

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

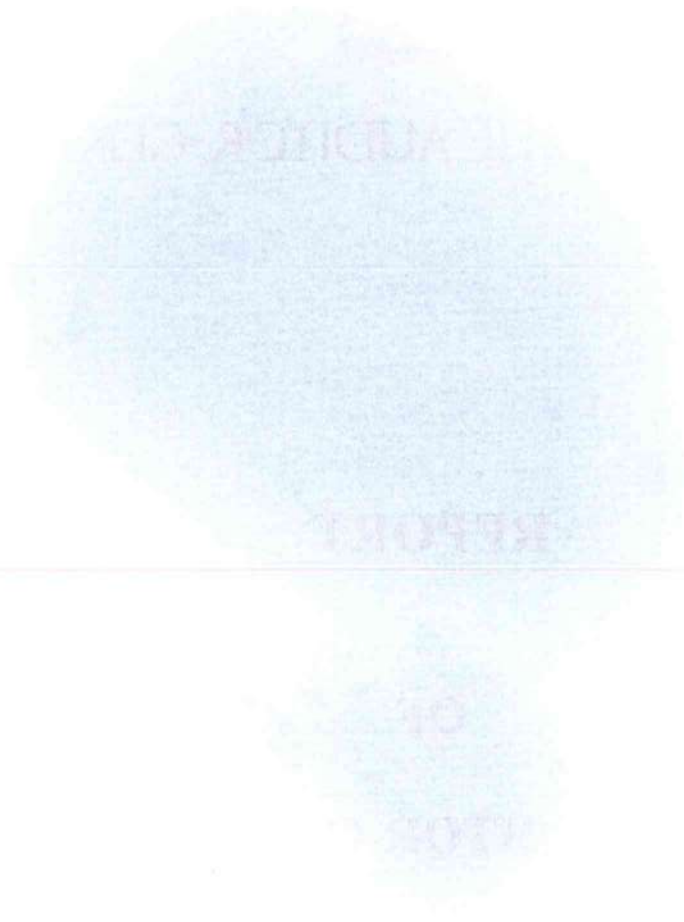
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ENGINEERS BOARD OF KENYA**

**FOR THE YEAR ENDED
30 JUNE 2018**





ENGINEERS BOARD OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2018

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

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KEY EBK INFORMATION AND MANAGEMENT

a. About The Board

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

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

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

b. Functions and Powers of the Board

The functions and powers of the Board are to: -

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

professional engineering services or works;

(i) Evaluate other engineering programmes both local and foreign for recognition by the Board;

(j) Enter and inspect business premises for verification purposes or for monitoring professional engineering works services and goods rendered by professional engineers;

(k) Instruct, direct or order the suspension of any professional engineering services works, projects,

installation process or any other engineering works, which are done without meeting the set out

standards;

(l) Approve and accredit engineering programs in public and private universities and other tertiary level educational institutions offering education in engineering;

(m) Set standards for engineers in management, marketing, professional ethics, environmental issues, safety, legal matters or any other relevant field;

(n) Prepare detailed curriculum for registration of engineers and conduct professional examinations

for the purposes of registration;

(o) Establish a school of engineering and provide facilities and opportunities for learning, professional exposure and skills acquisition, and cause continuing professional development programmes for engineers to be held;

(p) Establish the Kenya Academy of Engineering and Technology whose purpose shall be to advise the National and the County Governments on policy matters relating to engineering and technology;

(q) Plan, arrange, co-ordinate and oversee continuing professional training and development and facilitate internship of graduate engineers;

(r) Collaborate with engineering training institutions, professional associations, engineering organizations and other relevant bodies in matters relating to training and professional development of engineers;

(s) Determine the fees to be charged by professional engineers and firms for professional engineering services rendered from time to time;

(t) Hear and determine disputes relating to professional conduct or ethics of engineers;

(u) Develop, maintain and enforce the code of ethics for the engineers and regulate the conduct and ethics of engineering profession in general;

(v) Determine and define disciplines of engineering recognised under the Engineers Act 2011;

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

c. Key Management

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

Eng. Nicholas M. Musuni, PE - CEO/Registrar

d. Fiduciary Management

The key management personnel who held office during the period ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO/Registrar	Eng. Nicholas M. Musuni
2	Deputy Registrar, Capacity Building	Eng. Grace Onyango
3	Corporate and Legal Affairs Manager	Catherine Mungania
4.	Head of Human Resources and Administration	Erick Obiero
5.	Head of ICT	Sebastian Bwire
6.	Head of Procurement	Catherine Macharia
7.	Head of Registration	Norah Nyaboga
8.	Head of Finance	CPA Mathew Kivava
9.	Head of Corporate Communications	Beth Mbatia

e. Fiduciary Oversight Arrangements

Board Committees Towards Good Corporate Governance

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

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

Audit, Governance and Risk Committee

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

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

Membership of the Committee

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

Finance, Administration and Human Resource Development Committee

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

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

- ix) To ensure compliance with the legal and statutory requirements.

Membership of the Committee

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

Registration and Professional Development Committee (R&Pdc)

The functions of the Registration and Professional Development Committee includes:

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

Membership of the Committee

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

Academics Qualifications Committee (AQC)

The functions of the Academics Qualifications Committee include:

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

Membership of the Committee

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

Parliamentary Committee Activities

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

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

Committees are able to do things which it would not be possible to undertake in the large, formal environment of the parliament, such as finding out the facts of a case or issue, gathering evidence from expert groups or individuals, sifting evidence and drawing up reasoned conclusions. This kind of work is more effectively carried out by small group members.

An advantage of committees is that several of them can operate at one time enabling many more investigations to be conducted. Each committee has its own defined area of operation so that it is able to specialize and build up a body of expertise among its members.

