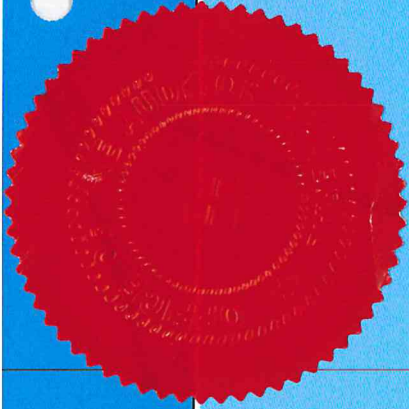


REPUBLIC OF KENYA



REPORT

| | |
|-----------------------|-----------|
| THE NATIONAL ASSEMBLY | |
| DATE: 16 FEB 2022 | |
| TABLED BY: | LDM |
| CLERK-AT THE TABLE: | S. Kalawa |

OF

THE AUDITOR-GENERAL

ON

**NATIONAL ENVIRONMENTAL COMPLAINTS
COMMITTEE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE (NECC)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

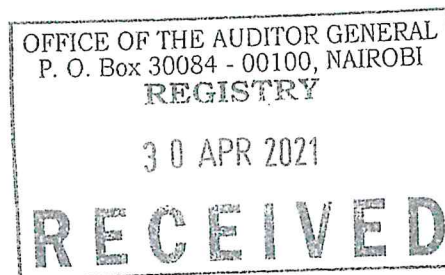


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KEY ENTITY INFORMATION AND MANAGEMENT

(i) Background information

The National Environmental Complaints Committee (NECC), herein referred to as the Committee, is established under Sections 31 to 36 of the Environmental Management and Co-ordination Act (Cap 387 of the Laws of Kenya) (Previously cited as Act No. 8 of 1999). It was formerly known as the Public Complaints Committee but was renamed when the law was amended in 2015 (EMCA (Amendment) 2015). The first Committee was formally constituted and launched by the then Minister in August 2001. The Committee started full operations in January 2003. Its mandate is to investigate allegations or complaints regarding the condition of the environment in Kenya, or on its own motion, suspected cases of environmental degradation. NECC is domiciled in Kenya and its offices are in Bellevue area in Nairobi. It is an important institution in the assessment of the condition of the environment in Kenya. It plays an important role in the facilitation of alternative dispute resolution mechanisms relating to environmental matters. NECC makes recommendations to the Cabinet Secretary and thus contributes significantly to the formulation and development of environmental policy.

(ii) Principal Activities

The Principal activity of NECC is to investigate the degradation of the environment. Its mission and vision are as follows;

Vision: To be the leading environmental ombudsman in Africa

Mission: To facilitate access to environmental justice to the public by providing a forum for expeditious and affordable environmental conflict resolution and to contribute to environmental policy development.

The Principal activity of the National Environmental Complaints Committee is to conduct in-depth investigation of any allegations against any person in relation to the condition of the environment in Kenya or on its own motion; any suspected case of environmental degradation. Further, parliament through Section 32 of EMCA mandates NECC to: prepare and submit to the Cabinet Secretary periodic reports of its activities which report shall form part of the annual report on the state of the environment; undertake Public Interest Litigation (PIL) on behalf of the citizens in environmental matters and to perform such other functions and exercise such powers as may be assigned to it by the Cabinet Secretary.

(iii) Entity Headquarters

National environmental Complaints Committee Headquarters
P. O. Box 36256 - 00200
Bellevue Area, Popo Road off Mombasa Road
DRSRS Building
Nairobi, KENYA

(iv) Entity Contacts

Telephone (254) 0202405782
Email: info@necc.go.ke
Website: www.necc.go.ke
Hotline: [0722510510](tel:0722510510)

(v) Entity Bankers

Kenya Commercial Bank
KCB Capital Hill Branch
P. O. Box 69695 – 00400
Nairobi, KENYA




(vi) Independent Auditors



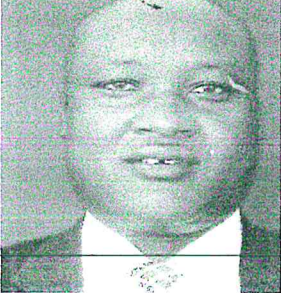
Auditor General
Office of the Auditor- General
Anniversary Towers, University Way
P. O. Box 30084
GOP 00100
Nairobi, KENYA

(vii) Principal Legal Adviser




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

COMMITTEE MEMBERS

| | |
|---|--|
|  <p>Ms. Felicity Biriri Member</p> | <p>DATE OF BIRTH: 11TH OCTOBER 1968</p> <p><u>Education Background</u></p> <ul style="list-style-type: none"> • BA HRM (Kenyatta University) • Master in Peace Management and Conflict Resolution (Kenyatta University) <p><u>Work Experience</u></p> <p>17 year experience</p> |
|  <p>Ms. Isabella Masinde Member</p> | <p><u>Education Background</u></p> <ul style="list-style-type: none"> • BSC- Biology 1986 :UEA-Baraton • MSC-Ecology 1989 :Aberdeen University (Scotland) • 1994-Environmental Assessment and Management (CEMP) Aberdeen <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Senior Researcher at KWS in charge of Ecological Monitoring • Task Manager at UNEP for the Global Biodiversity Assessment • Biodiversity Policy Officer at WWF in Treaties and Agreements Division • Team Leader at ITDG (Practical Action) in the Rural Livelihoods Programme (Reducing Vulnerability) • CEO at Clout • Climate Change Advisor at AWF • Technical Advisor at the Ministry of Environment and Natural Resources <p><u>Boards</u></p> <ul style="list-style-type: none"> • Member of NEPAD Climate Change Fund in South Africa • Member of NEMA Board up to 2010 <p>Now member of NECC</p> |
|  <p>Ms. Caroline Wanyonyi Member</p> | <p><u>Education Background</u></p> <ul style="list-style-type: none"> • LLB (Nagpur University) • Dip Law (KSL) • Certified Professional Mediator (MTI) <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Advocate of the High Court of Kenya (2002) • Commissioner of Oaths (2008) • Litigation experience of 14 years • National Land Commission County Coordinator, Kakamega (2014) • Now Member of NECC <p><u>Professional Membership</u></p> <ul style="list-style-type: none"> • Law Society of Kenya (LSK) (2002) • Fida Kenya (FIDA) (2005) • Mediation Training Institute (CPM) 2018 <p><u>Boards</u></p> <ul style="list-style-type: none"> • Law Society of Kenya (LSK) 2010-2015 • Federation of Women Lawyers (FIDA) 2008-2011 • Chesamisi High School Vice Chair, Board of Management |

