. Due to COVID-19, the celebrations were hybrid. Physical attendance was at the University of Nairobi, Graduation Square. The theme for the 2021 WED celebration was *'Engineering for A Healthy Planet: Celebrating the UNESCO Engineering Report.'*



WED Celebrations at The Chadaria Hall of Performing Arts, University of Nairobi



EBK Staff observing World Engineering Day celebrations at the Secretariat's offices

iv) 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. The Board has managed to bring on Board an ERP consultant that is assisting the Board to fix the identified gaps to allow an end-to-end automation of the various processes.

2. Development of a new website (www.ebk.go.ke)

The Board was able to develop and launch a new website in March 2021. The new website is dynamic and has leveraged on the potential functionalities of the current software tools while displaying the content in a more organized, attractive, and user-friendly manner. The Board also changed the website domain name from www.ebk.or.ke to www.ebk.go.ke ensuring that the Board is in conformity with ICT Authority laid down ICT Standards on Domain Naming policy for government agencies.

Below are some of the features of the new website: -

- Interactive, supports and promotes interactions and collaborations by both the internal and external users of the site. It has online polling capabilities & feedback forms.
- Mobile compatible and easily accessible to all users including visually impaired persons.
- Fast loading and a consistent design against all major browsers.
- Engineers Portal – allows prospective members to apply for registration online.
- Training & Development - Events Management System (EMS) Portal allows members to register for Continuous Professional Development events; Graduate Engineers Internship Program (GEIP) Portal coordinates all the activities of Graduate engineer's internship program.
- Report Professional Misconduct – it allows members of the public to register complaint(s) on inadequate engineering professional services to the Board, among other features.

In addition, the Board migrated its email services to the M365 platform, which is cloud based to ensuring high and seamless availability of services.

3. Engineers Identification Cards (Engineers ID)

EBK partnered with the National Bank of Kenya (NBK) for purposes of generating high quality and secure Engineer ID Cards. The Engineers ID Card was launched at a colourful ceremony during the 27th IEK Conference that was held on 23rd – 27th November 2020 at Pride Inn Paradise Beach Resort in Mombasa City. The mass production of the ID Cards is currently underway and the cards will be issued to all the Professional and Consulting Engineers in good standing with the Board.

4. GEIP Information Management System

EBK, in partnership with the ICT Authority, developed a system, GEIPMIS (GEIP Management Information System) that automates all GEIP activities, right from Recruitment to Placement, Reporting, Monitoring & Evaluation, up to Program Exit. The system has been rolled out to the ongoing GEIP Cohorts (1&2). It can be accessed through the following link, <https://geipmis.ebk.go.ke>

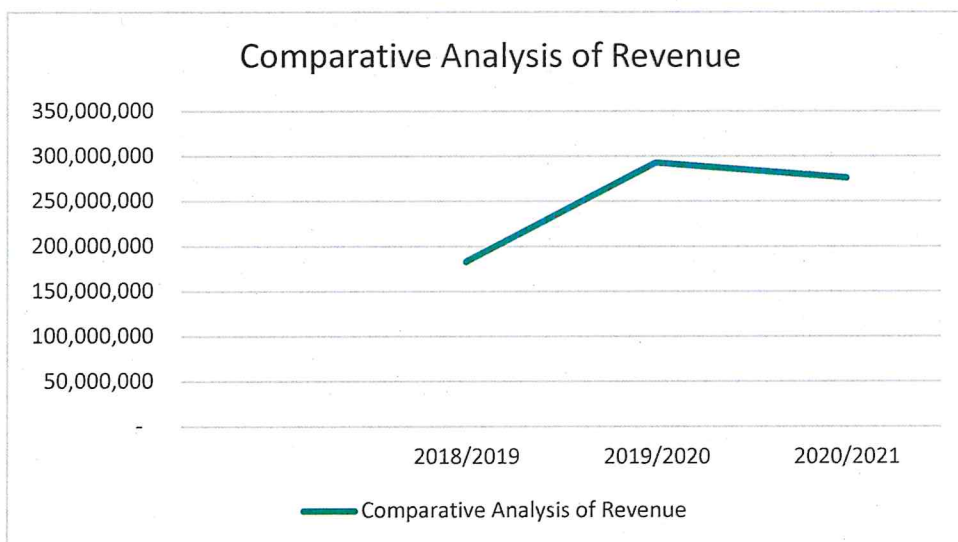
v) Other Activities

- 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 continued registering youth, women and persons with Disability suppliers during period in line with its performance Contract for the financial year 2020/21. These initiatives were geared towards enhancing awareness, building capacity, increasing transparency and promoting allocation of 30% procurement opportunities.
- Successfully inducted the new professional examinations panellists for the various engineering disciplines and they commenced examining the candidates.
- 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.
 - 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.