Development Partner Oversight Activities

Development Partner Oversight Activities include;

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

- i) Provide recommendations regarding strategic directions, new opportunities for investment, and enhanced performance.
- ii) Approve the development projects budget proposal.
- iii) Issue clearances on projects at particular points during implementation
- iv) Offer advice on corrective measures on ongoing projects

f. EBK Headquarters

Transcom House Annex,
1st Floor Ngong Road
P.O. Box 30324 – 00100, NAIROBI
Nairobi, KENYA

g. EBK Contacts

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

h. EBK Bankers

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

i. Housing Finance Corporation Kenya,

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

j. Independent Auditors

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

k. Principal Legal Adviser

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

THE BOARD OF DIRECTORS

 1. Eng. Wanjau D. Maina	Chairman YOB:1956 Key Qualifications University of Newcastle Upon Tyne (MSc Environmental Engineering) University of Nairobi BSc (Civil Engineering) Work Experience: over 34 years' experience in the Engineering profession
 2. Eng. (Prof.) Francis J. Gichaga	Vice Chairman YOB:1942 Key Qualifications University of East Africa BSc (Civil Engineering) University of Nairobi MSc (Civil Engineering) University of Nairobi PhD (Civil Engineering) Work Experience: over 45 years' experience in the Engineering field
 3. Abednego Etyang	YOB:1967 Key Qualifications University of Nairobi, Bachelor of Arts (BA) Moi University, Master of Public Administration (MPA) Work Experience: Over 25 years' experience in Public Administration
 4. Charles Obiero	YOB:1964 Key Qualifications Kenyatta University; Bachelor of Education (B.ED) Kenyatta University; Masters in Educational Administration
 5. Eng. Stanley K. Kamau	YOB:1959 Key Qualifications University of Nairobi BSc (Civil Engineering) Work Experience:29 Years experience in the Engineering profession

 6. Eng. Abdullahi M. Samatar	YOB:1963 Key Qualifications University of Nairobi BSc (Civil Engineering) Work Experience:27 years experience in the Engineering profession
 7. Eng. (Prof.) Bancy M. Mati	YOB:1959 Key Qualifications University of Nairobi BSc (Agricultural Engineering) University of Nairobi MSc (Land and water management) Cranfield University, UK, PhD (Rural land use and GIS) Work Experience: Over 20 years experience in Engineering profession
 8. Eng. Julius M. Riungu	YOB:1950 Key Qualifications University of London, UK BSc (Electrical and Electronics Engineering) Work Experience: Over 40 years experience in the Engineering profession
 10. Eng. Michael E. Okonji	YOB:1953 Key Qualifications BSEE (Cum Laude) Degree in Electrical Engineering from Howard University, USA (1987) Work Experience: 30 years experience in the Engineering profession
 11. Eng. Aruna A. Patel	YOB:1955 Key Qualifications University of Vallabhvidyanagar, India, BEng (Electrical) Work Experience:28 years experience in the Engineering profession
 12. Eng. Nicholas M. Musuni	YOB:1979 Chief Executive Officer/ Registrar Key Qualifications University of Nairobi, BSc (Civil Engineering) Work Experience: Over 13 years experience in the field of engineering

MANAGEMENT TEAM

	CEO/Registrar Key Qualifications University of Nairobi, BSc (Civil Engineering) Work Experience: Over 15 years experience in the field of Engineering and Management
	Deputy Registrar Key Qualifications University of Northumbria at Newcastle, BEng (Electrical and Electronic Engineering) Work Experience: over 10 years' experience in the Engineering profession and management.
	Legal and Corporate Affairs Manager LLM, University Of Nairobi LLB, Moi University Post Graduate Diploma in Law, Kenya School of Law. Diploma in Human Resource, Kenya Institute of Management. 11 Years Work Experience in Legal, Court Work, Corporate work, Conveyancing & Arbitration
	Human Resources and Administration Manager University of Nairobi, MBA (Strategic Management) Maseno University, BBA Higher Diploma in Human Resources Management (K) Full Member of the Institute of Human Resources Management of Kenya IHRM (K) Work Experience: More than 7 years' experience in Human Resources and Administration
	Finance Manager Maseno University, BBA (Accounting Option) Certified Public Accountant (K) Full Member of ICPAK Work Experience: 8 years' experience in the field of Finance and Accounts

1. Eng. Nicholas M. Musuni

2. Eng. Grace Onyango

3. Catherine Mungania

4. Mr. Erick Obiero

5. CPA Mathew Kivava
(ICPAK Full Member, 13540)

 6. Sebastian B. Abuya	ICT Manager University of Nairobi, MBA (MIS) ongoing. Egerton University, BSC (Mathematics & Computing). Oracle Certified Associate (OCA), Microsoft Certified Professional (MCP). Member of Computer Society of Kenya. Work Experience: Over 12 years experience in Information Communications Technology
 7. Norah K. Nyaboga	Head of Registration Bombay University, MA, Sociology Punjab University BA, Sociology Work Experience: Over 20 years experience in Human Resources Development and Registration Management in the Board
 8. Beth Mbatia	Head of Corporate Communications Moi University, Bsc. Communications and Public Relations (CPR) Kenya Institute of Mass Communication, Diploma and Certificate in Journalism Member of AMWIK (Association of Media Women in Kenya) Work Experience: 5 years' experience in the field of Journalism and Communications
 9. Catherine Macharia	Head of Supply Chain Management JKUAT, MSC (Purchasing and Supply Management) Jomo Kenyatta University of Agriculture and Technology, Bsc in Procurement and Logistics Members of Chartered Institute of Procurement and Supplies(UK) MCIPS Full Member of the Kenya Institute of Supplies Management. MKISM Work Experience: More than 7 years' experience in Purchasing and Supplies Management

CHAIRMAN'S STATEMENT

On behalf of the members of the Board it is my great pleasure to present the financial statements and annual accounts of the Board for the financial year ended 30th June 2018. The financial year marked the completion of the sixth financial year since the enactment and operationalization of the Engineers Act, 2011.

During the financial year 2017/18, the Board continued with implementation of its mandate as stipulated in the Engineers Act of 2011 and continued to align its operations to its Strategic Plan (2014-2019).

The Board during the year under review registered yet the highest number of Engineers in the Board's history. The growing numbers of Engineers are expected to participate in the economic growth of the country through offering expertise in the Infrastructure Projects not just in the country but across the region. Currently, the combined total of Consulting Engineers and Professional engineers is 2,291. These two cadres are the level of engineers who can take professional responsibility of their professional actions. The country has 11,114 Graduate Engineers.

The Board is vested with the power to enter sites where Enter and inspect sites where construction, installation, erection, alteration, renovation, maintenance, processing or manufacturing works are in progress for the purpose of verifying to whether Professional engineering services and works are undertaken by registered persons under and whether Standards and professional ethics and relevant health and safety aspects are observed. Based on this the Board constituted a taskforce to investigate the collapse of Sigiri Bridge in Busia County July 2017. A report was produced and shared with relevant stakeholders.

