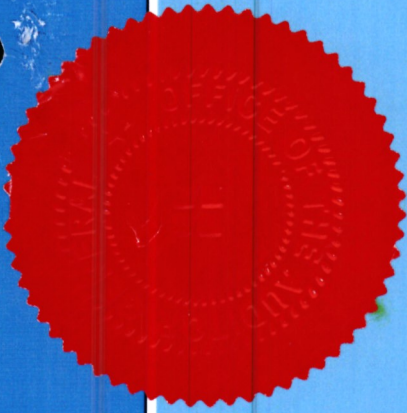


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REPORT

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OF

THE AUDITOR-GENERAL

ON

**NATIONAL ENVIRONMENT
MANAGEMENT AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2019**





nema

mazingira yetu | uhai wetu | wajibu wetu

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2019

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

Table of Contents

Page

| | | |
|--------|---|--------|
| I. | KEY ENTITY INFORMATION AND MANAGEMENT..... | ii |
| II. | THE BOARD OF DIRECTORS | vi |
| III. | MANAGEMENT TEAM | ix |
| IV. | CHAIRMAN'S STATEMENT..... | x |
| V. | REPORT OF THE DIRECTOR GENERAL..... | xii |
| VI. | CORPORATE GOVERNANCE STATEMENT | xvi |
| VII. | MANAGEMENT DISCUSSION AND ANALYSIS | xxiv |
| VIII. | CORPORATE SOCIAL RESPONSIBILITY STATEMENT | xxvii |
| IX. | REPORT OF THE DIRECTORS..... | xxviii |
| X. | STATEMENT OF DIRECTORS' RESPONSIBILITIES..... | xxix |
| XI. | REPORT OF THE INDEPENDENT AUDITORS ON NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY | xxx |
| XII. | STATEMENT OF FINANCIAL PERFORMANCE | 1 |
| XII. | STATEMENT OF FINANCIAL POSITION | 2 |
| XIII. | STATEMENT OF CHANGES IN NET ASSETS..... | 3 |
| XIV. | STATEMENT OF CASH FLOWS | 4 |
| XV. | STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS | 5 |
| XVI. | NOTES TO THE FINANCIAL STATEMENTS | 6 |
| XVII. | PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS | 21 |
| XVIII. | Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY..... | 23 |
| XIX. | Appendix 2: INTER-ENTITY TRANSFERS | 24 |

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information


The National Environment Management Authority (NEMA) is established under the Environmental Management and Co-ordination Act No. 8 of 1999 as a State Corporation in the Ministry of Environment and Forestry. This principal Act was recently amended in 2015 and published as Environmental Management and Co-ordination Act, Cap 387 of laws of Kenya. The Authority exists to exercise general supervision and co-ordination over all matters relating to the environment and to be the principal instrument of Government in the implementation of all policies relating to the environment in Kenya. The ministry of Environment and Forestry is responsible for the general policy and strategic direction of the Authority.



(b) Principal Activities

The Authority exists to safeguard and enhance the quality of the environment in Kenya through supervision, coordination, research and strategic partnerships and collaborations with National Government ministries and agencies, County Governments, Private sector, development partners and the general public while promoting responsible individual, corporate and collective participation towards a sustainable development for the future.

(c) Key Management

The Authority's day-to-day management is under the following key management team:

| | | |
|---|---|---|
| 1 |  <p>Prof. Geoffrey Wahungu, PhD</p> | <p>Director General:</p> <p>Professor Wahungu holds a Bachelor of Science and a Master's of Science in Wildlife Management from Moi University, and a PhD in Ecology from the Griffith University, Australia. He has previously worked for Kenya Wildlife Service. He has taught for several years at Moi University, rising through the ranks to an associate professor. Has extensive management experience, having served as the Chair of the Department of Wildlife Management for many years, and as Dean in the School of Natural Resources and Environmental Studies, Karatina University. He is a visiting Scholar to the Department of Fish, Wildlife and Conservation Biology in Colorado State University. He has many Research Publications and is a Board Member and Reviewer in various Environmental Journals. He was appointed the Director General in 2012.</p> |
|---|---|---|