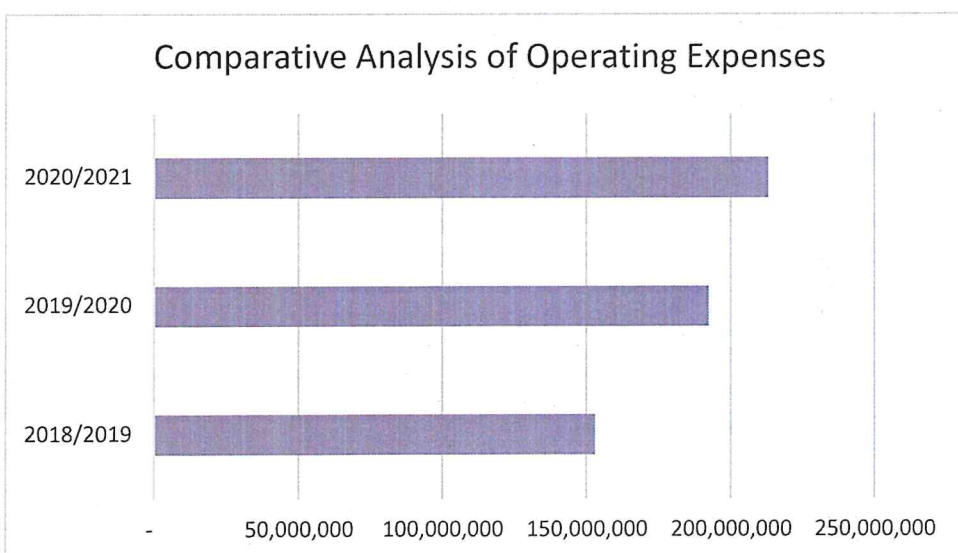
- Implementation of various provisions of the Engineers Rules, 2019 and in particular; the development and acquisition of compliance tools such as Engineers IDs and Engineers Stamps. The roll out of these compliance tools is currently at the procurement stage set to be fully completed in 1st Quarter of the FY 2021/2022.

3. FINANCIAL PERFORMANCE

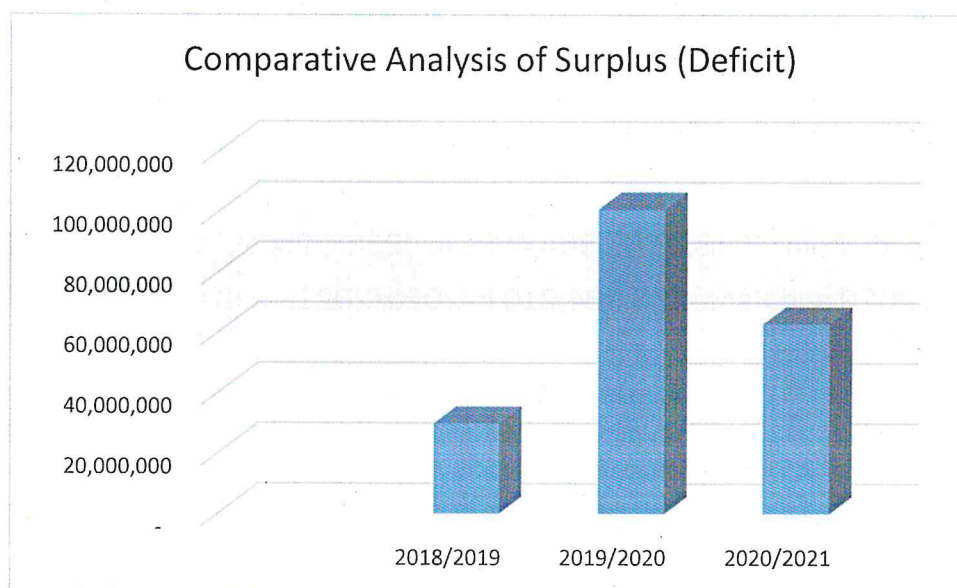
- Over the last three (3) years (2018/2019 to 2020/2021), the Board's revenue has increased from Kshs. 182,864,499 in 2018/2019, to Kshs. 293,245,326 in 2019/2020 and Kshs. 275,964,210 in 2020/2021.



- Over the last three financial years, operating expenses have increased Kshs. 153,051,780, to Kshs. 213,010,711.



- Over the last three (3) years (2018/2019 to 2020/2021), the surplus has increased from Kshs. 29,812,719 in 2018/2019, to Kshs. 100,896,147 in 2019/2020 and Kshs. 62,953,499 in 2020/2021.



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 2021/22;

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.

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. The Board approved the Monitoring and Compliance framework which will be rolled out in FY 2021/22.

SECTION D

Major Risks facing EBK

The key risks facing the Board include:

i. Operational Risks

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

ii. Market Risks

- Low conversion rate of Graduate Engineers to Professional Engineers due to limited training opportunities.
- Low public awareness of the regulatory framework for engineering services resulting in low engagement of engineers by developers to carry out engineering services.
- Low awareness and uptake of registration services among the consulting engineering firms and temporary engineers.
- Competition from other established professional regulatory bodies both locally and internationally due to absence of mutual recognition agreements with many countries.

iii. Legal and Regulatory risks

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

SECTION E

Material Arrears in Statutory/Financial Obligations

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

SECTION F

The Board's Financial Probity and Serious Governance Issues

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

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

SECTION G

Pictorials 1 - Launch of the New Examination Centre



The Chief Guest, Prof. Arch. Paul M. Maringa, PhD, CBS, Corp. Arch.(Maak), MKIP (Centre) after drawing the ceremonial curtain for the opening of the examination centre. (Right) Eng. Erastus K. Mwongera, CBS, FIEK RCE, Chairman EBK, (Left) Eng. M. M. Mahamud Past Chairman EBK



The Contractor hands over a dummy key to the Chief Guest to symbolise unlocking of the Examination Centre's doors.