The Board continued engaging its stakeholders and sensitizing them on the Engineers Act 2011, to this end the Board mounted a stakeholder's conferences in North Rift Region and Eastern/Central Regions. The workshops were held in Eldoret and Embu towns respectively. The workshops provided a forum for the Players in Infrastructure, Industry, National and County Government and academia to deliberate on how different players can collaborate to ensure that Engineering plays its rightful role in the country's development agenda.

The Act give the Board the responsibility to plan, arrange, co-ordinate and oversee continuing professional training and development of Engineers. The Board was excited to roll out its Continuing Professional Development Programmes for Engineers in February 2018.

The Trainings have been largely successful with good number of attendance and high quality presentations. The trainings are meant to ensure that the Engineer is well rounded and versed with current technologies in their trade.

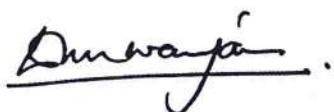
The Board also was also represented in international fora where members learnt on the best international practices in engineering. The Board participated in the African Engineering Week in Kigali-Rwanda from 25th to 29th September 2017.

The Board continued to exercise its mandate in regard to Accreditation of University Engineering programmes. Consultations were held with all Universities whose programs are awaiting accreditation as well as universities planning to start engineering programmes. The Board also approved a number engineering programmes in local universities during the financial year.

The Board is vested with responsibility to organise Internship programme for Engineers. Towards this end, the Board mounted a workshop targeting stakeholders for the upcoming Graduate Engineers Internship Programme (GEIP). The Goal of the workshop was to Sensitize target audience on the upcoming GEIP Programme, its objectives how different stakeholders can come together and make the programme a success. The programme is scheduled to kick start in 2018/2019 Financial Year.

The Board continues to execute its mandate despite a host of challenges including insufficient funding and legal challenges and will continue to play its rightful role as the country endeavours to achieve vision 2030 and the Big 4 agenda priority areas of the government.

In conclusion I wish to acknowledge funding support from the Government of Kenya through the State Department of Infrastructure and development partners particularly the World Bank. I further wish to thank all other stakeholders and all my colleagues in the Board for all their contribution and dedication towards serving the Country.



ENG. D. M. WANJAU, PE
CHAIRMAN
ENGINEERS BOARD OF KENYA

REPORT OF THE CHIEF EXECUTIVE OFFICER/ REGISTRAR

It's my great honour for me to present the financial year 2017/2018 annual report. This report covers the Boards financial and non-financial performance during the financial year. Generally the activities during the financial year were geared towards achievement of the mandate of the Board as provided for in the law as well as support towards government development objectives particularly vision 2030 and the Big 4 agenda items.

During the financial year, the Board continued to build its capacity building initiatives. The Board operationalized key offices identified by the Strategic Plan (2014-2019). Specifically the Board competitively recruited two professional Engineers to head the Capacity Building and compliance Standards and Enforcement Directorate which are core departments of the Board. The two directorates are now fully operational.

During the financial year, great progress was made towards modernisation and automation of Board's business processes. The Board continued to administer a contract for the supply, configuration and Installation of an Enterprise Resource Planning system. All modules for various functions have been fully developed. The migration the newly acquired system is scheduled to be undertaken in Financial Year 2018/19. Automation of services is expected to greatly improve service delivery.

The Board also continued with efforts to enhance its working environment undertook major steps towards occupation of new office premises. Partitioning works are being undertaken. The Board also acquired modern office equipment to ensure that services are delivered in an efficient manner.

The Board continued to carry out activities committed under the 14th Cycle Performance Contract with the Government of Kenya through the Ministry of Transport, Infrastructure, and Housing and Urban Development for the financial year where it scored well in various areas.

During the financial year great strides were made towards improving Human Resource Component in the delivery of the overall mandate of the Board. The Board with the Guidance of the State Corporations Advisory Committee (SCAC) reviewed the existing Human Resource instruments to ensure that the Boards Human Resources are empowered and managed effectively. The Board also undertook several capacity building initiatives for staff members including , staff induction , training and team building to create the necessary synergies for better performance and service delivery.

In the coming financial year the Board is set to adopt Quality Management Systems (QMS) (ISO 9001:2015) .The implementation of the QMS will go a long way in streamlining the Board's processes for improved service delivery.

A number of challenges continued to affect the ability of the Boards mandate key among them being;

- i. Legal Challenges: The Board faced a number of court cases mainly from University graduates seeking to compel the Board to register them after its predecessor the Engineers Registration Board declined to do so. These cases relate to Engineers Registration Act cap 530 of 1969(now repealed) .Other legal challenges relate to parallel acts of parliament which seem to contradict the powers of the Board as provided for in Engineers Act, 2011.
- ii. Financial Challenges: The resourcing of the Board's recurrent budget has been erratic over the last five years. The net effect has been a weakened secretariat that has struggled deliver on the mandate of the Board. The Board cannot plan effectively for its development as the allocations cannot be accurately projected.

These challenges are being mitigated and addressed so that their impact on the activities and programmes is minimised.

To conclude, I wish to take this opportunity to thank the Board for their support and for giving the management strategic direction and guidance, all our stakeholders including all development partners. I invite you to read the Boards performance as indicated in the subsequent pages.



ENG. NICHOLAS M.MUSUNI, PE
CEO /REGISTRAR
ENGINEERS BOARD OF KENYA

CORPORATE GOVERNANCE STATEMENT

Introduction

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

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

Role and Responsibilities of Directors and Management

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

Attendance to Board meetings by Board members

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

The Board Charter

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

Induction and Training

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

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

Director's Skills and Experience

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

Board and Management Performance Evaluation

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

Succession plan

The succession plan at the Board level involves notifying the appointing officer when the term of the Board is coming to an end.

At the management level EBK succession planning process, is to ensure that employees develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles.

Appointment and removal of Board members

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

1. Registration of engineers and engineering consulting firms;
2. Regulating engineering professional services;
3. Setting of standards;
4. Development of the general practice of engineering; and
5. Training and capacity development.

MANAGEMENT DISCUSSION ANALYSIS

Regulation of Engineering Professional Services

One of the mandates of the Board as derived from the core functions as set out in the Engineers Act, 2011 is regulating engineering professional services. The Board undertook a number of activities towards this.