| | |
|--|--|
|  <p>Ms. Sylvia Kone Member</p> | <p>DATE OF BIRTH: 29TH JUNE 1977</p> <p><u>Education Background</u></p> <ul style="list-style-type: none"> • MBA Leadership and Sustainability (Cumbria University, U.K) • BBA (KEMU) • Diploma in Community Based Project Planning and Management <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Administration Manager, Ewaso Nyiro South Development Authority (ENSDA) • Administration Manager, IBL (12 years) |
| | <ul style="list-style-type: none"> • Administrator, Hkerin Loita Integrated Development Project <p><u>Boards</u></p> <ul style="list-style-type: none"> • Member, Narok County Environment Stakeholders Community • Member, Kenya Institute of Management (KIM) |
|  <p>Mr. Jeremiah M. Matunda Member</p> | <p><u>Education Background</u></p> <ul style="list-style-type: none"> • PhD student – to –date – University of Nairobi • Strategic Leadership Development Program (SLDP) from Kenya School of Government • Master of Law (LLM UoN) • Diploma from Kenya School of Law • Bachelor of Social Law (BSL) <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Senior Litigation Counsel – Office of Attorney General <p><u>Boards</u></p> <ul style="list-style-type: none"> • Aletrnate to AG – Hydrologist Registration Board – Ministry of Water <p>Certified Mediator CEDRE</p> |
|  <p>Dr. John K. Chumo Committee Secretary</p> | <p>DATE OF BIRTH: 1972</p> <p><u>Education Background</u></p> <ul style="list-style-type: none"> • BSC- Mathematics and Computer Science/JKUAT • Mphil/Phd in Environmental Studies(Environmental Information Systems) <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Environmental Lecturer, University of Eldoret • EIA Expert/Consultant • County Executive Member, Lands, Environment and Natural Resources, Nandi County • Chairman, County Ministers Council in charge of Environment and Natural Resources (Council of Governors) • Head of Department, Chemical Technology, Eldoret National Polytechnic |

MANAGEMENT TEAM

| | |
|---|--|
|  | <p>DATE OF BIRTH: 1972 <u>Education Background</u></p> <ul style="list-style-type: none"> • BSC- Mathematics and Computer Science/JKUAT • Mphil/Phd in Environmental Studies (Environmental Information Systems) <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Environmental Lecturer, University of Eldoret • EIA Expert/Consultant • County Executive Member, Lands, Environment and Natural Resources, Nandi County • Chairman, County Ministers Council in charge of Environment and Natural Resources (Council of Governors) • Head of Department, Chemical Technology, Eldoret National Polytechnic |
| <p>Dr. John K. Chumo Committee Secretary</p> | |
|  | <p>Head of Administration Bachelor of Commerce (Accounting), UoN MBA (on-going) UoN</p> |
| <p>Mr. Fredrick Olendo</p> | |
|  | <p>Head of Finance CPA II A Levels Over 26 years' experience in government finance</p> |
| <p>Mr. Duncan Kombo</p> | |

(i) **Board Sub-Committees**

| Name of the Sub-Committee | Members |
|---|---|
| Finance Human Resource and Administration Committee | 1. Felicity Biriri 2. Ms. Caroline W. Khaso 3. Dr. John K. Chumo |
| Audit | 1. Sylvia M. Kone |
| Public Interest Litigation | 2. Ms. Isabella A. Masinde 1. Ms. Caroline W. Khasoa 2. Mr. Jeremiah M. Motari 3. Ms. Felicity N. Biriri 4. Dr. John K. Chumo |
| Investigations | 1. Ms. Isabella A. Masinde 2. Ms. Sylvia M. Kones 3. Mr. Jeremiah M. Motari |

CHAIRMAN'S STATEMENT

The National Environmental Complaints Committee (NECC) was established under Section 31-36 of the Environmental Management and Co-ordination Act, 1999 with the mandate of investigating allegations or complaints regarding the condition of the environment in Kenya, or on its own motion, suspected cases of environmental degradation. This makes NECC, the Environmental Ombudsman. NECC prepares reports of its findings and recommendations thereon and submits the same to the Cabinet Secretary in charge of Environment. According to the Act, every person is entitled to a clean and healthy environment.

During this report period, NECC has managed to deliver on its mandate of investigating over 150 environmental complaints across the country. This has served to deliver environmental justice to several aggrieved parties whose environment has been impacted upon. This has also improved livelihoods of the citizens who have been suffering from the degradation, especially in aspects of pollution. This has led to improved health and wealth creation amongst the citizenry. Several disputes have also been resolved through alternative dispute resolution (ADR) mechanisms without necessarily ending up in court, saving on time and costs. NECC has also touched the lives of Kenyans through its corporate social responsibility by donating learning materials to schools, several tree planting activities and environmental clean-ups, in conjunction with its stakeholders.

Just like all other agencies, NECC faces some challenges in its endeavour to perform its functions. Though NECC recognizes that resources are never enough, its resources are low and barely sufficient to carry out its mandate bearing in mind that NECC has to investigate complaints from all the counties. This affects its ability to hire staff and provide area specific training for staff and Committee Members; office space and equipment require to be enhanced. After its investigations, NECC makes recommendations on its findings and sends the same to the implementing agencies. This is done with the aim of fast-tracking corrective action towards the resolution of complaints. Many times, some lead agencies have failed to take corrective action and complaints remain unresolved unnecessarily. NECC requests that the establishment of a link office at the Ministry headquarters may lead to hastened transmission of NECC's recommendations and responses.

Going forward and to enhance the operation of NECC, there is need to recruit staff with specialized skills and ensure that funding of NECC be provided in accordance with Section 36 (2) of EMCA, 1999. The increased budgetary requirements in line with the expanded activities of NECC means that there is a need to expand sources of funding to cater for awareness creation activities and linkages, establish a data management system, provide adequate office space and equipment and undertake public interest litigation on behalf of the citizens. Additionally, NECC will seek new knowledge, collaboration and educational opportunities for members and staff to strengthen their capacity. It will also work closely with the Ministry of Environment and Forestry to ensure that documentation and publications are widely distributed to the general public for implementation.

The future of the NECC is bright and the Committee will be able to achieve much more in the coming days to ensure a clean and healthy environment for all.