| | | |
|---|--|---|
| 2 |  <p>Mr. Kennedy Ochuka</p> | <p>Director Finance and Administration:</p> <p>Director Ochuka holds a Master of Business Administration (Finance) and Bachelor of Commerce (Accounting) from the University of Nairobi. He is also a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountant of Kenya. He has previously worked as Finance Manager at Water Services Trust Fund and General Manager Finance at National Water Conservation and Pipeline Corporation on secondment.</p> |
| 3 |  <p>Ms. Irene Kamunge</p> | <p>Director Legal Services:</p> <p>Director Irene holds a Master of Law in Environment and Natural Resources and a Bachelor of Law from the University of Nairobi. She also holds a diploma in Law from Kenya School of Law and is an advocate of the High Court. She has previously worked as Vice Chairperson and Joint Secretary of Task Force Drafting Legislation on Implementing Land Use, Environment and Natural Resource Provision in the Constitution of Kenya. She has also worked as Legal Officer in the Education Department, Ethics and Anti-Corruption Commission; Researcher at Commission of Inquiry into Illegal /regular Allocation of Public Land (Ndungu Commission) and Legal Officer, Ecumenical Centre for Justice and Peace.</p> |
| 4 |  <p>Mr. David Ongare</p> | <p>Director Compliance and Enforcement:</p> <p>Director Ongare holds Master of Science in Biology and a Bachelor's degree in Education (Science) from Egerton University. He has worked as Deputy Director in charge of Environment Education and Information in the Authority. He has as well worked in various fields, including lecturing/ teaching Biology and rose through the ranks to become head of a school and examiner for the Kenya National Examination Council (KNEC).</p> |

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-------------------------------------|---|
| 1 | Director General | Prof. Geoffrey Wahungu, PhD |
| 2 | Director Finance and Administration | Mr. Kennedy Ochuka, B.Com, MBA, CPA (K) |
| 3 | Director Legal Services | Ms. Irene Kamunge, LLB, LLM |
| 4 | Director Compliance and Enforcement | Mr. David Ongare, BSc, MSc |

(e) Fiduciary Oversight Arrangements

The primary organ responsible for fiduciary oversight arrangements is the Board of Management. Other Government bodies also provide oversight.

The Board exercised this oversight through Board Committees. These were the Finance and Human Resources Committee and the Audit, Governance and Risk Management Committee.

Finance and Human Resource Committee

The primary responsibility of Finance and Human Resource Committee is to provide advice to the Board on NEMA's financial and human resource management, performance and their financial implications.

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management. It advises the Board on NEMA's human resource policies and guidelines that include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

Audit, Governance and Risk Management Committee

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees NEMA's standards of integrity and behaviour, reporting of financial information and internal control systems.

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

(f) Headquarters

National Environment Management Authority
P.O. Box 67839-00200, Nairobi
Eland House, Popo Road, South C.

(g) Authority's Contacts

Telephone: (254) 020 6005522
E-mail: dgnema@nema.go.ke
Website: www.nema.go.ke

(h) Authority's Bankers

Kenya Commercial Bank Limited, Moi Avenue | P O Box 30081-00100, Nairobi
Standard Chartered Bank Kenya Limited, Harambee Avenue | P O Box 20063-00200, Nairobi
Co-operative Bank of Kenya Limited | P O Box 48231-00100, Nairobi
Commercial Bank of Africa, Mara / Ragati Road | P O Box 30437-00100, Nairobi
Barclays Bank of Kenya Limited | P O Box 30120-00100, Nairobi