Taskforce on Collapse of Sigiri Bridge

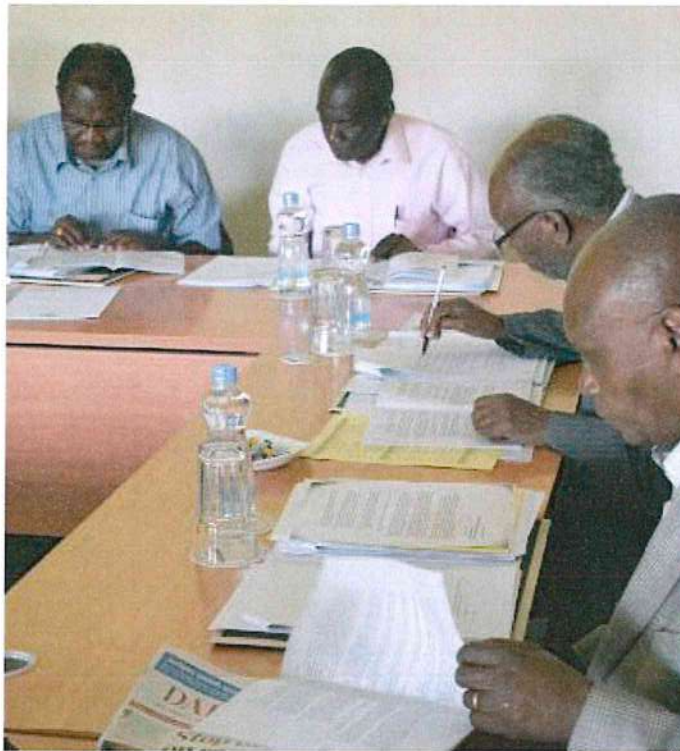
The Board constituted a taskforce of highly experienced civil Engineers to investigate the collapse of Sigiri Bridge, Busia County that caused injuries on 26th June 2017. The taskforce came up with a report that was presented and ratified by the Board in Special Board Meeting. The report to the Cabinet Secretary Transport, Infrastructure Housing and Urban Development.



Investigations into collapse of Sigiri Bridge

Regulations Finalization Workshop

The Board converged in Naivasha for a 3 day workshop to finalise the Regulations to Engineers Act, 2011 from 13th to 15th December 2017. Experts from the office of the Attorney General participated and offered technical advice during the review and preparation of final draft.



Regulations Finalisation Workshop, December 2017

International collaborations

African Engineering Week – Kigali, Rwanda.

The Board participated in the African Engineering Week organized jointly by the Rwanda Engineering Council, the Federation of Africa Engineering Organizations (FAEO) and the United Nations Educational Scientific and Cultural Organization (UNESCO) in Kigali-Rwanda from 25th to 29th September 2017.

The theme of Africa Engineering Conference was "Effective Waste Management in Africa". Informed persons and establishments in the waste management sector from Africa and beyond came together to interact, share experience and ideas and brainstorm on how to strategically and pragmatically confront the problem of waste management and come up with feasible, economically viable and sustainable solutions.



Africa Engineering week Kigali, Rwanda

Strengthening the of the Secretariat

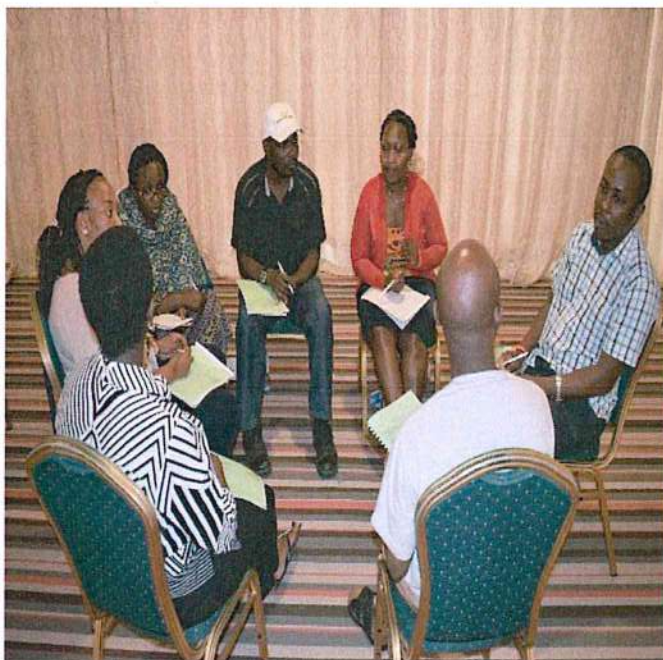
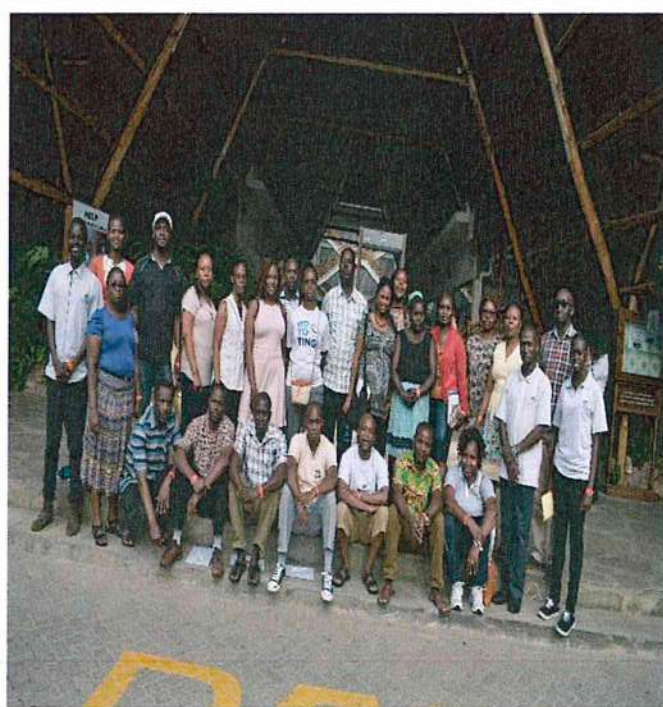
Review of Human Resource Instruments for the Board

The Board with the Guidance of the State Corporations Advisory Committee (SCAC) reviewed the existing Human Resource instruments to ensure that the Boards Human Resources are empowered and managed effectively. The Board reviewed the following documents and aligned them to create a structure that will propel the Board to the next level as regulator of the Engineering profession.

- i. Career Guidelines
- ii. Organizational Structure, Grading and staff establishment
- iii. Human Resource and policy documents

Staff Induction and Teambuilding

The staff of the Engineers Board of Kenya participated in a staff induction training / team building in Mombasa in August 2017. The objective of the training was to sensitize staff members on various policies affecting as well as creates synergies for better performance and service delivery.