MS. ISABELLA MASINDE, HSC
FOR: CHAIRMAN

REPORT OF THE CHIEF EXECUTIVE OFFICER

NECC is established under Section 31 of the Environmental Management and Co-ordination Act, 1999 (No. 5 of 2015). According to Section 31 of the Act, the membership of NECC is drawn from key stakeholders in environmental management. The Committee consists of seven members headed by a Chairperson, who is appointed by the Cabinet Secretary and qualifies to be a judge of the Environment and Land Court of Kenya. Other members are; a representative of the Attorney General, a representative of the Law Society of Kenya, one person who has demonstrated competence in environmental matters to be nominated by the Council of Governors and who is the Secretary to the Committee, a representative of the business community and two members, appointed by the Cabinet Secretary for their active role in environmental management.

It is a Semi-Autonomous Government Agency (SAGA), operating independently with power to regulate its own procedure. It is established alongside NEMA, NETFUND and NET.

During this report period, NECC has managed to conduct investigations in 23 counties, being Nairobi, Machakos, Kiambu, Kajiado, Makueni, Taita Taveta, Mombasa, Kwale, Kilifi, Kericho, Bomet, narok, Nakuru, Baringo, Nandi, Uasin Gishu, Elgeyo Marakwet, Kisumu, Homa Bay, Siaya, Migori, Vihiga and Bungoma. These are the counties where physical field investigations were conducted, with other complaints from other counties addressed administratively.

A total of 200 complaints were investigated, and they included complaints on solid waste management, poor effluent disposal, land use issues leading to land degradation, forest destruction, desertification, human settlement and Infrastructure issues affecting the environmental balance of an area, environmental disasters, pollution and waste management, public health, tourism and resultant environmental degradation, industrial development and trade issues in relation to the environment, energy production in relation to its effects on the environment, ozone layer protection, biotechnology and the environment, air and noise pollution, loss of biodiversity and loss of endangered species.

The investigations have revealed some short comings on enforcement action, planning and regulatory frameworks and NECC has made recommendations on possible remedies to the above. The findings and recommendations for these investigations have been disseminated to NECC's stakeholders and when implemented, it will go a long way towards securing the environment in Kenya.

To enhance its effectiveness in delivering its mandate, NECC has sought the collaboration of other partners and development agencies. This will ensure continuous capacity building of Committee members and staff, as well as facilitation of the institution to reach more people across the country. This is necessary where NECC will capitalize on existing networks of its partners for awareness creation and publicity.

NECC has also embarked on making amendments of its regulations to include the mandate of Public Interest Litigation and generally updating the regulations to reflect the current state of NECC operations. This has been achieved through involving legal experts in order to address the issues as per the law.

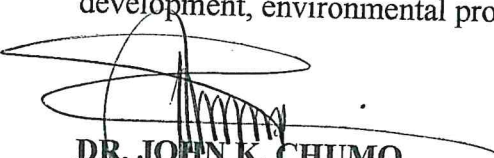
As part of its publicity and awareness campaigns, NECC participated in the annual Clean-Up the World Day celebrations held at Ruai, Kasarani Sub-county. The global Environmental event is commemorated every third weekend of September to promote community action as the key to long term environmental change. There was a clean-up event at the Ruai market and in all the other Sub counties of Nairobi City County. NECC participated in the Nairobi International Trade Fair held at

Jamuhuri Grounds in Nairobi County. Several people visited the stand and were appraised of the work of the Committee, in a bid to build up the public profile of NECC as well as awareness creation. Additionally, the event provided an avenue for the filing of environmental complaints that NECC is currently investigating.

NECC has invested in incorporating tree planting as part of its corporate social responsibility (CSR). Towards achieving this, NECC has participated in several tree planting activities, including at Mutuini, Ngong Forest in Nairobi County. The exercise saw 3,000 trees seedling being planted at the site which later renamed Cabinet Garden after being adopted by Cabinet Secretaries. NECC pledged to donate 10 beehives. NECC joined other stakeholders in a tree planting exercise at Shimba Hills forest. The activity was conducted jointly with the Kenya Forest Service, Kenya Wildlife Service, County Government of Kwale, Base Titanium and WWF. A total number of 3,200 seedlings were planted during the event, towards attaining 10% forest cover. NECC joined other stakeholders in a tree planting exercise to rehabilitate and restore Maasai Mau forest at Sierra Leone in Narok County. The Cabinet Secretary Ministry of Environment and Forestry, Keriako Tobiko led other Multi-sectoral team in launch of 10 million tree planting in Mau forest. NECC in the support to restore Mau forest donated 10,000 tree seedlings. The Committee said that restoration of the forest was one of their recommendations in the numerous complaints NECC received on deforestation. In addition, the exercise would benefit millions living downstream in the Mara and Serengeti ecosystems. Other tree planting activities were also conducted in Taita Taveta County, Ondiri Swamp in Kikuyu Sub-County of Kiambu County and Kibirong Swamp in Nandi County.

NECC has also handled other assignments within this period which include the development of a status report on Ondiri Swamp in Kikuyu, Kiambu County, participation in the planning meetings for the preparation for the World Environment Day and celebration through tree planting of the at Ondiri Swamp, participation in the planning meetings for the preparation of the Desertification and Drought Day celebrated at City Park, Nairobi County, participation at the 4th Annual Kaptagat tree planting exercise in June and preparation of the Annual Work plan, Procurement Plan and Performance Contract.

NECC has a significant role to play in the “Big Four” transformative agenda sectors in view of the nature of its role and involvement in national development. The role of NECC as the Environmental Ombudsman provides an enabling environment and platform through which all stakeholders can be brought together to learn and to share their experiences on balancing between economic development, environmental protection and sustainability.



DR. JOHN K. CHUMO
COMMITTEE SECRETARY

MANAGEMENT DISCUSSION AND ANALYSIS

The complaints investigated during this period were 74 and the schedule of Reports is as follows