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) Tax Consultant

Deloitte & Touché Kenya
Waiyaki Way
P.O. Box 40092
GPO 00100
Nairobi, Kenya

II. THE BOARD OF DIRECTORS

| | |
|---|--|
|  <p>Mr. John Konchellah</p> | <p>Chairman:</p> <p>Mr. Konchellah has over Twenty Six years of corporate management experience in banking industry rising through the career to the position of General Manager. Mr Konchellah served as the principal Secretary in the Ministry of Devolution and Planning where he was instrumental in establishment of Devolution structures and costing of the functions in the Forty Seven Counties. Previously he was the Principal secretary in the Ministry of East Africa Affairs.</p> <p>He is a graduate of Poona University in India and Daystar University and holds a Masters Degree in Business Administration (Strategic and Marketing Management); and a Bachelor of Commerce Degree in Banking. He is also a Fellow of the Kenya Institute of Bankers.</p> |
|  <p>Prof. Peninah Aloo-Obudho</p> | <p>Deputy Chairperson:</p> <p>Peninah Aloo-Obudho is a Professor in Fisheries Ecology and Aquatic Sciences at Karatina University. She is currently the Deputy Vice- Chancellor in charge of Academics, Research and Student Affairs (ARSA) at Karatina University in Nyeri County. She is the former Chairman of the Kenya Marine and Fisheries Research Institute (KMFRI), having served as a board member in the same institute. She started University Administrative career at Kenyatta University where she served for over 20 years. She rose through the ranks in the same institution from acting Head of Department of Zoology, Head of the Department of Zoology, Head of Department of Biological Sciences and Director of Centre for Career Development. She joined the Board in June 2018 she deputizes the chairman of Board.</p> |
|  <p>Prof. Geoffrey Wahungu</p> | <p>Director General:</p> <p>He holds a Bachelor of Science and a Master's of Science in Wildlife Management from Moi University, and a PhD in Ecology from the Griffith University, Australia. He has previously worked for Kenya Wildlife Service. He has taught for several years at Moi University, rising through the ranks to an associate professor. Has extensive management experience, having served as the Chair of the Department of Wildlife Management for many years, and as Dean in the School of Natural Resources and Environmental Studies, Karatina University. He is a visiting Scholar to the Department of Fish, Wildlife and Conservation Biology in Colorado State University. He has many Research Publications and is a Board Member and Reviewer in various Environmental Journals. He was appointed the Director General in 2012.</p> |



Dr. Ibrahim Mohamed

Principal Secretary, Environment:

Dr. Ibrahim M. Mohamed, CBS is a Public Health Physician with over 30 years experience in the public sector, of which, 26 years were gained in the health Sector. He was appointed Principal Secretary, Ministry of Environment & Forestry on 1st March, 2019. Prior to his current appointment, Dr. Ibrahim was the Principal Secretary for State department of Labour and Social Protection, Ministry of Labour and Social Protection. Previously, he served as the Principal Secretary in the Ministries of Mining, Commerce and Tourism.

Dr. Ibrahim holds a Bachelor of Medicine and Surgery Degree, and a Master's Degree in Public Health from Boston University. He also holds an Executive Master's Degree in Business Administration from the University of Copenhagen Business School in partnership with Inorero University.

Dr. Ibrahim is a registered member of both Kenya Medical Association (KMA) and Kenya Medical Practitioners and Dentists Board (KMPDB).



Dr. Kamau Thugge

Principal Secretary: National Treasury

Dr. Kamau Thugge is the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) as Economist, Senior Economist and Deputy Division Chief. Dr. Thugge has widely published and holds a Bachelor of Arts (Economics) degree from Colorado College, USA; Master's degree in Economics from John Hopkins University, USA; and a Doctor of Philosophy (PhD) degree in Economics also from John Hopkins University.



Ms. Teresia Malokwe

Board Member:

Ms. Teresia Malokwe holds a Masters in Health Economics and Policy from University of Nairobi and Bachelor of Science (Environmental Health from Kenyatta university. She joined the Board in June 2018.

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**



Prof. Barnabas Njiru Mitaru

Board Member:

Prof. Mitaru holds a PhD in Animal Nutrition from University of Saskatchewan, a Master of Science degree in Animal Production from University of Nairobi and a Bachelor of Science in Agriculture from the same University. He is currently a Professor of Animal Production and has previously worked as Associate Professor, Adjunct Professor, Senior Lecturer and Lecturer at the University of Nairobi. He also worked as Deputy Director Institute of Dry land Research and Regional Coordinator Eastern and Central Regional Sorghum and Millet Network. He joined the Board in April 2015. He was born in 1949.



Mr. Neto Agostinho

Board Member:

Mr. Neto Agostinho is a trained Lawyer from the University of Nairobi. He participated in Human Rights events at the University of Nairobi named Africa's Fourth Best Oralist on issues Human Rights in 2004. He is on the verge of completing a Masters on International Relations at the United States International University in Africa. Neto represented Ndhiwa Constituency, in Homabay County at the National Assembly of Kenya. He was first elected to Parliament in September 2012 following a by-election in the Constituency and got re-elected in March 2013.