Staff Induction and Team building

Training and Capacity Building

CPD Trainers Forum

The Board mounted a workshop targeting CPD Providers (potential trainers) on 12th October 2017 at Kenya School of Monetary Studies, Nairobi. The goal of the Workshop was to sensitize providers on the Board's CPD Policy and engage them on their proposed programmes



CPD Trainers workshop, October 2017

National Engineers Forum

The Board mounted a CPD stakeholder's forum Targeting Consulting Engineers, Professional Engineers and Graduate Engineers (with more than 3 years' experience) on 22nd November 2017 at the Kenya school of monetary studies, Nairobi. The Goal of the workshop was to Sensitize target audience on the upcoming CPD Programme, its Objectives, Requirements and Documentation.



National Engineers Forum, November 2017

CPD Programme Trainings

Continuing Professional Development Trainings play a critical part necessary in maintaining a high level of practice of any profession. The Board has been mandated by the Engineers Act, 2011 to “Plan, arrange, co-ordinate and oversee continuing professional training. The trainings met the overall CPD objectives mainly to improve professional competence of local engineers and engineering firms and enable engineers keep abreast of changing procedures and standards.

Some of the CPD trainings held during the year include the following;

i. RISK ASSESSMENT & MITIGATION

The training workshop was held in Kisumu on 15th & 16th May 2018. The following topics were covered during the workshop:

- ✓ Infrastructure Project Risk Management
- ✓ Risk management in Construction Sites
- ✓ Financial Risk Management

The workshop was very successful and drew a participation of 75 engineers from both public and private sectors.

ii. ADEQUACY OF EXISTING KENYAN ENGINEERING STANDARDS

The training workshop was held in Nakuru on 28th & 29th June, 2018 and was facilitated by experts in development and application of engineering standards. The following topics were covered during the workshop:

- ✓ Development of Engineering Standards in Kenya
- ✓ Eurocodes: Overview and Application
- ✓ Implementation of Engineering Standards in Kenya
- ✓ Engineering Standards and Design

The workshop drew a participation of 87 engineers from both public and private sectors.

iii. KENYA'S PREPAREDNESS IN HANDLING NATIONAL DISASTERS

The thought leadership forum was held on 3rd May 2018 in Nairobi. The discussion was on:

Overview of Kenya's readiness to handle national disasters

- ✓ Disaster zones in Kenya and most recent disasters in Kenya
- ✓ Governments plan to deal with disasters in Kenya



CPD Programme Trainings, February, March 2018



CPD Trainings, April-June 2018

Accreditation of University Programme at the University of Eldoret

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

In exercising the particular mandate, the Board conducted an accreditation visit to the University of Eldoret in order to evaluate adequacy of its engineering programmes. The accreditation visit was a culmination of elaborate engagement with the University for a long period of time to ensure that the programmes meets the needs of the students, the Country and was sufficient to enable the graduates to be trained to become professional engineers. This visit culminated into accreditation of one of its Engineering programmes- B.Eng. Agriculture & Biosystems Engineering.



Accreditation Visit at the University of Eldoret

Promoting the Engineering Profession

Graduate Engineer Internship Programme (GEIP) Workshop

GEIP is a proposed structured 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 2 years. The Board mounted a workshop targeting stakeholders for the upcoming GEIP Programme. The Goal of the workshop was to Sensitize target audience on the upcoming GEIP Programme, its objectives how different stakeholders can come together and make the programme a success.



GEIP Workshop, Nairobi, March 2018

Stakeholders Workshops

The Engineers Act, 2011 empower and require the Board to collaborate with stakeholders in matters relating to training and professional development of engineers.

The Strategic Plan (2014 – 2019) identifies key stakeholders and as well as sensitization, education and promotion of ethical and professional behavior among licensed engineers and engineering firms as a strategy that can be employed in order to achieve the strategic goal of regulation of engineering professional services.

The Board mounted two conferences targeting a stakeholders in the North Rift Region (Eldoret) in February 2018 and in Embu in May 2018 targeting those Central/Eastern regions

The objectives of the workshops were

- i. Sensitization to the stakeholders on the Engineers Act 2011 was done and this is expected to bring higher compliance to the law.
- ii. Engineers present were sensitized on mandatory Continuous Professional Development programme which has been rolled out.
- iii. Sensitization on the Strategic Plan to the Board's stakeholders, this will bring ease in creating partnerships with the stakeholders on different activities.
- iv. The conference provided a platform for players in the engineering industry to come together and discuss the future of engineering and infrastructure development in Kenya.

The workshops provided an opportunity for the Board to share its plans on the execution of its mandate in accordance with Engineers Act of 2011. The Workshops also provided a platform to highlight the Boards mandate and its role in the development of the engineering profession. Challenges facing the engineering sector were also discussed and proposals were given on the way forward. The Workshop attracted participants from the following stakeholders among others.

- ✓ National and County Governments and agencies
- ✓ Learning/ Research Institutions offering Engineering courses
- ✓ The Media
- ✓ NGOs
- ✓ Engineers and Engineering Consulting Firms
- ✓ The Public



Stakeholders Conferences

MEETINGS ATTENDED BY BOARD MEMBERS

MEETING	NAMES OF BOARD MEMBERS	TIMES ATTENDED
Ordinary Board	Eng.D M Wanjau	4
	Eng. Prof F J. Gichaga	4
	Etyang Abedinego	4
	Eng. Prof Bancy Mati	4
	Eng. Aruna Patel	4
	Eng. Julius Riungu	4
	Eng.Collins Juma	1
	Obiero Charles	4
	Eng M.E Okonji	4
	Eng. A. M Samatar	2
	NUMBER OF MEETINGS HELD	4
Special Board	Eng.D M Wanjau	11
	Obiero Charles	8
	Eng. Prof F J. Gichaga	10
	Eng. Julius Riungu	9
	Eng. Aruna Patel	9
	Etyang Abedinego	11
	Eng. G.L.A. Onyango	3
	Eng. A.M Samatar	2
	Eng.Prof Bancy Mati	9
	Eng. Michael Okonji	11
	Number Of Meetings Held	11
Finance ,Administration and Human Resource Development Committee	Eng. Julius Riungu	10
	Eng M.E Okonji	8
	Etyang Abedinego	10
	Number Of Meetings Held	10
Academic Qualifications Committee	Eng. Prof F J. Gichaga	3
	Eng. Prof B.N.K Njoroge	3
	Eng. Prof Elijah Mwangi	3
	Eng. George Nyangasi	3
	Number Of Meetings Held	3
Registration and Professional Development Committee	Eng M.E Okonji	6
	Eng Prof F J. Gichaga	6
	Eng G.L.A. Onyango	2
	Eng Prof Bancy Mati	4
	NUMBER OF MEETINGS HELD	6

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to the mandate of the organization towards betterment of the society;

To this end the Board in the year under review undertook various activities including;

- a) Supporting students from the University of Nairobi to undertake sensitization on engineering education to high school students in Meru County.
- b) Undertook stakeholder's workshops to sensitize the Board's stakeholders and the country at large on the mandate of the Board.
- c) Trained staff to enhance their skills and competencies at the workplace.
- d) Participated in conferences and workshops organised by various bodies including the Institution of Engineers of Kenya.