Schedule of Reports

| REGION | No. | REPORTS |
|-------------------|-----|--|
| Coast Region | 1. | Baobab Beach, Bidi Badu Restaurant |
| | 2. | Consultative forum |
| | 3. | Quarries in Jaribuni Ward |
| | 4. | Public <i>baraza</i> |
| | 5. | VOK dumpsite |
| South Rift Region | 6. | Sojanmi Springfields |
| | 7. | Eucalyptus in Konoin, Bomet |
| | 8. | AIC Litein Mission Hospital |
| | 9. | Quartz mining in Loita |
| | 10. | Medical waste in Bomet |
| | 11. | Quarrying by Transmara Sugar |
| | 12. | Degradation of Enapuyapi wetland |
| | 13. | Kilgoris slaughterhouse |
| | 14. | Waste management in Kilgoris and |
| | 15. | Eucalyptus in Romosha |
| | 16. | Quarrying at Sachora, and |
| | 17. | Narok slaughterhouses |
| | 18. | Asbestos disposal in Nakuru |
| North Rift Region | 19. | Roret slaughterhouse |
| | 20. | Kericho wetlands |
| | 21. | Solid waste in Narok |
| | 22. | Kapsabet Dumpsite |
| | 23. | Flouspar Mining |
| | 24. | Saimo forest |
| | 25. | Lake Kamnarok |
| | 26. | Kapchemutwa Forest |
| | 27. | Baraza at Kibirong wetland |
| | 28. | Cheboen, Kipiriria & Chemaech Wetlands degradation |
| | 29. | Borrow Pits |
| | 30. | Naiberi-Drys Road |
| Nyanza Region | 31. | Eldama Ravine dumpsite |
| | 32. | Kabongwa Wetland |
| | 33. | Unrehabilitated borrow pits in Iten |
| | 34. | Kabarnet County Hospital |
| | 35. | Kabarnet Dumpsite |
| | 36. | Sand harvesting in Homabay |
| | 37. | Sukari Industries |
| | 38. | Solid waste in Siaya |
| | 39. | Gold mining, Rarienda |
| | 40. | Gold mining, Migori |
| | 41. | Abattoir, Kendu Bay |

| | | |
|--|-----|---------------------------------------|
| | 42. | Lumoro Dumpsite, Bungoma |
| | 43. | KEMRI, Kisumu |
| | 44. | Equator Bottlers, Coca cola, Kisumu |
| | 45. | Kenya Breweries Limited (KBL), Kisumu |
| | 46. | Mwoki Public <i>baraza</i> |

Table 8: Investigated Complaints in Nairobi and its environs, Narok and Nandi counties

| REGION | No. | REPORTS |
|--------------------------|-----|--|
| Nairobi and its environs | 1. | Effluent discharge in Githurai |
| | 2. | Burst of sewer line at Jam City Estate posing a health risk |
| | 3. | Raw sewage flowing to a residential area in Mavoko area |
| | 4. | Sewage and waste management in Imara Daima |
| | 5. | Waste disposal to River Kiuu, Githurai |
| | 6. | Discharge of run-off into private property at Kinoo, Kiambu County |
| | 7. | Waste management at Zimmerman |
| | 8. | Garbage and waste holding site in a residential area |
| | 9. | Discharge of sewage into open drains in Mlolongo |
| | 10. | Noise and smell from a neighbour who keeps cows, goats and chickens in a residential area |
| | 11. | Poor disposal of carcasses posing risk of diseases outbreak in Munyu Village, Thika East, Kiambu County |
| | 12. | Poor waste management by garage at High rise |
| | 13. | Blockage of access road and waste water flowing to an access road in Langata Road opposite Karen C Primary, Nairobi County |
| | 14. | Opposition to a highrise development in Warai South, Karen, Nairobi County |
| | 15. | Construction of a Hotel next to residential area in South C |
| | | 16. |
| Narok County | 17. | Transmara Sugar Company |
| | 18. | Kilgoris dumpsite |
| Nandi County | 19. | Abandoning of a quarry at Iribo Swamp, nandi County |
| | 20. | Waste management in Kapsabet, Nandi County |
| | 21. | Destruction of North Nandi Forest, Nandi County |
| | 22. | Kamungei <i>baraza</i> , Nandi County |

CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY

NECC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on NECC pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability Strategy and Profile

We strive to be innovative in way of operations so that we can sustain the budget allocated to us; and mitigate on operational risks and intern and external fraud; computer hacking etc and catastrophic events.

2. Environmental Performance

The dynamic nature of the environment in which NECC operates poses numerous and complex challenges. NECC operates under the Ministry of Environment and Forestry (MEF). The MEF mandate is to protect, conserve and manage the environmental and forestry resources through exploitation for socio-economic development. The development aimed at eradication of poverty, improved living standards and ensuring that a clean environment is sustained now and in the future in line with the country’s aspirations as outlined in Constitution of Kenya 2010 and Kenya Vision 2030.

The Third Medium Term Plan (MTP) of *Kenya Vision 2030* identifies the key policy actions and reforms as well as programmes and projects that the government intends to implement in the period 2018 – 2022 to achieve set national targets. In order to achieve these targets, the government has identified the “Big Four” priority areas, namely food and nutrition, manufacturing, universal health care and development of affordable housing in which it intends to concentrate its efforts and resources. The table below indicates the role of NECC to achieve set national targets

NECC’S Role in MTP III

| Flagship Project | Role of NECC |
|--|---|
| Waste management and pollution control | <ul style="list-style-type: none"> • Investigate complaints on poor waste management • Make recommendations for adoption of new waste management technologies • Carry out awareness creation to the public on the 7Rs outlined in the solid waste management strategy • Partner with the e-waste handling institutions on the disposal of E-waste • Carry out awareness creation among counties on clustering and pool their resources together for effective waste management |
| Promotion and piloting of green energy | <ul style="list-style-type: none"> • Carry out intensive public awareness campaigns on the importance of adoption of green energy technologies in all sectors |
| Water resource management programs | <ul style="list-style-type: none"> • Collaborating with WRUAs for the purpose of conservation and protection of water resources against pollution and encroachment activities |
| Land reclamation | <ul style="list-style-type: none"> • Investigate complaints received and by own motion on cases of land degradation as a result of illegal sand harvesting, mining, quarrying, deforestation and farming on hilltops, wetlands among others • Make recommendations on proper land use planning, afforestation and re-afforestation, rehabilitation of quarry pits and land restoration |
| Rehabilitation of Urban Rivers | <ul style="list-style-type: none"> • Investigate received and own motion complaints on pollution of urban rivers and urban agriculture, and make policy recommendations • Participating in clean-up programs for urban rivers • Undertake public interest litigation on behalf of citizenry on pollution of urban rivers |
| The Plastic Bags initiative | <ul style="list-style-type: none"> • Investigate received complaints regarding use, manufacture and importation of plastic bags and make recommendations • Awareness creation on environmentally friendly carrier and |

| | |
|---|--|
| | <p>packaging bags</p> <ul style="list-style-type: none"> • Contribute in the formulation of policies on sound waste management • Ensure compliance with the plastic bags ban |
| Water Harvesting and Storage programme | <ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from dam construction • To ensure compliance with environmental standards and regulations • Awareness creation on water harvesting and storage methods |
| Integrated Regional Development Programme | <ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from the multi-purpose dam projects • Ensure compliance with the requisite legal frameworks • Advocate for environmental conservation projects in areas covering mega projects |
| Strengthening Environmental Governance | <ul style="list-style-type: none"> • Investigate and recommend practices that will lead to formulation of policies and legislation for best environmental governance |
| Forest Conservation and Management | <ul style="list-style-type: none"> • Investigating cases of illegal logging and charcoal burning activities • Carrying out tree planting activities with aim of achieving the 10% forest cover in the country • Creating awareness on forest conservation • Contributing to development of strategies of achieving the 10% forest cover • Land use planning |
| Irrigation and Water Storage Programme | <ul style="list-style-type: none"> • Make recommendations to county governments to support sustainable community water projects • Carry out ADR on areas with conflicts on water resources |
| The Plastic Bags initiative | <ul style="list-style-type: none"> • Investigate received complaints regarding use, manufacture and importation of plastic bags and make recommendations • Awareness creation on environmentally friendly carrier and packaging bags • Contribute in the formulation of policies on sound waste management • Ensure compliance with the plastic bags ban |
| Integrated Regional Development Programme | <ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from the multi-purpose dam projects • Ensure compliance with the requisite legal frameworks • Advocate for environmental conservation projects in areas covering mega projects |