The Principal Secretary, State Department of Infrastructure, Arch. (Prof.) Paul Maringa, cutting the ceremonial ribbon to officially open the main entrance of the Examination Centre amid pomp, cheers and applause.



A section of the Engineers Board of Kenya Staff and Management who attended the ceremony

ENGINEERS BOARD OF KENYA
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From Right to Left

- Eng. Nicholas M. Musuni – Outgoing EBK Registrar/ CEO
- Eng. Erastus K. Mwongera – Board Chairman, EBK
- Prof. Arch. Paul M. Maringa, PhD, CBS, Corp. Arch (Maak), MKIP. – Principal Secretary, State Department of Infrastructure
- Eng. M. M. Mahamud - Former ERB Chairman (2005- 2007)
- Eng. Margaret N. Ogai - Incoming EBK Registrar/ CEO

Pictorials 2 – Farewell Luncheon for the outgoing EBK Registrar/CEO



The Chief Guest, Mr. Bernard. J. Leparmarai (2nd Right) Seated together with the EBK Registrar/CEO (1st Right), Eng. Erastus K. Mwongera, FIEK, RCE, CBS, Chairman EBK, (Middle) Eng. Nicholas Musuni, outgoing Registrar/CEO and his spouse (extreme left) follow the proceedings during the luncheon held on 25th June 2021.



The outgoing EBK Registrar/CEO addresses the guests during the luncheon



Symbolic handing over of the instruments of power – A dummy Engineers Act, 2011 – From Eng. Nicholas Musuni (Left) to Eng. Margaret Ogai (Right) in the presence of the EBK Board Chairman Eng. Erastus K. Mwongera.

IX) ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

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

CORPORATE SOCIAL RESPONSIBILITY EVENTS FOR FY 2020/21

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

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

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

Accordingly, Engineers Board of Kenya (EBK) committed to enhance the protection of the environment by securing riparian lands, water towers, improving the national forest cover, and other measures to facilitate sustainable development. In Financial Year 2020/21 the Board joined hands with other agencies under the State Department of Infrastructure in planting of over Thirty Thousand Seedlings in Coastal region of Kenya covering the counties of Mombasa, Kwale, Kilifi and Taita Taveta.

The achievements of this activity were:

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



Representitives of Agencies under State Department of Infrastructure involved in the tree planting campaign at the Coastal Region



Mangrove trees Planting at the Mida Creek

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X) REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 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, 2021 are set out on pages 55 to 76.

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. Francis Gitau was replaced by Mr. Bernard Leparmarai in the Board with effect from 1st April 2021.

Auditors

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

By Order of the Board



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

Date: 28/09/2021

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, 2021. 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.

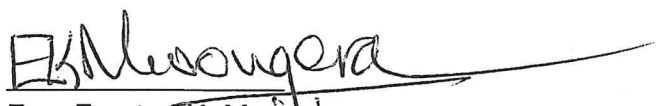
The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required 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. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

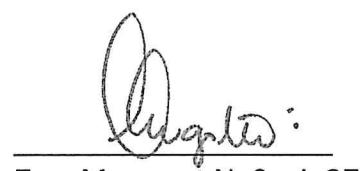
ENGINEERS BOARD OF KENYA
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The Directors confirm that the Board has complied fully with applicable Government of Kenya Regulations and the terms of external financing covenants (where applicable), and that the Board's funds received during the year under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

Approval of the financial statements

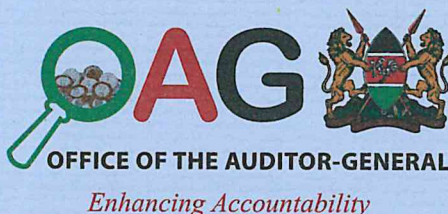
The Engineers Board of Kenya (EBK) financial statements were approved by the Board on 28/09/ 2021 and signed on its behalf by:


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


Eng. Margaret N. Ogai, CE
Registrar/CEO

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON ENGINEERS BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Engineers Board of Kenya set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Engineers Board of Kenya as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Engineers Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.132,695,916 which includes M-Pesa balances held in two accounts totalling Kshs.33,384,213 and supported by a board of survey as at 30 June, 2021. However, M-Pesa statements for the two accounts reflects a total balance of Kshs.33,543,213 resulting to a variance of Kshs.159,000. Further, M-Pesa confirmation certificates were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.132,695,916 could not be confirmed.

