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REPUBLIC OF KENYA

# KENYA NATIONAL AUDIT OFFICE

# REPORT

# OF

# THE AUDITOR-GENERAL

# ON

# THE FINANCIAL STATEMENTS OF PUBLIC COMPLAINTS COMMITTEE ON ENVIRONMENT

# FOR THE YEAR ENDED 30 JUNE 2013

# ANNUAL REPORT

# AND

# ACCOUNTS

**For the year ended 30th June, 2013**

**PUBLIC COMPLAINTS COMMITTEE ON ENVIRONMENT**
**P.O. Box 36256 – 00200**
**Nairobi-Kenya**
**Telephone 0254 – 020-2405782**
**Email- pcc.environment@gmail.com**

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## CORE BUSINESS OF PUBLIC COMPLAINTS COMMITTEE

The core business of the Committee is provided for in the Environmental Management and Coordination Act 1999.

The Public Complaints Committee (PCC) is established under Section 32 (a) of the Act, as an independent and impartial entity with the mandate of

a) In-depth investigations:

i) Any allegations or complaints against any person or the Authority (NEMA) on issues of the state of the environment which includes environmental pollution and degradation or destruction.

ii) On its own motion, any suspected cases of environmental degradation

iii) And to make a report of its findings together with its recommendations thereon to the National Environment Council.

b) PCC submits its reports and recommendations to the National Environment Council. The reports and recommendations forms part of the annual reports on the state of the Environment and assist the Government in formulation of environmental policy.

c) To perform such other functions and exercise such powers as may be assigned to it by the Council.

# CHAIRPERSON'S REPORT

This Report of the 4th Committee (2010 – 2013) of the Public Complaints Committee (hereinafter referred to as the Committee and or PCC) covers activities and achievements of the Committee during its term and the challenges encountered.

On its core mandate of investigating complaints on environmental degradation, the Committee investigated about 266 complaints in various parts of the country and rendered solutions by way of recommendations on the environmental issues unique to each region. The Committee has assisted the members of the public in various parts of the Country to identify and implement amicable and cost effective solutions to a great number of environmental complaints.

The Committee has also succeeded in sensitizing a large section of the public on the importance and benefits of best environmental practices. This has been done through workshops, public hearings and distribution of published material.

Still as part of carrying out its mandate, the Committee participated in international programmes that enhance environmental management and conservation such as the World Environment Days (WEDs), World Days to Combat Desertification (WDCDs) and the Nairobi International Trade Fairs, among others. The Committee also took part in the 2012 United Nations Environment Programme (UNEP) Governing Council Conference in Nairobi and succeeded in increasing the PCC's visibility internationally and in sharing national environmental concerns with the international community.

Having recognized the importance of team work in environmental conservation and management, the Committee also ensured the enhancement of linkages with the parent Ministry, the EMCA institutions, lead agencies, other stakeholders and communities.

However, the achievements above stated have not been without some challenges as will appear in this report. It is the hope of the Committee that those challenges will be addressed to make the PCC even more effective in the discharge of its mandate, taking cognisance of the inalienable rights of a clean and healthy environment for each person in the Republic of Kenya as enshrined in the Constitution.

On the whole, the future of the PCC is bright and wishes to thank the Committee Members and staff for their continued effort towards the achievement of the Committee's mandate.

Florence M. Mwangangi
**CHAIRPERSON**

## PUBLIC COMPLAINTS COMMITTEE INFORMATION

**PRINCIPAL PLACE OF BUSINESS**
KREMU House

Popo Road, off Mombasa Road

P.O. Box 36256 – 00200
Nairobi – Kenya

**BANKERS**
Kenya Commercial Bank Ltd
Capitol Hill Branch
P.O. Box 69695 -00400
Nairobi – Kenya

**AUDITORS**
Kenya National Audit Office
P.O. Box 30084 – 00100
Nairobi – Kenya

COMMITTEE MEMBERS

| | |
|---|---|
| Mrs. Florence M. Mwangangi | Chairperson |
| Ms. Lucy Mulenkei | Secretary |
| Major (Rtd) William Kamunge | Member |
| Mr. Charles K. Muthusi | Member |
| Ms. Carolyne Getao | Member |
| Mr. Francis Mwangi Njoroge | Member |
| Mr. Abdiwahid Biriq | Member |

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NAIROBI

# KENYA NATIONAL AUDIT OFFICE

## REPORT OF THE AUDITOR-GENERAL ON PUBLIC COMPLAINTS COMMITTEE ON ENVIRONMENT FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Public Complaints Committee on Environment set out on pages 7 to 15, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free material misstatements, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

**Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) and (3) of the Public Audit Act, 2003, and submit the report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committees' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit option.

**Opinion**

In my opinion, the financial statements present fairly, in the all material respects, the financial position of the Committee as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Environment Management Coordination Act, 1999.