Neto has a special interest in Human Rights and international Relations. He participates in various Human Rights related activities that range from equality to Economic Social Cultural rights. He joined the Board in June 2018.

Ms. Halima Ware



Board Member

Ms. Halima Ware

Board Member:

Ms. Halima Ware worked as a teacher and high school principal for ten years with her last working years spend in various positions in the provincial administration where she started off as a District Officer and rising to the position of a Senior District Officer by the time she resigned to join politics. As a County Member of Parliament, she has successfully ensured she enlightens women, most of whom have low literacy levels on business management and self-image as well as their rights as Muslims and citizens. She joined the Board in June 2018.

Dr. Juma Ngeywa



Board Member

Board Member:

Dr. Ngeiywa holds a Bachelor of Veterinary Medicine Degree (1985) and Master of Science Degree in Veterinary Clinical Studies (1993). He has a wide experience in leadership, partnerships and collaboration, participatory methods and approaches, community mobilization, training community members and their service providers. He joined the Board in June 2018.



Mr. Isaac Memusi

Board Member (National Treasury representative):

Mr. Memusi represents the Cabinet Secretary National Treasury: He holds a Bachelor's Degree from the University of Nairobi in Public Administration and Philosophy, Postgraduate Diploma in Public Administration from Kenya School of Government and is currently pursuing a Master's Degree in Public Administration from University of Nairobi. He is a career Administrator having started as a District Officer in 2003 at the Office of the President and worked in Ijara and Wajir districts until 2008 when he was posted to the Ministry of Justice and Constitutional Affairs as an Assistant Secretary. He is currently at The National Treasury as a Senior Assistant Secretary. He joined the Board in September 2017.



Mr. Alex Mbuvi

Board Member (Attorney General representative):

He is a Senior Principal State Counsel in the Legal Advisory Division at the Office of the Attorney General and Department of Justice.
 He holds Bachelor of Social Laws, Bachelor of Laws degrees and a post graduate Diploma in Law. Alternate to the Attorney General. He joined the Board in August 2013. He was born in 1975.

III. MANAGEMENT TEAM

| No. | Name | Designation/ Area of responsibility |
|-----|---|-------------------------------------|
| 1 | Prof. Geoffrey Wahungu, PhD | Director General |
| 2 | Mr. Kennedy Ochuka, B.Com, MBA, CPA (K) | Director Finance and Administration |
| 3 | Ms. Irene Kamunge, LLB, LLM | Director Legal Services |
| 4 | Mr. David Ongare, BSC, MSC. | Director Compliance and Enforcement |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

IV. CHAIRMAN'S STATEMENT

Dear stakeholders, on behalf of the Board, I am delighted to present NEMA's Annual Report and Financial Statements for the Financial Year ended on 30th June 2019. This financial year has been my third year as Chairman of the Board. The Authority has endeavoured to safeguard the environment and promote a greener and sustainable development pathway for Kenya. My board continues to support the NEMA management to leverage on strategic partnerships and build synergies with other government lead agencies and partners for the management and coordination of environment in the country. This has enabled the Authority undertake important activities towards the provision of a high quality of life to all Kenyans in a clean and secure environment as envisioned in our development blueprint, the Vision 2030 and the Big 4 agenda on food security, affordable housing, manufacturing, and universal healthcare.

Economy

Kenya's Gross Domestic product (GDP) grew by an estimated 5.9% in 2018 from 4.9% in 2017 attributed to good weather, eased political uncertainties, improved business confidence and strong private consumption that lead to pick up in activities of agriculture, construction and electricity and water supply. The economy of Kenya and the livelihoods of her people largely depend on the utilization of her rich natural resource base that makes up 70% of employment and 42% of GDP. This resource base is increasingly under pressure from anthropogenic activities, resulting in environmental degradation and depletion. The challenge for the Authority and the government at large is to ensure sustainable use of our natural capital by striking a balance between its utilization and conservation.

Financial Performance

During the financial year under review, the Authority realised revenues of KES 1.5 billion which was an increase of 11% on KES 1.34 billion raised the previous year.

The Authority collected KES 157 million in Appropriations in Aid (AIA) compared to 153 million in the previous year. This represents an increase of 3% from the previous year. The Authority realised a deficit of KES 63 million.