2. Outstanding Receivables from Non-Exchange Transaction

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.128,539,177 after net off provision of Kshs.14,282,131. The receivables increased by Kshs.46,179,227 from Kshs.82,359,950 as at 30 June, 2020 to Kshs.128,539,177 as at 30 June, 2021. Further, the Board did not have a Debt Management Policy to guide the management of accounts receivable and it was also not possible to ascertain how the 10% provision for doubtful debt was arrived at in the absence of a debt management policy. In addition, the Board did not provide a receivables ageing analysis to analyze the status of receivables.

In the circumstances, the accuracy and recoverability of the receivables from non-exchange transactions balance of Kshs.128,539,177 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Maintenance of Fixed Assets Register

The fixed assets register provided for audit did not include the asset code column for the individual assets. It was therefore not possible to identify the various assets held by the Board in the assets register maintained. This may have been an indication of inadequate controls over fixed assets. This is contrary to Section 139(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that the Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets.

The Management was in breach of the law.

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them 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 Board's policies and procedures may deteriorate.

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

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

I communicate with 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 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

22 July, 2022

XIII) STATEMENT OF FINANCIAL PERFORMANCE

| | YEAR | 2020/2021 | 2019/2020 |
|---|-------|--------------------|--------------------|
| | NOTES | KSH | KSH |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | |
| Transfers from other Government Entities | 6 | 135,000,000 | 151,000,000 |
| Application Fees | 7 | 23,954,941 | 13,776,183 |
| Annual Subscription Fees | 8 | 108,032,000 | 98,386,000 |
| In Kind Donations | 9 | 1,255,320 | 11,678,635 |
| Total Non-Exchange Transactions | | 268,242,261 | 274,840,818 |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
| Interest Income | 10 | 2,971,449 | 1,499,486 |
| Other Income | 11 | 10,000 | - |
| CPD Income | 12 | 4,740,500 | 16,905,022 |
| Total Exchange Transactions | | 7,721,949 | 18,404,508 |
| Total Revenue | | 275,964,210 | 293,245,326 |
| EXPENSES | | | |
| Use of Goods and Services | 13 | 103,843,029 | 77,983,258 |
| Employee Costs | 14 | 62,855,425 | 61,602,074 |
| Remuneration of Directors | 15 | 9,872,822 | 7,869,702 |
| Depreciation and Amortization Expense | 16 | 28,413,637 | 28,176,859 |
| Repairs and Maintenance | 17 | 1,341,383 | 1,791,203 |
| In kind expenses | 18 | 1,255,320 | 11,678,635 |
| Increase in Provision for Doubtful Debts | 19 | 5,131,026 | 3,247,449 |
| Total Expenses | | 212,712,642 | 192,349,179 |
| SURPLUS FOR THE PERIOD | | 63,251,568 | 100,896,147 |

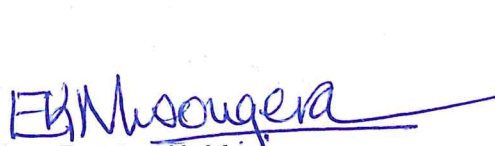

Eng. Margaret N. Ogai, CE
Registrar/CEO

Date: 28.9.2021


Elijah N. Muriuki
Finance Manager

ICPAK No.: 14037

Date: 28/09/2021


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

Date: 28/09/2021

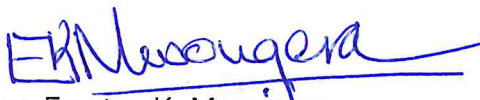
XIV) STATEMENT OF FINANCIAL POSITION

| | YEAR | 2020/2021 | 2019/2020 |
|--|-------|--------------------|--------------------|
| ASSETS | NOTES | KSHS | KSHS |
| CURRENT ASSETS | | | |
| Receivables from Non-Exchange Transactions | 20 | 128,539,177 | 82,359,951 |
| Cash and Cash Equivalents | 21 | 132,695,916 | 111,415,986 |
| Total Current Assets | | 261,235,093 | 193,775,937 |
| Non-Current Assets | | | |
| Property and Equipment | 22 | 209,381,796 | 206,845,405 |
| Intangible Assets | 23 | 4,287,218 | 13,068,570 |
| Total Non-Current Assets | | 213,669,014 | 219,913,975 |
| TOTAL ASSETS | | 474,904,107 | 413,689,912 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Capital Reserves | 24 | 140,842,015 | 140,842,015 |
| Retained Earnings | 25 | 325,051,168 | 261,799,600 |
| Total Equity | | 465,893,183 | 402,641,615 |
| Current Liabilities | | | |
| Trade Payables | 26 | 350,000 | 1,681,675 |
| Prepayments and Accruals | 27 | 8,660,924 | 9,366,623 |
| Total Current Liabilities | | 9,010,924 | 11,048,298 |
| TOTAL EQUITY AND LIABILITIES | | 474,904,107 | 413,689,912 |

The Financial Statements set out on page 01 to 22 were signed on behalf of the Board of Directors by:


 Eng. Margaret N. Ogai, CE
 Registrar/CEO


 Elijah N. Muriuki
 Finance Manager
 ICPAK No.: 14037


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

Date: 28.9.2021

Date: 28/09/2021

Date: 28/09/2021

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XV) STATEMENT OF CHANGES IN NET ASSETS

| DESCRIPTION | CAPITAL RESERVE | RETAINED EARNINGS | TOTAL |
|--|-----------------|-------------------|-------------|
| | KSHS | KSHS | KSHS |
| 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 30 th June 2020 | 140,842,015 | 261,799,600 | 402,641,615 |
| | | | |
| Balance as at 1 st July 2020 | 140,842,015 | 261,799,600 | 402,641,615 |
| Capital Reserve | 0 | 0 | 0 |
| Share Capital Account | 0 | 0 | 0 |
| Surplus for The Year | | 63,251,568 | 63,251,568 |
| Balance as at 30 th June 2021 | 140,842,015 | 325,051,168 | 465,893,183 |

XVI) STATEMENT OF CASH FLOWS

| DESCRIPTION | | YEAR NOTE | 2020/2021 KSH | 2019/2020 KSH |
|--|----|--------------|------------------|------------------|
| Cash Flow from Operating Activities | | | | |
| Surplus for the Year | | | 63,251,568 | 100,896,147 |
| Depreciation and Amortization Expense | 16 | | 28,413,637 | 28,176,859 |
| Increase in Provision for Doubtful Debts | 19 | | 5,131,026 | 3,247,449 |
| Surplus Before Working Capital Changes | | | 96,796,231 | 132,320,455 |
| Changes in Working Capital | | | | |
| Changes in Inventories | | | - | 653,390 |
| Changes in Receivables | 20 | | (51,310,252) | (59,667,211) |
| Changes in Payables | 26 | | (1,331,675) | (5,089,430) |
| Changes in Prepayments and Accruals | 27 | | (705,699) | 7,273,496 |
| Net Cash Generated from Operating Activities | | | 43,448,605 | 75,032,345 |
| Cash Flow from Investing Activities | | | | |
| Purchase of PPEs | 22 | | (22,168,676) | (3,948,579) |
| Net Cash Generated from Investing Activities | | | (22,168,676) | (3,948,579) |
| Cash Flow from Financing Activities | | | | |
| Changes in Capital Reserve | 24 | | - | 4,084,053 |
| Net Cash Generated from Financing Activities | | | | 4,084,053 |
| Net Increase in Cash and Cash Equivalents | | | 21,279,929 | 75,167,820 |
| Cash and Cash Equivalents at Beginning of The Year | 21 | | 111,415,986 | 36,248,166 |
| Cash and Cash Equivalents at End of The Year | | | 132,695,915 | 111,415,986 |


 Eng. Margaret N. Ogai, CE
 Registrar/CEO


 Elijah N. Muriuki
 Finance Manager
 ICPAK No.: 14037


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

Date: 28.9.2021

Date: 28/09/2021

Date: 28/09/2021

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XVII) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| ITEM | BUDGET | ACTUAL ON COMPARABLE BASIS | PERFORMANCE DIFFERENCE | VARIANCE | |
|--|--------------------|----------------------------|------------------------|------------|-------|
| REVENUE | KSH | KSH | KSH | % | NOTES |
| Government Grants | 183,000,000 | 135,000,000 | (48,000,000) | -26% | (i) |
| Application Fees | 7,800,000 | 23,954,941 | 16,158,941 | 207% | (ii) |
| Annual Subscription Fees | 52,450,000 | 108,032,000 | 55,582,000 | 106% | |
| In Kind Donations | 10,000,000 | 1,255,320 | (8,744,680) | -87% | (iii) |
| Interest Income | 0 | 2,971,449 | 2,971,449 | 100% | |
| CPD and other Income | 10,000,000 | 4,750,500 | (5,249,500) | -53% | (iv) |
| Total income | 263,250,000 | 275,964,210 | 12,714,210 | 5% | |
| EXPENSES | | | | | |
| Use of Goods and Services | 170,000,000 | 103,843,029 | 66,156,971 | 39% | (v) |
| Employee Costs | 70,500,000 | 62,855,425 | 7,644,575 | 10% | |
| Remuneration of Directors | 11,000,000 | 9,872,822 | 1,127,179 | 10% | |
| Depreciation and Amortization Expense | 0 | 28,413,637 | (28,413,637) | | |
| Repairs and Maintenance | 1,750,000 | 1,341,383 | 408,618 | 23% | (vi) |
| In kind expenses | 10,000,000 | 1,255,320 | 8,744,680 | 87% | |
| Increase in Provision for Doubtful Debts | 0 | 5,131,026 | (5,131,026) | | |
| Total Expense | 263,250,000 | 212,712,642 | (50,537,358) | 19% | |

Notes on the budget performance:

- The Board had not received 50% of its Development Exchequer by the end of the period.
- The number of applications for registration received (especially for professional engineers) grew rapidly during the year.
- Due to the COVID-19 containment measures, the planned activities were rescheduled/postponed to the next financial year.
- Due to the COVID-19 containment measures, the Board held 18 out of 19 of the CPD trainings via the virtual platform which contributed to lower income collection.
- 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.
- 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.

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 the PFM Act 2012, the State Corporations Act 2004 and comply with International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied to all the years presented.