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

**NAIROBI**

**8 May 2014**

# PUBLIC COMPLAINTS COMMITTEE

## STATEMENT OF FINANCIAL POSITION
## AS AT 30TH JUNE 2013

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **ASSETS** | | Kshs | Kshs |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | (6) | 4,012,594.00 | 1,428,154.00 |
| **CURRENT ASSETS** | | | |
| Trade and other Receivables | (7) | 675,510.00 | 675,510.00 |
| Cash and Cash equivalent | (9) | 1,563,414.20 | 3,020,257.20 |
| **TOTAL ASSETS** | | **6,251,518.20** | **5,123,921.20** |
| **FUNDS & LIABILITIES** | | | |
| Accumulated funds | (5) | 6,251,518.20 | 5,123,921.20 |
| Revenue Reserves | | - | - |
| **TOTAL FUNDS & LIABILITIES FUND** | | **6,251,518.20** | **5,123,921.20** |

**SIGNATURE:** ............................ **DATE:** 28/4/2014.
**LUCY MULENKEI**
**SECRETARY**

**SIGNATURE:** ............................ **DATE:** 28/04/2014
**ABEL N. OKEMWA**
**FOR. CHAIRMAN**

Public Complaints Committee
on Environment
P. O ... -236 - 00200,
...OBI

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013

| | Note | 2013<br>Kshs | 2012<br>Kshs |
|---|---|---|---|
| **Government grants** - recurrent | 3 | 28,512,000.00 | 30,000,000,.00 |
| | | **28,512,000.00** | **30,000,000,.00** |
| **Expenditure** | | | |
| Staff costs | 4(a) | 1,107,808.00 | |
| Administrative costs | 4(b) | 13,269,276.00 | |
| Board expenses | 4(c) | 13,071,430.00 | |
| Utilities | 4(e) | 946,348.00 | |
| Finance Costs | 4(f) | 8,700.00 | |
| **Total Expenditure** | | **28,403,562.00** | **26,716,962.00** |
| **Surplus/(Deficit)** | | **108,438.00** | **3,283,038.00** |

# PUBLIC COMPLAINTS COMMITTEE
## CASH FLOW STATEMENT AS AT 30TH JUNE, 2013

| | 2013<br>Kshs. | 2012<br>Kshs. |
|---|---|---|
| **Cash flow operating activities:** | | |
| Surplus/Deficit during the year | 108,438.00 | 3,283,038.00 |
| **Adjustment for:** | | |
| Provision for depreciation | 1,081,049.00 | 191,092.00 |
| Net surplus after adjustment | 1,189,487.00 | 3,474,130.00 |
| **Cash flow from Investing Activities:** | | |
| Purchase of property, plant and equipment | (2,646,330.00) | (652,842.00) |
| | (1,456,843.00) | 2,821,288.00 |
| Cash and cash equivalent at the beginning of the year | 3,020,257.20 | 198,969.10 |
| Cash and cash equivalent as at 30.6.2013 | **1,563,414.20** | **3,020,257.20** |
| **Analysis of cash and cash equivalent** | | |
| Cash at bank | 1,272,700.20 | 338,164.00 |
| Cash in hand | 290,714.00 | 2,682,093.20 |
| Cash and cash equivalent at the end of the year | **1,563,414.20** | **3,020,257.20** |

**STATEMENT OF CHANGES IN CAPITAL FUND FOR THE YEAR ENDED 30TH JUNE 2013**

| | Accumulated Fund KShs | Revenue Reserve KShs | Total KShs |
|---|---|---|---|
| **At 1st July 2012** | 4,889,080.20 | - | 4,889,080.20 |
| Net movement for the year | 1,362,438.00 | | 1,362,438.00 |
| **At 30th June 2013** | **6,251,518.20** | - | **6,251,518.20** |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. LEGAL STATUS AND OBJECTIVES

The Public Complaints Committee (PCC) is established under section 31 of the Environmental Management and Coordination Act (EMCA) 1999, as an independent and impartial entity charged with the in-depth investigations of complaints against any person or the Authority (NEMA) on issues of environmental pollution and degradation or destruction. Under Section 32 (a) of the Act, PCC is required to submit its reports to the National Environment Council.

### 2. ACCOUNTING POLICIES

**(a) *Statement of compliance***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**(b) *Basis of preparation***

The financial statements have been prepared on the historical cost basis of accounting. The principal accounting policies are as stated below:

**(c) *Revenue recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the fund and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

Government grants are recognized as income when they are actually disbursed to PCC accounts and the entity will comply with the conditions attached to them. The grants are recognized as income on a systematic and rational basis over the period necessary to match them with the related costs.

**(d)*Property, plant and equipment***

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following per annum rates:

| | |
|---|---|
| Motor vehicle | 25% |
| Furniture & fittings | 12.5% |
| Computer, printers and software | 33.3% |

Gain/ (Loss) on disposal is recognized in the statement of comprehensive income.