The National Environmental Complaints Committee faces challenges in its endeavour to perform its functions, namely:

- a) Delay in approval on implementation of NECC establishment plan
- b) Inadequate legislation to establish NECC independence.
- c) Operationalization of NECC staff below optimal
- d) Inadequate budgetary allocation to enable environmental investigations country wide.
- e) NECC lacks;
 - (i). adequate office space and facilities;
 - (ii). requisite equipment for air, noise, soil and water sampling for scientific testing and analysis;
 - (iii). adequate number of vehicles to enhance mobility noting that investigations are carried out in the field.

The elevation of environmental rights into fundamental rights under Articles 42 and the right to quick and fair administrative action under Article 47 of the Constitution places a great responsibility on NECC to serve all citizens with urgency. The lack of facilitations as outlined above has inhibited NECC ability to meet its role and responsibilities in upholding environmental rights enshrined in the Constitution.

3. Employee Welfare

NECC undertakes to ensure that there is gender mainstreaming as captured in its performance contracts. There is strict observance of gender ratio in its recruitment and hiring. The process strives to be as transparent as possible with the inclusion of stakeholders and strives to ensure that there is continuous improvement in the process.

NECC has also developed career progression guidelines for its staff, with regular staff appraisal and renewal systems to boost its workforce.

At its premises, NECC observes the provisions of the Occupational Health and Safety Act, 2007 to ensure that its workers are safe at all times. The same has been trickled down to all cadres at the office during several trainings and sensitization workshops on safety.

4. Market Place Practices

NECC is committed to observe the provisions of the procurement process as outlined in its performance contract. In essence, NECC will observe responsible competition amongst its suppliers while ensuring that a minimum of 30% of value of goods and service procured is reserved for youth, women and people with disabilities (PWDs), at least 2% of the amount going to PWDs. NECC also will ensure that it prequalifies the registered groups as affirmative action and ensure that Youth, Women and Persons With Disabilities are given opportunities for quotation.

To facilitate responsible supply chain management, NECC commits to make prompt payments to its suppliers and honour its contracts. Additionally, NECC will ensure that 40% of procurement budget is on local products and services. This is aimed at ensuring the practice of good business practice is promoted in all its procurement process.

5. Community Engagements

To support and encourage environmental conservation amongst communities, NECC has been involved in several CSR activities during the report period.

On the 21st September, 2019 the team participated in the annual Clean-Up the World Day celebrations held at Ruai, Kasarani Sub-county. The global Environmental event is commemorated every third weekend of September to promote community action as the key to long term environmental change. There was a clean-up event at the Ruai market and in all the other Sub counties of Nairobi City County.

Towards the end of September, NECC participated in the Nairobi International Trade Fair held at Jamuhuri Grounds in Nairobi County. Several people visited the stand and were appraised of the work of the Committee, in a bid to build up the public profile of NECC as well as awareness creation. Additionally, the event provided an avenue for the filing of environmental complaints that NECC is currently investigating.

On 15th October 2019, NECC participated in tree planting launch that was led by the Cabinet Secretary in the Ministry of Environment and Forestry, Keriako Tobiko at Mutuini, Ngong Forest in Nairobi County. The exercise saw three thousands trees seedling being planted at the site which later renamed Cabinet Garden after being adopted by Cabinet Secretaries. During the launch, The CFAs requested the Cabinet Secretary to give them beehives. This prompted the Cabinet Secretary Ministry of Environment and Forestry to request all the SAGAS under his Ministry to give their pledges in regard made to him by CAFs. NECC pledged to donate 10 beehives, Netfund 10, NEMA 10, KFS 15 and KEFRI 15, bringing sixty beehives pledged by all SAGAS under the Ministry of Environment and Forestry.

On Wednesday, 23rd October 2019, NECC team joined other stakeholders in a tree planting exercise at Shimba Hills forest. The activity was conducted jointly with the Kenya Forest Service, Kenya Wildlife Service, County Government of Kwale, Base Titanium and WWF. A total number of 3,200 seedlings were planted during the event, towards attaining 10% forest cover.

On 1st November 2019, NECC joined other stakeholders in a tree planting exercise to rehabilitate and restore Maasai Mau forest at Sierra Leone in Narok County. The Cabinet Secretary Ministry of Environment and Forestry, Keriako Tobiko led other Multi-sectoral team in launch of 10 million tree planting in Mau forest. During the event, two hundred thousand indigenous trees seedling were planted. In addition, over 4.5 million seeds were planted using aerial dispersal, a new method of tree growing piloted in Kenya by KEFRI. This massive tree planting exercise marks the beginning of reclamation of degraded Maasai Mau forest, which is an important forest water catchment after expiry of a sixty -day deadline for all illegal settlers to move out. NECC in the support to restore Mau forest donated 10,000 tree seedlings. The Committee said that restoration of the forest was one of their recommendations in the numerous complaints NECC received on deforestation. In addition, the exercise would benefit millions living downstream in the Mara and Serengeti ecosystems.

During the World Wetland Day on 2nd February, 2020, NECC participated in the celebrations held at Enapuyapi Wetland, in Nakuru County. This is the source of the Mara River and during this celebration, the Cabinet Secretary request the MDAs and SAGAs within the Ministry to donate bee hives to the local communities.

NECC has also been involved in other CSR activities, including;

1. Provision of 30 beehives to the Ogiek community in Enapuyapi swamp, the source of the Mara River in Nakuru county
2. Provision of a large waste receptacle in Shamakhokho center in Vihiga County

3. Provision of books, maps and other learning materials to primary schools in Inyaanza area in Machakos County
4. Sensitization of staff and stakeholders on Covid 19 prevention and management and promotion of sanitation in all its activities

REPORT OF THE DIRECTORS

The Director submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the NECC affairs.