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

The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

| Standard | Effective date and impact: |
|---------------------------------------|--|
| IPSAS 41: Financial Instruments | <p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; |

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| Standard | Effective date and impact: |
|---|--|
| | <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The entity is not involved in any Financial Instruments transactions and therefore the standard does not apply</i></p> |
| IPSAS 42: Social Benefits | 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: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>The entity has is not involved in any Social Benefits transactions and therefore the standard does not apply</i></p> |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | Applicable: 1st January 2022: <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. 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. |

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

ii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue recognition**

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

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably. Annual subscription fee are measured on accrual basis on all the registered members while application fees are measured on actual fees received.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

CPD Income

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

Interest income

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

a) Budget information – IPSAS 24

The original budget for FY 2020-2021 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.

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;

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| 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. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

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

e) Nature and purpose of reserves

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

Capital Reserves

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

Retained Earnings

Refers to cumulative surpluses over the years.

f) Changes in accounting policies and estimates – IPSAS 3

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

g) Employee benefits – IPSAS 25

Retirement benefit plans

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

h) Related parties – IPSAS 20

The Board regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Registrar/CEO and Senior Management Team.

i) Intangible Assets -IPSAS 31

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and cash in bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include Mpesa paybill accounts, standing imprests balances and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

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

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

Estimates and assumptions

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

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The provision for doubtful debts has been provided for 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, 2021.

6. Transfers from other Government Entities

| Description | 2020-2021 | 2019 -2020 |
|-----------------------|--------------------|--------------------|
| | KShs | KShs |
| Recurrent Exchequer | 87,000,000 | 84,000,000 |
| Development Exchequer | 48,000,000 | 67,000,000 |
| Total | 135,000,000 | 151,000,000 |

7. Application Fees

| Description | 2020-2021 | 2019-2020 |
|------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Consulting Firms | 441,000 | 599,200 |
| Consulting Engineers | 980,000 | 460,000 |
| Professional Engineers | 4,680,000 | 1,776,000 |
| Graduate Engineers | 7,045,200 | 3,867,000 |
| Temporary Engineers | 8,250,000 | 5,517,983 |
| University Accreditation Fee | 0 | 900,000 |
| Accredited Checker | 50,000 | 50,000 |
| Engineers ID Fee | 1,083,741 | 606,000 |
| Engineers Stamp Fee | 1,425,000 | - |
| Total | 23,954,941 | 13,776,183 |

8. Annual Subscription Fees

| Description | 2020-2021 | 2019-2020 |
|------------------------|--------------------|-------------------|
| | KShs | KShs |
| Consulting Firms | 4,140,000 | 3,390,000 |
| Consulting Engineers | 9,460,000 | 8,180,000 |
| Professional Engineers | 22,440,000 | 20,480,000 |
| Graduate Engineers | 71,992,000 | 66,336,000 |
| Total | 108,032,000 | 98,386,000 |

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9. In Kind Donations

| Description | 2020-2021 | 2019-2020 |
|-----------------------|------------------|-------------------|
| | KShs | KShs |
| World Bank Programmes | 1,255,320 | 11,678,635 |
| Total | 1,255,320 | 11,678,635 |

10. Interest Income

| Description | 2020-2021 | 2019-2020 |
|--|------------------|------------------|
| | KShs | KShs |
| Gross Interest Earned | 3,495,822 | 1,764,101 |
| Less: withholding tax withheld at source | (524,373) | (264,615) |
| Total | 2,971,449 | 1,499,486 |

11. Other Income

| Description | 2020-2021 | 2019-2020 |
|-----------------------------|---------------|-----------|
| | KShs | KShs |
| Replacement of Certificates | 10,000 | - |
| Total | 10,000 | - |

12. CPD Income

| Description | 2020-2021 | 2019-2020 |
|---|------------------|-------------------|
| | KShs | KShs |
| Course Accreditation and Validation Fee | 460,000 | 930,300 |
| CPD Training Fee | 4,280,500 | 15,974,722 |
| Total | 4,740,500 | 16,905,022 |

13. Use of Goods and Services

| Description | 2020-2021 | 2019-2020 |
|--|-----------|-----------|
| | KShs | KShs |
| Panel Allowances and Expenses | 6,172,623 | 2,467,144 |
| Communication (Telephone, Bulk SMS & Email, Courier & Postage) | 759,065 | 438,221 |
| Publishing & Printing Services | 1,949,218 | 2,479,852 |
| Refined Fuel Lubricants | 1,288,789 | 1,202,000 |
| General Office Supplies | 3,006,906 | 3,872,992 |
| Hospitality Supplies and Catering Services | 1,717,268 | 1,055,289 |
| General Insurance (Vehicle & Office) | 1,202,889 | 296,634 |
| Utilities (Electricity & Internet) | 2,413,049 | 2,157,421 |
| Bank Charges | 282,010 | 363,032 |
| Service Charge & Relocation | 1,662,872 | 1,861,132 |