Operations

It is my pleasure to report that the Authority was able to realize most of the targets set for the financial year. We continued to work within our mandate as stipulated in EMCA 1999. In this regard, we have reduced the environmental Impact licensing period to 5 days for low risk projects and 30 days for medium risk projects to facilitate ease of doing business in the country. Further, NEMA takes pride in spearheading Kenya to be the first African state to have adopted the Environmental Performance Index (EPI) 2018 as a sustainable development performance-monitoring indicator for both national and county level. It is hoped that the EPI as a performance assessment tool shall guide decision makers in Sustainable Development policy and investment planning. We have also advanced our research agenda and awareness on environmental issues in different regulated sectors of the economy such as air and water quality management, plastic and solid waste management among others. During the year, we continued to embrace partnership with County governments for sustainable development and implementation of devolved environmental functions.

Corporate Governance

We are operating in fast changing and challenging environment where new issues emerge on a regular basis. We remain committed to ensuring the Authority's long term prosperity by ethically directing its affairs whilst meeting the diverse needs of all stakeholders. We have committed ourselves to the highest standards of corporate governance and ethical leadership. In order to improve our adherence to these values, we have developed a Board Charter that guides the operation of the Board as well as defining the roles and responsibilities of the Directors and Management. We strive to observe the highest standards of corporate good governance, ethics and values in providing overall policy and strategic direction of the Authority. It is my belief that the good corporate governance structures we have put in place will ensure the long term prosperity of the institution.

The future and conclusion

We have this far made significant stride in safeguarding and conserving the environment through improved management of pollution control, reclamation of riparian reserve and the ban on plastic bags which has substantially reduced the quantity of plastic waste in the environment. I am convinced beyond any reasonable doubt that going forward, the protection and conservation of our environment shall be beneficial to the societal well-being and sustainable economic development across all the economic sectors. For this reason I call for the support and cooperation of all Kenyans in delivery of this critical constitutional mandate of a clean and health environment for all. However, we attained this remarkable performance against a backdrop of a difficult operating environment. I believe we have a bigger opportunity to perform more and better on our mandate if the challenge of inadequate funding and human resource are well addressed.

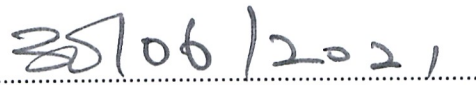
Appreciation

I wish to express my sincere appreciation to my fellow Board members, management and staff for their commitment to deliver a clean, health and sustainable environment for all in Kenya. In addition, I wish to thank our partners and all stakeholders for continued support in our service delivery. Finally, I would like to thank the government through our Ministry for Environment and Forestry for the continued support, guidance and a good working relationship.



.....
Mr. John Konchellah

Chairman



.....
Date

Nairobi

V. REPORT OF THE DIRECTOR GENERAL

I take this opportunity to present the Authority's annual report and financial statements for the year ended 30th June 2019. The National Environment Management Authority (NEMA) as established under Environmental Management and Co-ordination Act 1999 (EMCA 1999) has a twofold objective: to ensure sustainable management of the environment through exercising general supervision and coordination over matters relating to the environment and to be the principal instrument of government in the implementation of all policies relating to the environment. During the 2018/19 fiscal year the Authority continued to undertake her mandate to ensure a clean and healthy environment as provided for in Article 42 of the Constitution of Kenya 2010 albeit the challenging operating environment of the Authority.

The EMCA 1999 provides for the integration of environmental concerns into national and county policies, plans and programmes through the formulation of National and County Environment Action Plans. The purpose of Environmental Action plans (EAPs) is to co-ordinate and harmonize the environmental policies, plans, programmes and decisions of the national and county governments. EMCA 1999, section 9 (2) (P) provides for NEMA to prepare and submit the State of Environment to the Cabinet Secretary in the ministry responsible for environment every two years. To this extend the Authority developed and published the State of Environment Report for 2016/18 and the National Environment Action Plan (NEAP) 2018-2024. Under the sectoral planning the Authority prepared and launched the 2nd Edition of state of the Coast Report for Kenya on 29th March 2019 at Azul Margarita Beach Resort, Mombasa County for public dissemination on the status of coastal resources, challenges and priority areas for intervention in order to ensure a healthy marine and coastal environment. To further guide the conservation and management of the coastal zone based on the state of the Coast Report recommendations, the Authority through consultative process developed the Integrated Coastal Zone Management (ICZM) Action Plan 2019-2023. Preparation of these reports not only contributed to realization of our national priorities on conservation of the coastal and marine environment but also contributed to the country's regional obligations on implementation of the Nairobi Convention and its protocols as well as implementation of the Sustainable Development Goals.