Principal activities

The Principal activity of NECC is to investigate the degradation of the environment. Its mission and vision are as follows;

Vision: To be the leading environmental ombudsman in Africa

Mission: To facilitate access to environmental justice to the public by providing a forum for expeditious and affordable environmental conflict resolution and to contribute to environmental policy development.

The Principal activity of the National Environmental Complaints Committee is to conduct in-depth investigation of any allegations against any person in relation to the condition of the environment in Kenya or on its own motion; any suspected case of environmental degradation. Further, parliament through Section 32 of EMCA mandates NECC to: prepare and submit to the Cabinet Secretary periodic reports of its activities which report shall form part of the annual report on the state of the environment; undertake Public Interest Litigation (PIL) on behalf of the citizens in environmental matters and to perform such other functions and exercise such powers as may be assigned to it by the Cabinet Secretary

Results

The results of the NECC for the year ended June 30, 2020 are set out on pages 1-12

Directors

The members of the Board of Directors who served during the year are shown on pages' v and vi.

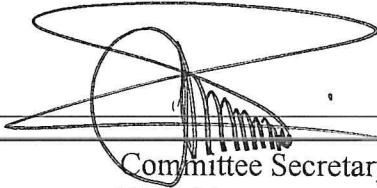
Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The NECC did not make any surplus during the year 2019/2020 (FY 2018/2019- Nil) and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the NECC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for year ended June 30, 2020.

By Order of the Board



Committee Secretary

Nairobi

Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES

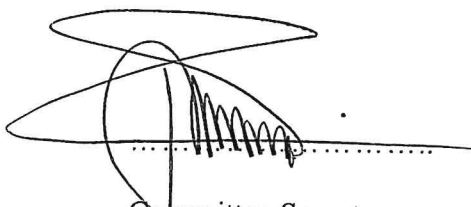
Section 81 of the Public Finance Management Act, 2012 and EMCA Act 1999 (Amended 2015) requires the directors to prepare Financial Statement in respect of National Environmental Complaints Committee (NECC) which give a true and fair view of National Environmental Complaints Committee (NECC) at the end of financial year ended 30th June, 2020; and the operating results of NECFC for the financial year ended 30th June, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of NECC; (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 NECC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for NECC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and EMCA Act 1999 (Amended 2015). The Directors are of the opinion that the NECC's financial statements give a true and fair view of the state of NECC's transactions during the financial year ended June 30, 2020, and of NECC financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for NECC, which have been relied upon in the preparation of the NECC'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 NECC 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 NECC's financial statements were approved by the Board on 31st March, 2021 and signed on its behalf by:



Committee Secretary



Committee Member

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Environmental Complaints Committee set out on pages 1 to 12, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Environmental Complaints Committee as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Environmental Management and Coordination Act, 1999 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Internship Programs Exceeding One Year

During the audit it was observed that the Committee operated with staff who had been on internship program since 2014. This contravenes the Public Service Commission's Human Resource Policies and Procedures Manual of May 2016, Section H Sub-section 3 on internship which states that internship programs shall be guided by the relevant provisions of the Constitution, relevant professional bodies and other policy guidelines and shall not exceed one year.

Consequently, the Committee was in breach of the Public Service Commission Human Resource Policies and procedures manual on internship program.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

1.0 Lack of an Internal Audit Function

The Management did not have an established Internal Audit Unit but relied on auditors from the Ministry of Environment. Further, Management did not provide for audit review reports by the internal auditors from the Ministry. Consequently, oversight over risk management, internal controls and governance was weak.

2.0 Lack of Risk Management Policy

The Committee had not put in place risk management policy, strategies and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This is in contravention of Regulation 165 (1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

3.0 Lack of a Functional Board of Directors

During the year under review, the Board operated without a Chairman and the Board was not fully constituted to enable delivery of its mandate in maintaining and preserving the environment for the present and future generation.

Consequently, this is confirmation of lack of effective governance structure.

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Committee's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Committee or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 Committee's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Committee to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Committee to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2021



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2020

| | Note | 2019-2020 | 2018-2019 |
|---|------|--------------------|-------------------|
| <u>Revenue from non-exchange transaction</u> | | | |
| | | Kshs. | Kshs. |
| Government Grant | 6 | 125,000,000 | 93,100,000 |
| Total Revenue | | 125,000,000 | 93,100,000 |
| <u>Expenses</u> | | | |
| Use of goods & Services | 7 | 43,668,079 | 34,081,255 |
| Employee costs | 8 | 53,163,420 | 53,092,057 |
| Remuneration to Committee Members | 9 | 25,716,900 | 4,998,299 |
| Depreciation and amortization Expenses | 10 | 702,717 | 840,443 |
| Repair and Maintenance | 11 | 1,971,842 | 1,026,938 |
| | | | |
| Total expenses | | 125,222,958 | 94,038,992 |
| | | | |
| Surplus/Deficit for the period | | (222,958) | (938,992) |
| Attributable to:- | | | |
| Surplus/Deficit attributable to owners of the controlling entity | | (222,958) | (938,992) |

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

| | Note | 2019-2020 | 2018-2019 |
|--|------|------------------|------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 439,046 | 6,087 |
| Receivables from Non-Exchange Transactions | | | 0 |
| Total Current Assets | | 439,046 | 6,087 |
| Non-current assets | | | |
| Property, Plants & Equipment | 13 | 2,698,696 | 3,064,613 |
| Total Assets | | 3,137,742 | 3,070,700 |
| Current liabilities | | | |
| Trade and other Payables | 14 | 604,000 | 314,000 |
| Represented by; | | | |
| Accumulated surplus | | 2,533,742 | 2,756,700 |
| Total Net Assets & Liabilities | | 3,137,742 | 3,070,700 |

The Financial Statements set out on pages 1 to 12 were signed on behalf of the Board of Directors by:

Head of Finance
 Duncan M. Kombo

Sign 

Date... 28-04-2021

Chairman of the Board
 Dr. John K. Chumo

Sign 

Date... 28-04-2021

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

| | Accumulated surplus | Total |
|------------------------------------|----------------------------|------------------|
| | Kshs | Kshs |
| Balance as at 1st July 2018 | 3,695,692 | 3,695,692 |
| Deficit for the period 2018/2019 | (938,992) | (938,992) |
| Balance as at 30 June 2019 | 2,756,700 | 2,756,700 |
| Surplus/Deficit for the period | (222,958) | (222,958) |
| Balance as at 30 June 2020 | 2,533,742 | 2,533,742 |