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| Description | 2020-2021 | 2019-2020 |
|---------------------------------|--------------------|-------------------|
| | KShs | KShs |
| Cleaning Services | 1,457,005 | 278,295 |
| Corporate Social Responsibility | 469,240 | 327,750 |
| Workshops & Conferences | 5,815,367 | 4,686,149 |
| Advertising and Media | 2,075,597 | 1,410,547 |
| Legal and Consultancy Services | 29,718,791 | 35,145,000 |
| Audit Fees | 403,880 | 350,000 |
| Domestic Travel & Subsistence | 1,114,725 | 684,584 |
| Staff Training & Development | 1,009,254 | 775,640 |
| CPD Expenses | 2,180,391 | 8,998,430 |
| GEIP Expenses | 29,928,885 | 9,133,146 |
| Compliance and Enforcement | 2,535,100 | - |
| Research & Policies Development | 895,800 | - |
| QMS & ISO Expenses | 1,861,635 | - |
| Security Services | 724,336 | - |
| Computers Accessories | 337,786 | - |
| Taxation | 2,860,548 | - |
| Total | 103,843,029 | 77,983,258 |

14. Employee Costs

| Description | 2020-2021 | 2019-2020 |
|----------------------------|-------------------|-------------------|
| | KShs | KShs |
| Gross Salaries | 52,722,478 | 53,169,456 |
| Deployed Allowances | 722,393 | 446,642 |
| Contract and Casual Labour | 3,453,605 | 2,233,953 |
| Staff Medical Insurance | 5,619,840 | 5,357,023 |
| WIBA/GPA/GLA | 337,109 | 395,000 |
| Total | 62,855,425 | 61,602,074 |

15. Remuneration of Directors

| Description | 2020-2021 | 2019-2020 |
|--------------------------------------|------------------|------------------|
| | KShs | KShs |
| Chairman Honoraria | 1,134,000 | 354,500 |
| Board Allowances and Expenses | 6,964,100 | 6,204,471 |
| Committee Allowances and Expenses | 636,083 | 1,066,525 |
| Board Training, Travel & Subsistence | 716,508 | 0 |
| Board Medical Cover | 422,130 | 244,206 |
| Total | 9,872,821 | 7,869,702 |

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16. Depreciation and Amortization Expense

| Description | 2020-2021 | 2019-2020 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Office Space | 2,690,868 | 9,790,772 |
| Motor Vehicles, Including, Motor Cycles | 3,586,875 | 3,586,875 |
| Computers & Related Equipment | 3,229,166 | 3,028,923 |
| Office Equipment, Furniture & Fittings | 10,125,376 | 2,690,868 |
| Intangible Assets | 8,781,352 | 9,079,421 |
| Total | 28,413,637 | 28,176,859 |

17. Repairs and Maintenance

| Description | 2020-2021 | 2019-2020 |
|----------------------------|------------------|------------------|
| | KShs | KShs |
| Maintenance Furniture | 8,576 | 12,520 |
| Maintenance Equipment | 558,487 | 427,160 |
| Maintenance Building | 101,505 | 73,988 |
| Maintenance Motor Vehicles | 672,815 | 1,277,535 |
| Total | 1,341,383 | 1,791,203 |

18. In Kind Expenses

| Description | 2020-2021 | 2019-2020 |
|-----------------------|------------------|-------------------|
| | KShs | KShs |
| World Bank Programmes | 1,255,320 | 11,678,635 |
| Total | 1,255,320 | 11,678,635 |

19. Increase in Provision for Doubtful Debts

| Description | 2019-2020 | 2019-2020 |
|--|------------------|------------------|
| | KShs | KShs |
| Increase in Provision for Doubtful Debts | 5,131,026 | 3,247,449 |
| Total | 5,131,026 | 3,247,449 |

20. Receivables from Non-Exchange Transactions

| Description | 2020-2021 | 2019-2020 |
|------------------------------|--------------------|-------------------|
| | KShs | KShs |
| Consulting Firms | 2,031,800 | 1,190,000 |
| Graduate Engineers | 129,512,316 | 82,268,214 |
| Professional Engineers | 9,659,941 | 6,471,091 |
| Consulting Engineers | 1,617,250 | 1,581,750 |
| Provision for doubtful debts | (14,282,131) | (9,151,105) |
| Total | 128,539,176 | 82,359,950 |

21. Cash and Cash Equivalents

| Description | 2020-2021 | 2019-2020 |
|---------------------------|--------------------|--------------------|
| | KShs | KShs |
| National Bank Account | 27,742,381 | 32,668,193 |
| HFC Current Account | 8,638,938 | - |
| HFC Fixed Deposit Account | 55,797,952 | 45,881,079 |
| KCB Bank Account | 7,088,602 | 447,460 |
| M-Pesa Accounts | 33,384,213 | 32,419,254 |
| Standing Imprest | 43,830 | 0 |
| Total | 132,695,916 | 111,415,986 |

22. Property and Equipment

| ASSET VALUATION | Office Space | Motor Vehicles, Including, Motor Cycles | Computers & Related Equipment | Office Equipment, Furniture & Fittings | Capital Work in progress | Total |
|-----------------------------------|--------------|---|-------------------------------|--|--------------------------|-------------|
| 2019/2020 | | | | | | |
| Valuation at Cost | 134,543,377 | 51,357,018 | 18,076,200 | 77,741,765 | - | 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 |