To foster transparency, highlight policy and resource needs for environmental protection and management, NEMA in partnership with County governments and development partners developed the Kenya Environmental Performance Index 2018 (KEPI 2018) that summarizes key messages of the National as well as County State of Environment (SOE), based on the Drivers, Pressures, State, Impact and Response (DPSIR) approach. The Index describes trends, ascribes reasons for declining situations and lists the impacts of the anthropogenic pressures that are driving the situation, and accordingly, recommending mitigation actions for national and county governments to fund. The 2018 KEPI is also a monitoring and accountability tool that both identifies the strong and weak points of environmental performance across sectors, and by County. It notes issues that require corrective actions or interventions needed from policy makers. The Authority continued to partner with county governments and other stakeholders to address existing environmental degradation through planning, initiation and implementation of programs in regards to environmental conservation. To this effect, NEMA partnered with the county government of Makueni to launch the first County Environmental Performance Index (CEPI) during the celebrations to commemorate the World Day to Combat Desertification (WDCD) on 17th June 2019.

To catalyse compliance with the EMCA water quality regulations of 2006 and reduce pollution to water bodies the Authority initiated a country wide 100 day Rapid Results Initiative (RRI) on Effluent Discharge License (EDL) on 8th May 2019. Within 60 days of the RRI implementation 1,497 facilities had been inspected in the eight regions; Coast, North Lake, South Lake, Nairobi Metropolis, North Eastern, Central region, North Rift, and South Rift where over 300 firms were issued with closure notices, and 302 arrests made on individuals flouting the water quality regulations und EMCA

1999. To increase public awareness on water quality standards, NEMA carried out targeted sensitization mission during the RRI to mega institutions and facilities, such as: Hotels, Schools, Universities, and Colleges issuing them with recommendations on how to discharge the effluent wastes. To improve enforcement of environmental standards, the authority established the first ever NEMA environmental laboratory equipped with mobile ambient air quality and water quality monitoring laboratories.

During the period under review, NEMA developed draft plastic regulations, 2019 through a consultative process and forwarded them to the Cabinet Secretary, Ministry of Environment & Forestry for review and Gazettement. These regulations are based on environmental management principles of polluter pays and the extended producer responsibility. The main goal of the regulation is to govern the management of plastics and plastic wastes in the country. Enforcement of the gazette notice No. 2356 of 28th February 2017 that banned the manufacture, use and importation of plastic carrier bags continued across the country and alongside the RRI on EDL where an 80% compliance level has been achieved. Further, during the fourth session of the UN Environment Assembly (UNEA 4) NEMA held a side event on "Strengthening the Global Momentum to Tackle Plastic Pollution." During this side event it was noted that the ban had been successful as Kenyans had embraced this decision that led to significant adoption of sustainable and innovative alternatives.

As a supervisor and coordinator of government agencies on environmental matters, the Authority facilitated 37 counties to Gazette their County Environment Committees (CECs) as provided for in EMCA 1999 to perform their devolved environmental functions. The Authority also partnered with Nyeri and Kirinyanga counties to support the development of their County Environment Action Plans (CEAPS). Further, the Authority trained 73 officers from national and county governments on Basic Environment Enforcement Course.

Under the devolved governance framework, NEMA will continue to promote the principles of green economy by establishing Green Points in selected counties guided by a number of criteria including eco-climatic zones of the country, the Authority's strategic plan and devolution strategy amongst others. The centres are intended to improve and expand the advisory role of NEMA in the counties especially on issues related to the promotion of sound environmental management that can support the green economy, in conjunction with the private sector. During the period under review one green point in Samburu was established with support from DANIDA making a total of nine centres of excellence that are currently operational: Taita Taveta, Isiolo, Homa Bay, Embu, Kajiado, Lamu, Kilifi, Elgeyo Marakwet and Samburu.