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2020

| | | 2019-2020 | 2018-2019 |
|---|----|----------------|---------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Government grants and subsidies | 6 | 125,000,000.00 | 93,100,000.00 |
| | | | - |
| Total Receipts | | 125,000,000.00 | 93,100,000.00 |
| Payments | | | |
| Use of Goods & Services | 7 | 43,378,079.00 | 34,081,255.00 |
| Employees costs | 8 | 53,163,420.00 | 53,092,057.00 |
| Remuneration to Committee Members | 9 | 25,716,900.00 | 4,998,299.00 |
| Repairs and Maintenance | 11 | 1,971,842.00 | 1,026,937.00 |
| Total Payments | | 124,230,241.00 | 93,198,548.00 |
| | | | |
| Net cash flows from operating activities | | 769,759.00 | (98,548.00) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | 336,800.00 | 1,018,500.00 |
| Net cash flows used in investing activities | | | |
| Cash flows from financing activities | | | |
| Net cash flows used in financing activities | | | |
| Net increase/(decrease) in cash and cash equivalents | | 432,959.00 | 1,117,048.00 |
| Cash and cash equivalents as at 1 July 2019 | | 6,087.00 | 1,123,136.00 |
| Cash and cash equivalents as at 30 JUNE 2020 | 12 | 439,046.00 | 6,087.00 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

| | Original budget 2019-2020 | Adjustments /supplementary 2019-2020 | Final budget 2019-2020 | Actual on comparable basis 2019-2020 | Performance difference 2019-2020 | % change | NOTE S |
|------------------------------------|------------------------------|--|---------------------------|--|--|-------------|-----------|
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | | |
| Government grants and subsidies | 125,000,000.00 | | 125,000,000.00 | 125,000,000.00 | - | | |
| Total in come | 125,000,000.00 | | 125,000,000.00 | 125,000,000.00 | - | | |
| Expenses | | | | | | | |
| Goods and services | 46,000,000.00 | - | 46,000,000.00 | 45,639,921.00 | (360,079) | 0.7 | 1 |
| Compensation of employees | 79,000,000.00 | | 79,000,000.00 | 78,880,320.00 | (119,680) | 0.1 | 2 |
| Total expenditure | 125,000,000.00 | - | 125,000,000.00 | 124,520,241.00 | | | |
| Provision for depreciation | | | | 702,717.00 | | | |
| Deficit for the period | - | - | - | (222,958.00) | | | |

Notes

1. Not material change
2. Not material change

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from other governments

| Description | 2019-2020 | 2018-2019 |
|--|-----------------------|----------------------|
| | Kshs. | KShs |
| Unconditional grants | | |
| Operational grant | 125,000,000.00 | 93,100,000.00 |
| Conditional grants | | |
| National housing grant | | - |
| | | |
| Total government grants and subsidies | 125,000,000.00 | 93,100,000.00 |

The details of the reconciliation have been included under appendix II)

7. Use of Goods and Services

| Description | 2019-2020 | 2018-2019 |
|-----------------------------|----------------------|----------------------|
| | Kshs | KShs |
| Air travel | 2,991,331.00 | 1,962,976.00 |
| Conferences and delegations | 15,281,985.00 | 13,541,867.00 |
| Hospitality | 16,211,604.00 | 13,547,247.00 |
| Fuel, oil and Lubricants | 1,034,500.00 | 1,070,000.00 |
| Audit Fees | 290,000.00 | 580,000.00 |
| Insurance | 237,936.00 | 468,512.00 |
| Internet & Supplies | 410,610.00 | 599,586.00 |
| Training | 5,686,200.00 | 186,200.00 |
| Others expenses | 1,523,913.00 | 2,124,867.00 |
| Total | 43,668,079.00 | 34,081,255.00 |

8. Employee costs

| | 2019-2020 | 2018-2019 |
|--------------------|----------------------|----------------------|
| | Kshs. | Kshs |
| Casuals payment | 808,929.00 | 292,851.00 |
| Interns Stipend | 3,930,130.00 | 3,191,555.00 |
| NHIF | 139,750.00 | 94,500.00 |
| NSSF | 72,800.00 | 39,480.00 |
| PAYE | 296,153.00 | 733,153.00 |
| Traveling expenses | 47,915,658.00 | 48,740,518.00 |
| Total | 53,163,420.00 | 53,092,057.00 |

9. Remuneration to Committee Members

| Description | 2019-2020 | 2018-2019 |
|--------------|----------------------|---------------------|
| | Kshs. | Kshs. |
| Sitting | 692,500.00 | 1,373,399.00 |
| Subsistence | 2,628,000.00 | 2,479,700.00 |
| Travel | 22,396,400.00 | 1,145,200.00 |
| Total | 25,716,900.00 | 4,998,299.00 |

10. Depreciation and amortization expense

| Description | 2019-2020 | 2018-2019 |
|--|-------------------|-------------------|
| | Kshs. | Kshs. |
| Property ,plant and equipment | 702,717.00 | 840,443.00 |
| Total depreciation and amortization | 702,717.00 | 840,443.00 |

11. Repairs and maintenance

| Description | 2019-2020 | 2018-2019 |
|--------------------------------------|---------------------|---------------------|
| | Kshs. | KShs |
| Vehicles | 1,971,842.00 | 1,026,938.00 |
| Total repairs and maintenance | 1,971,842.00 | 1,026,938.00 |

12. Cash and cash equivalents

| Description | 2019-2020 | 2018-2019 |
|--|-------------------|-----------------|
| | Kshs | KShs |
| Cash book balance | 439,046.00 | 6,087.00 |
| Cash on-hand and transit | | - |
| Total cash and cash equivalents | 439,046.00 | 6,087.00 |

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.