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| ASSET VALUATION | Office Space | Motor Vehicles, Including, Motor Cycles | Computers & Related Equipment | Office Equipment, Furniture & Fittings | Capital Work in progress | Total |
|-----------------------------------|--------------|---|-------------------------------|--|--------------------------|-------------|
| 2020/2021 | | | | | | |
| 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 | 18,573,535 | 80,079,409 | 1,113,600 | 285,666,939 |
| Additions during the Year | | | 3,003,745 | 2,852,928 | 16,312,002 | 22,168,676 |
| At June 30th, 2021 | 134,543,377 | 51,357,018 | 21,577,280 | 82,932,337 | 17,425,602 | 307,835,615 |
| ASSET DEPRECIATION | | | | | | |
| Accumulated as at July 1st, 2020 | 4,036,302 | 40,596,393 | 15,255,718 | 18,933,121 | | 78,821,534 |
| Charge for the year | 2,690,868 | 3,586,875 | 3,229,166 | 10,125,376 | 0 | 19,632,285 |
| Accumulated as at June 30th, 2021 | 6,727,170 | 44,183,268 | 18,484,884 | 29,058,497 | 0 | 98,453,819 |
| Net Book Value at June 30th, 2021 | 127,816,207 | 7,173,750 | 3,092,396 | 53,873,840 | 17,425,602 | 209,381,796 |

- The capital work-in-progress relates to the refurbishments of the new EBK examination centre. The amounts indicated are the several certificates of works payments made to the contractor during the FY under review.

23. Intangible Assets

| Description | 2020-2021 | 2019-2020 |
|---|------------|------------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | 27,282,096 | 27,282,096 |
| Additions | | |
| At end of the year | 27,282,096 | 27,282,096 |
| Amortization and Impairment | | |
| At beginning of the year | 14,213,526 | 5,134,105 |
| Amortization | 8,781,352 | 9,079,421 |
| At end of the year | 22,994,878 | 14,213,526 |
| Net Book Value at June 30 th | 4,287,218 | 13,068,570 |

24. Capital Reserves

| Description | 2020-2021 | 2019-2020 |
|--------------------------|--------------------|--------------------|
| | KShs | KShs |
| At beginning of the year | 140,842,013 | 135,752,585 |
| Additional Reserve | 0 | 4,084,053 |
| Share Capital Account | 0 | 1,005,375 |
| Total | 140,842,013 | 140,842,013 |

25. Retained Earnings

| Description | 2020-2021 | 2019-2020 |
|----------------------|--------------------|--------------------|
| | KShs | KShs |
| Opening Balance | 261,799,600 | 160,902,453 |
| Surplus for the Year | 63,251,568 | 100,896,147 |
| Total | 325,051,168 | 261,798,600 |

26. Trade/Accounts Payables

| Description | 2020-2021 | 2019-2020 |
|-------------------|----------------|------------------|
| | KShs | KShs |
| Accounts Payables | 350,000 | 1,681,675 |
| Total | 350,000 | 1,681,675 |

27. Prepayments and Accruals

| Description | 2020-2021 | 2019-2020 |
|-------------------------|------------------|------------------|
| | KShs | KShs |
| Prepaid Subscriptions | 7,642,501 | 9,016,622 |
| Accrued Audit Fee | 350,000 | 350,000 |
| Staff Welfare | 100,000 | - |
| UDIP Project Evaluation | 568,423 | - |
| Total | 8,660,924 | 9,366,622 |

28. 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 trade in debt securities.

Interest rate risk

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

Credit risk

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

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

Liquidity risk

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

29. 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 | 2020-2021 | 2019-2020 |
|---------------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| a) Grants from the Government | | |
| Grants from National Govt | 135,000,000 | 151,000,000 |
| Donations in kind | 1,255,320 | 11,097,816 |
| Total | 136,255,320 | 162,097,816 |
| b) Key management Compensation | | |
| Directors' emoluments | 9,872,821 | 7,869,702 |
| Compensation to the CEO | 5,523,325 | 5,038,080 |
| Compensation to key management | 6,564,935 | 6,627,924 |
| Total | 21,961,081 | 22,370,560 |

30. SEGMENT REPORTING

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

31. 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.

32. CURRENCY

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

33. EVENTS AFTER REPORTING PERIOD

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

34. TRANSFERS FROM STATE DEPARTMENT OF INFRASTRUCTURE

| S/NO. | DATE RECEIVED | UTILIZATION DESCRIPTION | AMOUNT |
|-------|---------------|-------------------------|--------------------|
| 1 | 22-Oct-2020 | Recurrent Exchequer | 21,750,000 |
| 2 | 03-Dec-2020 | Development Exchequer | 48,000,000 |
| 3 | 25-Feb-2021 | Recurrent Exchequer | 21,750,000 |
| 4 | 24-May-2021 | Recurrent Exchequer | 21,750,000 |
| 5 | 25-Jun-2021 | Recurrent Exchequer | 21,750,000 |
| | TOTAL | | 135,000,000 |

38. OUTSTANDING AUDIT ISSUES

There were no outstanding audit issues arising from previous audits.