**(e)*Inventories***

There were no inventories reported during the year

**(f) *Taxation***

Grants received from the Ministry as income is exempt from tax.

**(g) *Cash and cash equivalents***

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with banks, net of bank overdrafts.

**(h) *Currency***

The financial statements are prepared and presented in Kenya Shillings (KES)

## 3. Government grant

Government grant represents the amounts received during the year from the Kenya Government to meet the operational expenditures for the committee.

| | **2013(kshs)** | **2012 (kshs)** |
|---|---|---|
| Recurrent account | 28,512,000.00 | 30,000,000.00 |

## 4.Expenditure

| | 2013 KShs. | 2012 Kshs. |
|---|---|---|
| **(a)Staff Costs** | | |
| Stipend allowance paid as salary to interns | 1,107,808.00 | - |
| **(b)Administrative expenses** | | |
| Air tickets | 103, 225.00 | - |
| Computer Accessories | 56,000.00 | - |
| Entertainment | 490,146.00 | - |
| Fuel | 429,650.00 | - |
| Furniture maintenance | 150,965.00 | - |
| Insurance | 576,797.00 | - |
| Miscellaneous | 323,535.00 | - |
| Newspapers | 89,740.00 | - |
| Sanitation | 114,380.00 | - |
| Stationery | 1,532,900.00 | - |
| Participation Allowance | 370,000.00 | |
| Staff Allowance | 6,660,826.00 | |
| Vehicle Maintenance | 1,290,063.00 | - |
| Depreciation | 1,081,049.00 | - |
| | **13,269,276.00** | |

| **(c) Board Expenses** | 2013 KShs | 2012 KShs |
|---|---|---|
| Honoraria | 600,000.00 | - |
| Onsite Visits | 4,221,430.00 | - |
| Sittings | 8,250,000.00 | - |
| | **13,071,430.00** | - |

| (e) Utilities | 2013 (kshs.) | 2012 (kshs.) |
|---|---|---|
| Airtime | 406,000.00 | - |
| Telephone | 7,998.00 | - |
| Internet | 406,510.00 | - |
| Postages | 125,840.00 | - |
| | **946,348.00** | |
| **(f) Finance costs** | | |
| Bank Charges & Commissions | 8,700.00 | - |
| | **8,700.00** | ------------------ |
| **Total Expenditure** | **28,403562.00** | **26,716,962.00** |

**5. Reserves**

| Accumulated Fund | |
|---|---|
| At start of the year | 4,889,080.20 |
| Reserve | 1,362,438.00 |
| At end of the year | **6,251,518.20** |

## 6. PROPERTY, PLANT AND EQUIPMENT SCHEDULE

| DETAILS | MOTOR VEHICLES Kshs. | FURNITURE FITTINGS & EQUIP. Kshs. | COMPUTERS & PRINTERS Kshs. | TOTAL Kshs. |
|---|---|---|---|---|
| **DEPRECIATION RATES** | **25%** | **12.5%** | **33.3%** | |
| **COST/VALUATION** | | | | |
| As at 1st July 2012 | - | 1,056,829 | 1,535,694 | **2,592,523** |
| Addition during the year: | 1,672,000 | 1,740,280 | 906,050 | **4,318,330** |
| **As at 30th June, 2013** | **1,672,000** | **2,797,109** | **2,441,744** | **6,910,853** |
| **PROVISION FOR DEPRECIATION** | | | | |
| **Accumulated Depreciation** | | | | |
| As at 1st July, 2012 | - | 506,924 | 1,310,286 | **1,817,210** |
| Charge for the year | 418,000 | 286,273 | 376,776 | **1,081,049** |
| **As at 30th June, 2013** | **418,000** | **793,197** | **1,687,062** | **2,898,259** |
| **Carrying Amounts As at:** | | | | |
| As at 30th June, 2013 | 1,254,000 | 2,003,912 | 754,682 | 4,012,594 |
| As at 30th June, 2012 | 652,842 | 549,905 | 225,408 | 1,428,155 |

**(a)** Assets are valued on historical cost basis. A full year's depreciation is charged in the year of purchase. Depreciation is on reducing balance method and the rates shown above have been applied. **(b)** The value of motor vehicle worth Kshs.1, 672,000.00 was transferred from NEMA to PCC during the year.

**7. Trade and other receivables**

| | 2013 KShs | 2012 KShs |
|---|---|---|
| Outstanding Imprest (D. Nyamora) | 675,510.00 | 675,510.00 |

**8. Trade and other payables**

There were no payable at the end of the year.

**9. Cash and Bank Balances**

| | 2013 Kshs | 2012 KShs |
|---|---|---|
| **Current Account** | | |
| Current Account<br>KCB CAPITOL HILL BRANCH<br>AC NO 1103172972 | 1,272,700.20 | 2,682,093.20 |
| **Cash in Hand** | 290,714.00 | 338,164.00 |
| **Total cash and bank balance** | **1,563,414.20** | **3,020,257.20** |