12. Detailed analysis of the cash and cash equivalents

| | | 2019-2020 | 2018-2019 |
|-----------------------------|----------------|------------|-----------|
| Financial institution | Account number | KShs | kshs |
| a) Current account | | | |
| Kenya Commercial bank | 1103172972 | 439,046.00 | 6,087.00 |
| Sub- total | | -- | |
| COMMUNITY BRANCH | | | |
| b) On – call deposits | | | |
| Sub- total | | | |
| c) Fixed deposits account | | | |
| Sub- total | | | |
| d) Staff car loan/ mortgage | | | |
| Sub- total | | | |
| e) Others(specify) | | | |
| cash in hand | | - | |
| Sub- total | | - | |
| Grand total | | 439,046.00 | 6,087.00 |

13. Property, plant and equipment 2019-2020

| | Motor vehicles | Furniture and fittings | Computers | Total |
|--------------------------------|----------------|------------------------|--------------|---------------|
| | 25% | 12.50% | 33.30% | |
| Cost | Kshs. | Kshs. | Kshs. | Kshs. |
| At 1 July 2019 | 7,830,843.00 | 3,296,589.00 | 2,978,764.00 | 14,106,196.00 |
| Additions | - | 220,850.00 | 115,950.00 | 336,800.00 |
| At 30 th June 2020 | 7,830,843.00 | 3,517,439.00 | 3,094,714.00 | 14,442,996.00 |
| Depreciation and impairment | | | | |
| As at 30 June, 2019 | 6,511,517.00 | 1,975,948.00 | 2,554,118.00 | 11,041,583.00 |
| Charge for the Year | 329,832.00 | 192,686.00 | 180,199.00 | 702,717.00 |
| Accumulated as at 30 June 2020 | 6,841,349.00 | 2,168,634.00 | 2,734,317.00 | 11,744,300.00 |
| Net book values | - | - | - | - |
| At 30 th June 2020 | 989,494.00 | 1,348,805.00 | 360,397.00 | 2,698,696.00 |
| At 30 th June 2019 | 1,319,326.00 | 1,320,641.00 | 424,646.00 | 3,064,613.00 |

NECC Depreciation Computation for Year 2019/2020

| | Motor Vehicles | Furniture and fittings | Computers | Total |
|---------------------------|----------------|------------------------|--------------|--------------|
| Cost at June 2019 | 7,830,843.00 | 3,296,589.00 | 2,978,764.00 | |
| Depreciation to June 2020 | 6,841,349.00 | 2,686,634.00 | 2,735,317.00 | |
| Net | 989,494.00 | 1,348,805.00 | 360,397.00 | 2,698,696.00 |
| Rate | 25% | 12.50% | 33.30% | |
| Depreciation Charge | 329,832.00 | 192,686.00 | 180,198.00 | 702,716.00 |

14. Trade and other payable

| | 2019-2020 | 2018-2019 |
|------------|------------|------------|
| | KShs | KShs |
| NEMA | 24,000.00 | 24,000.00 |
| Audit Fees | 580,000.00 | 290,000.00 |
| Total | 604,000.00 | 314,000.00 |

- There was a receivable from NEMA in the prior year in respect of one Mr. D. Nyamora of Kshs.393,510. The amount received from NEMA was Kshs.417,520, thus resulting in a payable figure of kshs.24,000.

15. CASH GENERATED FROM OPERATIONS

| | 2019-2020 | 2018-2019 |
|---|--------------|--------------|
| Deficit for the period | (222,958.00) | (938,992.00) |
| Adjusted for – depreciation | 702,717.00 | 840,443.00 |
| Provision for audit fee | 290,000 | |
| Working capital | - | - |
| Decrease in receivables | - | - |
| Net cash flow from operating activities | 769,759.00 | (98,549.00) |

16. Financial Risk Management

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

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

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

| | 2019-2020 | | 2018 - 2019 |
|---|---------------------|----------|---------------------|
| | Kshs | | Kshs |
| Revaluation reserve | - | - | - |
| Retained earnings | 2,523,086.00 | - | 1,977,213.00 |
| Capital reserve | | - | |
| | | - | |
| Total funds | 2,523,086.00 | - | 1,977,213.00 |
| | | - | |
| | | - | |
| Total borrowings | | - | |
| Less: cash and bank balances | 439,046.00 | - | 6,087.00 |
| Net debt/(excess cash and cash equivalents) | 439,046.00 | - | 6,087.00 |
| Gearing | 2,084,040.00 | - | 1,971,126.00 |
| | | | |

17. EVENTS AFTER THE REPORTING PERIOD

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

18. ULTIMATE AND HOLDING NECC

The NECC is a State corporation/or a Semi-Autonomous Government Agency under the Ministry of Environment and Forestry. Its ultimate parent is the Government of Kenya

19. CURRENCY

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

20. ACCOUNTING POLICIES

Budget Information

The original budget for FY 2019-2020 was approved by the National Assembly on June 21, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of zero (0) on the 2019-2020 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

21. Property, plant and equipment

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

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2020

Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue/observations from Auditor | Management comments | Focal point person to resolve the issue (Name and designation) | Status: (Resolved/Not Resolved) | Timeframe: (put a date when you expect the issue to be resolved. |
|--|---------------------------------|------------------------|--|---------------------------------|--|
| Audit Report 2018/2019 | Lack of Draft IT Strategic Plan | done | Admin | Done | Nil |
| Audit Report 2018/2019 | Lack of Staff | Engage NEMA to recruit | Committee & NEMA | On-going | One year |
| Audit Report 2018/2019 | Head of Administration | Resolved | Nil | Nil | Nil |
| Audit Report 2018/2019 | Lack Chairman | On-going | CS | On-going | One year |

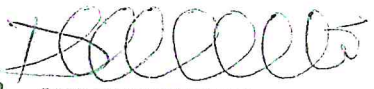

Dr. John Chumo
 For: Chairman

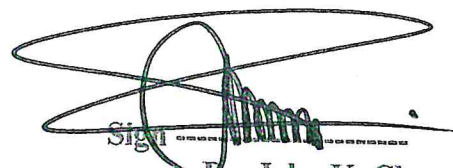
Date

Appendix II: INTER-ENTITY TRANSFERS

| ENTITY NAME: NATIONAL ENVIRONMENT COMPLAINTS COMMITTEE | | | |
|---|--------------------|---------------------|----------------|
| Break down of Transfers from the MINISTRY OF ENVIRONMENT & FORESTRY | | | |
| FY 2019/2020 | | | |
| A | Recurrent Grants | | |
| | RECEIPTS | Bank Statement Date | Amount (KShs) |
| | | 6/9/2019 | 23,275,000.00 |
| | | 15/9/2019 | 31,250,000.00 |
| | | 8/1/2020 | 7,974,999.00 |
| | | 21/1/2020 | 31,250,000.00 |
| | | 27/5/2020 | 10,416,667.00 |
| | | 5/6/2020 | 10,416,667.00 |
| | | 22/6/2020 | 10,416,667.00 |
| | | Total | 125,000,000.00 |
| b. | Development Grants | - | - |
| | | - | - |
| | Direct Payments | - | - |
| | | - | - |
| | | Total | - |
| d. | Donor Receipts | - | - |
| | | - | - |
| | | Total | 125,000,000.00 |

The above amounts have been communicated to and reconciled with the parent Ministry Finance Manager ME&F

Sign 
 Duncan Kombo
 Accountant

Sign 
 Dr. John K. Chumo
 For: Chairman of Board