REPORT OF THE DIRECTORS

The Directors submitted their report together with the audited financial statements for the year ended June 30, 2018 which showed the state of Engineers Board of Kenya's affairs.

Principal Activities

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

Results

The results of the entity for the year ended June 30, 2018 are set out from page 21-25

Directors

The Board of Directors who served during the year are shown on page 9-10 In accordance with Engineers Act, 2011.

Auditors

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

By Order of the Board



Chief Executive Officer/Registrar

Nairobi

Date 10th July 2018

STATEMENT OF BOARD'S RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Board's financial statements which give a true and fair view of the state of affairs of the Board and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes:

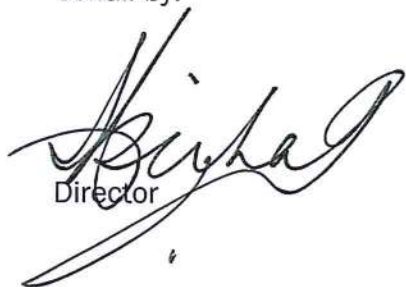
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board.
- (iii) Designing, implementing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

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2018, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

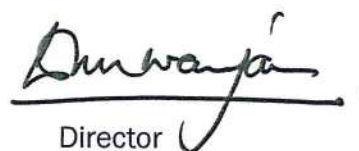
The Board's financial statements were approved by the Board on 11th July 2018 and signed on its behalf by:



Director



Director



Director

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ENGINEERS BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Engineers Board of Kenya set out on pages 39 to 63, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of as at 30 June 2018, 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 Engineers Act, 2011.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Engineers Board of Kenya in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no Key Audit Matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315. The standard requires that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and governance was maintained in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the or to cease operations, or have no realistic alternative but to do so

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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 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 review is planned and performed to express a conclusion with limited assurance as to 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

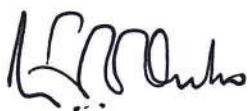
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

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

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

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

12 April 2019

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2018

	YEAR	2017/2018	2016/2017
	NOTES	KSHS	KSHS
REVENUE: NON EXCHANGE TRANSACTIONS			
Government Grants	1	114,687,500	45,500,000
Application Fees	2	3,172,680	1,971,197
Annual Subscription Fees	3	15,695,050	16,058,491
License Fees	4	1,666,347	1,425,063
In Kind Donations	5	11,298,084	-
Total Non-Exchange Transactions		146,519,661	64,954,751
REVENUE FROM EXCHANGE TRANSACTIONS			
Finance Income (HFCK Interest)	6	331,829	1,514,961
Other Income	7	205,058	27,500
CPD Income	8	5,531,920	-
Total Exchange Transactions		6,068,807	1,542,461
Total Revenue		152,588,468	66,497,212
EXPENSES			
Staff Costs	9	42,971,160	19,891,851
Board Expenses	10	11,942,010	13,060,527
Administrative Expenses	11	12,518,849	14,117,079
Maintenance Costs	12	3,513,322	1,441,184
Workshops, Media and Legal Costs	13	10,679,293	7,976,309
Audit Fees	14	350,000	300,000
Training Expenses	15	924,750	926,110
CPD Expenses	16	3,371,473	-
Provision for Doubtful Debts	17	2,719,197	-
In kind expenses	18	5,811,784	-
Depreciation and Amortization	19	7,914,931	8,670,637
Total Expenses		102,716,769	66,383,697
SURPLUS FOR THE PERIOD		49,871,698	113,515

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

	YEAR	2017/2018	2016/2017
ASSETS	NOTES	KSHS	KSHS
CURRENT ASSETS			
Inventories	20	2,478,203	695,099
Receivables	21	29,089,673	30,069,731
Cash and Cash Equivalents	22	22,780,312	19,444,613
Total Current Assets		54,348,188	50,209,443
Non-Current Assets			
Property and Equipment	19	143,265,841	75,332,935
Fixed Income Investments	23	-	582,382
Total Non-Current Assets		143,265,841	75,915,317
TOTAL ASSETS		197,614,029	126,124,760
EQUITY AND LIABILITIES			
EQUITY			
Capital Reserves	24	47,484,821	47,484,821
Retained Earnings	25	131,090,736	78,639,939
TOTAL EQUITY		178,575,557	126,124,760
CURRENT LIABILITIES			
Trade Payables	26	17,214,911	-
Accrued- Audit Fee	26	350,000	-
Unidentified Receipts	26	1,473,561	-
Total Current Liabilities		19,038,472	-
TOTAL EQUITY AND LIABILITIES		197,614,029	126,124,760

The Financial Statements set out on page 39 to 43 were signed on behalf of the Board of Directors by:

C.E.O/ REGISTRAR

Eng. Nicholas M. Musuni, PE

ACCOUNTANT

Tony Kibet Langat (ASSOC/2198)

BOARD CHAIRMAN

Eng. D.M Waniau, PE

Date... 30/09/2018

Date... 30/09/2018

Date... 30/09/2018

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2018

	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	KSHS	KSHS	KSHS
Balance As At 1st July 2017	47,484,821	55,898,504	103,383,325
Surplus For The Year		113,515	113,515
Prior Year Adjustment		22,663,520	22,663,520
Balance As At 30th June 2017	47,484,821	78,639,939	126,124,760
Prior Year Adjustment		2,579,099	2,579,099
Surplus For The Year		49,871,698	49,871,698
Balance As At 30th June 2018	47,484,821	131,090,736	178,575,557

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2017/2018	2016/2017
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		49,871,698	113,515
Add back:			
Depreciation	19	7,914,931	8,670,637
Prior year adjustment	26	2,644,448	22,627,920
Provision for Doubtful Debts	17	2,719,197	
Surplus Before Working Capital Changes		63,150,274	31,412,072
Changes In Working Capital			
Increase in inventories	20	(1,784,104)	(39,769)
Changes in receivables	21	(1,803,489)	(30,069,731)
Increase (Decrease) in payables	27	19,038,472	(626,064)
NET CASH GENERATED FROM OPERATING ACTIVITIES		78,601,153	676,508
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	23	(5,486,300)	(6,478,659)
Investment in office space	23	(69,364,341)	(63,881,436)
Acquisition of intangible assets	23	(709,200)	(1,087,299)
Acquisition of Computers & Related Equipment		(287,995)	
Proceeds from disposal of fixed income investments	24	582,382	45,485,039
NET CASH GENERATED FROM INVESTING ACTIVITIES		(75,265,454)	(25,962,355)
Net Increase (Decrease) In Cash And Cash Equivalents		3,335,699	(25,285,847)
Cash and cash equivalents at beginning of the year		19,444,613	44,730,460
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		22,780,312	19,444,613

STATEMENT OF COMPARATIVE BUDGETED VS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2018

ITEM	APPROVED BUDGET	ACTUAL	VARIANCE (BUDGET VS ACTUAL)	% VARIANCE	Remarks
Government Grants	253,484,000	114,687,500	138,796,500	(55%)	Government funding fell short of the approved
Application Fees	9,000,000	3,172,680	(5,827,320)	(65%)	The Board anticipated revision of application fee from members in the approved budget. Gazettement was not done
Annual Subscription Fees	63,150,000	15,695,050	(47,454,950)	(75%)	The Board anticipated revision of application fee from members in the approved budget. Gazettement was not done
License Fees	16,800,000	1,666,347	(15,133,653)	(90%)	The Board anticipated revision of application fee from members in the approved budget. Gazettement was not done
In Kind Donations	25,000,000	11,298,084	(13,701,916)	(55%)	Most contracts were signed for delivery of goods by closure of financial year. However, goods were not yet supplied
Bank Interest	300,000	331,829	31,829	11%	
Other Income	50,000	205,058	155,058	310%	This was as a result of recognition of income from Mpesa transaction revenue that had not been anticipated
CPD Income	0	5,531,920	5,531,920		This was unanticipated income. CPD was commissioned earlier than as had been expected while preparing the budget
Staff Costs	42,080,000	42,971,160	891,160	2%	
Board Expenses	15,000,000	11,942,010	(3,057,990)	(20%)	Board Scaled down operations due to resource challenges
Administrative Expenses	18,854,000	12,518,849	(6,335,151)	(34%)	Board Scaled down operations due to resource challenges
Maintenance Costs	12,500,000	3,513,322	(8,986,678)	(72%)	Board Scaled down operations due to resource challenges
Workshops, Media and Legal Costs	15,000,000	10,679,293	(4,320,707)	(29%)	Board Scaled down operations due to resource challenges
Audit Fees	350,000	350,000	0		
Training Expenses	1,000,000	924,750	(75,250)	(8%)	
CPD Expenses	0	3,371,473	3,371,473		This was unanticipated expense. CPD was commissioned earlier than expected
Provision for Doubtful Debts	3,000,000	2,719,197	(280,803)	(9%)	
Depreciation and Amortization	10,000,000	7,914,931	(2,085,069)	(21%)	The projected acquisition of assets under World Bank funded projects was not completed

NOTES TO THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

III. ADOPTION OF NEW AND REVISED STANDARDS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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

c. Early adoption of standards

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

b) Budget information – IPSAS 24

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Taxes – IAS 12

Current income tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

e) Property, plant and equipment – IPSAS 17

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Category	Estimated Useful life	Depreciation rate
Telephones, Telephone Equipment's, Apparatus and Instruments	8	12 ½ %
Furniture and Fittings	8	12 ½ %
Motor vehicles and Motor cycles	4	25 %
Computers, photocopiers, fax machines, calculators and IT Equipment	3	33 1/3 %

h) Financial instruments – IPSAS 29***Financial assets******Initial recognition and measurement***

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

Loans and receivables

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

Held-to-maturity

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED***Impairment of financial assets***

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

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

i) Financial liabilities***Initial recognition and measurement***

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

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

Loans and borrowing

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

IPSAS 29.65

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

i) Inventories – IPSAS 12

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

j) Provisions – IPSAS 19

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

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

Contingent liabilities

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

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

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

Contingent assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

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

n) Foreign currency transactions – IPSAS 4

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

o) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties – IPSAS 20

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

q) Intangible Assets -IPSAS 31

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

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

r) Service concession arrangements – IPSAS 32

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

s) Cash and cash equivalents

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

t) Comparative figures

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

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

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

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

Estimates and assumptions

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

Useful lives and residual values

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED			
NOTE	DESCRIPTION	2017/2018	2016/2017
1	Government Grants	KSHS	KSHS
	State Department of Infrastructure Recurrent	114,687,500	45,500,000
		114,687,500	45,500,000
2	Application fees		
	Consulting firms	268,000	196,000
	Consulting engineers	57,000	27,000
	Professional engineers	312,000	179,200
	Graduate engineers	1,754,500	1,213,000
	Temporary engineers	781,180	355,997
		3,172,680	1,971,197
3	Annual subscription fees		
	Consulting firms	930,000	1,314,000
	Consulting engineers	1,091,650	962,500
	Professional engineers	2,648,400	2,611,400
	Graduate engineers	10,399,000	10,543,091
	Graduate technicians	626,000	627,500
		15,695,050	16,058,491
4	License fees		
	Engineers Practice License	1,666,347	1,425,063
		1,666,347	1,425,063
5	Donations in kind		
	World Bank Programmes	11,298,084	0
6	Finance income		
	Finance Income (HFCK Interest)	331,829	1,514,961
7	Other Income		
	Sale of Tenders	5000	20,000
	Replacement of Certificates	8000	7,500
	Mpesa Utility	192,058	0
		205,058	27,500

NOTES TO THE FINANCIAL STATEMENTS CONTINUED			
NOTE	DESCRIPTION	2017/2018	2016/2017
8	CPD Income		
	Course Accreditation Fee	1,535,500	0
	Tuition Fee	3,996,420	0
		5,531,920	
9	Staff costs		
	Casual Labour	1,980,551	989,304
	Deployed Allowances	689,546	1,399,999
	Gross salaries	34,037,135	17,502,548
	Staff Medical Insurance & WIBA	6,263,929	
		42,971,160	19,891,851
10	Board expenses		
	Chairman honoraria	960,000	960,000
	Board, panel, committee allowances and expenses	9,843,341	12,100,527
	Board Medical Cover	1,138,669	
		11,942,010	13,060,527
11	Administrative expenses		
	Communication services & supplies	1,048,621	633,279
	Fuel, Transport, Travel & subsistence	2,587,044	5,002,340
	Printing & stationery	4,481,674	5,713,889
	Hospitality supplies and services	3,198,456	1,321,358
	Insurance	729,219	936,708
	Utilities	303,307	230,075
	Bank charges	170,528	279,430
		12,518,849	14,117,079
12	Maintenance costs		
	Maintenance Furniture	6,438	30,500
	Maintenance Equipment	901,813	426,214
	Maintenance Building	1,847,124	612,985
	Maintenance Vehicles	757,946	371,485
		3,513,322	1,441,184

NOTES TO THE FINANCIAL STATEMENTS CONTINUED			
NOTE	DESCRIPTION	2017/2018	2016/2017
13	Workshops, media and legal		
	Workshops	4,278,393	3,363,880
	Media and publicity	3,791,544	2,131,400
	Legal and Contracted Services	2,609,356	2,481,029
		10,679,293	7,976,309
14	Audit fee		
	Audit fees	350,000	300,000
15	Training Expenses		
	Staff Training	924,750	926,110
16	CPD Expenses		
	Conference Facilities	2,108,889	0
	Facilitation Fee	1,262,584	0
		3,371,473	0
17	Provision of Doubtful Debts		
	Provision of Doubtful Debts	2,719,197	0
18	In kind expenses		
	In kind expenses	5,811,784	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. PROPERTY PLANT AND EQUIPMENT 2016/2017

2016/2017	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Intangible Assets	Total
COST OR VALUATION						
At July 1, 2016		32,227,018	5,156,013	1,524,534	0	38,907,565
Additions	63,881,436	-	4,037,822	2,440,837	1,087,299	71,447,394
At June 30, 2017	63,881,436	32,227,018	9,193,835	3,965,371	1,087,299	110,354,959
DEPRECIATION						
At July 1, 2016		22,391,706	3,306,862	652,819	0	26,351,387
Charge for the year		4,917,534	2,982,915	661,458	108,730	8,670,637
NET BOOK VALUE At June 30, 2017	63,881,436	4,917,779	2,904,058	2,651,094	978,569	75,332,935

19. PROPERTY PLANT AND EQUIPMENT 2017/2018

2017/2018	Office Space	Motor Vehicles, Including, Motor Cycles	Computers & Related Equipment	Office Equipment, Furniture & Fittings	Intangible Assets	Total
COST OR VALUATION						
At July 1, 2017	63,881,436	32,227,018	9,193,835	3,965,371	1,087,299	110,354,959
Additions	69,364,341	-	287,995	5,486,300	709,200	75,847,836
At June 30, 2018	133,245,777	32,227,018	9,481,830	9,451,671	1,796,499	186,202,795
DEPRECIATION						
At July 1, 2016		27,309,240	6,289,777	1,314,277	108,730	35,022,024
Charge for the year		4,917,534	1,630,289	1,181,460	185,649	7,914,931
NET BOOK VALUE At June 30, 2018	133,245,777	0	1,561,764	6,956,179	1,502,120	143,265,841

NOTES TO THE FINANCIAL STATEMENTS CONTINUED			
NOTE	DESCRIPTION	2017/2018	2016/2017
20	Inventory at cost	2,478,203	695,099
21	Receivables		
	Consulting Firms	1,836,500	1,753,500
	Graduate Engineers	26,802,710	25,431,621
	Professional Engineers	1,571,470	1,635,870
	Graduate Technicians	1,785,200	1,206,200
	Consulting Engineers	(187,010)	42,540
	Provision of Doubtful Debts	(2,719,197)	
		29,089,673	30,069,731
22	Cash and cash equivalents		
	National Bank	14,679,134	17,408,776
	Housing Finance	6,755,252	
	MPESA balances	1,345,927	2,035,837
		22,780,312	19,444,613
23	Fixed income investments		
	Opening bank balance	0	46,067,422
	Interest accrued	0	1,514,961
	Liquidation during the year	0	(47,000,000)
	Closing balance	0	582,382
24	Capital Reserve		
	Opening Balance	47,484,821	47,484,821
			47,484,821
25	Retained Earnings		
	Opening Balance	78,639,939	55,898,504
	Surplus for the Year	49,871,698	113,515
	Prior Year adjustment	2,579,099	22,663,520
		131,090,736	78,639,939
26	Current Assets		
	Accounts Payable	17,214,911	-
	Accrued- Audit Fee	350,000	-
	Unidentified Receipts	1,473,561	
		19,038,472	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. RELATED PARTY DISCLOSURES

(a) Government of Kenya

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

(b) Key Management

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

(c) Board Members

The board expenses during the period reported totalled **Ksh 11,942,010**

(d) Prior Year Adjustment

The adjustments were recognition of payables as a result of movement from cash basis to accrual basis.

24. FINANCIAL RISK MANAGEMENT

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

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

Market risk

Foreign exchange risk

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

Price risk

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

The Board neither trades in debt securities

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Interest rate risk

The Board's exposure in risks associated with interest bearing assets include investments in Fixed Deposit account. However, this has since been liquidated 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.

25. INCORPORATION/LEGAL STATUS

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

26. SEGMENT REPORTING

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

27. 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.

28. CURRENCY

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

29. EVENTS AFTER REPORTING PERIOD

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**30. FURTHER NOTES TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

State Dept of Infrastructure	21/11/2017	8,750,000	8,750,000
State Dept of Infrastructure	21/11/2017	22,500,000	31,250,000
State Dept of Infrastructure	26/01/2018	8,750,000	40,000,000
State Dept of Infrastructure	26/01/2018	22,500,000	62,500,000
State Dept of Infrastructure	20/03/2018	8,750,000	71,250,000
State Dept of Infrastructure	16/04/2018	22,500,000	93,750,000
State Dept of Infrastructure	18/06/2018	8,750,000	102,500,000
State Dept of Infrastructure	27/06/2018	12,187,500	114,687,500.

31. NATURE AND PURPOSE OF RESERVES**CAPITAL RESERVES**

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

RETAINED EARNINGS

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

32. OUTSTANDING AUDIT ISSUES

There were no outstanding audit issues arising from previous audits



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