To strengthen the employer-employee relationship, NEMA undertook several strategies to enhance employees' satisfaction, performance management and workplace dispute resolution. Specifically, 16 staff were recruited to address human resource needs and 154 Staff were trained on various capacity building initiatives. To facilitate the supervision and coordination of environmental matters within the authority a new vehicle was procured. In support of the government's policy on youth empowerment 636 internships/ attachments opportunities were offered to qualified youths.

During the year, the Authority in an effort to improve efficiency in the payment of licensing fees, developed an Application Programming Interface (API) that integrates mobile payment platforms, with NEMA Licensing System and our Enterprise Resource Planning (ERP). This means that our customers can make payments using payment platforms such as M-Pesa and the same is reflected immediately in our Licensing System for processing of the license and our ERP for revenue reconciliation. It also ensures that users no longer walk to banks to queue to make payments and then to NEMA offices to be issued with receipts which previously the norm. To further promote ease of doing business in the

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

country the Authority revised the Environmental Impact Assessment (EIA) licensing processing period for low risk projects to 5 days from 30 days through Kenya gazette notice No. 31 of May 2019. To upscale implementation of the revised regulations, an implementation guideline has been developed to guide the public and the authority in the application and approval process.

The National Environment Management Authority is committed to Quality service delivery and in the 2018/19 it was successful to transit its ISO 9001:2008 certification to the new standard ISO 9001:2015 on Quality Management System (QMS). The certification scope was extended to cover NEMA Headquarters and all the 47 Counties offices. The Authority also committed to implementing the Quality Management System to ensure a clean, healthy, secure and sustainably managed environment for all. Further, the Authority is committed to the continual improvement of Quality Management System (QMS) processes and services and compliance with the requirements of ISO 9001:2015 international standard to achieve customer satisfaction. During the period under review, the Authority revised the service delivery charter and translated it to Swahili and Braille to reach out to wider stakeholders including the visually impaired persons,

Financial Performance

The allocations received from the exchequer as recurrent disbursements increased from KES 885 million to KES 1.072 billion. The Authority was able to collect KES 157.3 million as Appropriation in Aid from licensing. This was an increase of 3% over the KES 153 million collected previous year.

The development partners disbursed KES 206 million. These development partners included Danida through and Green Growth and Employment Program (GGEP), the United Nations through UNEP and Adaptation Fund. The Authority intends to maintain and deepen these partnerships and bring in more development partners.

The Authority's expenses were KES 1.56 billion. This represents 5% increase from last years of KES 1.48 billion. Staff costs still remain the major cost component accounting for 60% of total expenses.

Challenges

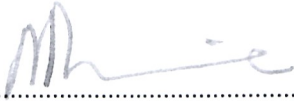
Issues of environmental management in Kenya such as air pollution, climate change impacts, water pollution, biodiversity loss, poor waste management, invasive species, deforestation, encroachment of riparian reserves and wetland ecosystems, poor land use planning and limited knowledge on environmental protection continue to pose a big challenge to the authority's mandate. Nationally, resource allocation for environment sector is a key inhibiting factor for effective management of environment.

Way Forward

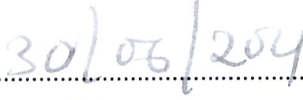
To improve on the environmental performance of the Authority's operations we initiated certification process for ISO 14000 on Environmental Management Systems (EMS) Standard by holding an awareness training for all NEMA section Heads and the Sustainability Committee. The Authority will endeavour to inculcate a culture of excellence in our operations, with processes being done right the first time and errors and waste eradicated from operations. NEMA employees have also been encouraged to become involved in the continuous improvement of services offered by the Authority. We strive to ensure that our services meet up to — or surpass — our customer's expectations.

Conclusion

I thank the Government and the development partners for their financial support that has enabled NEMA to fulfil its mandate. I extend our gratitude to the Board of Management for their invaluable support and provisions of strategic leadership that was critical in achievement of the Authorities objectives. Special appreciation goes to NEMA Management and staff for their relentless effort and dedication in delivering services to our esteemed customers. Finally, I wish to extend my sincere gratitude to the Kenyan Citizenry for their support in the delivery of a clean and healthy environment for all.



.....
Mr. Mamo B. Mamo
Ag. Director General



.....
Date
Nairobi

VI. CORPORATE GOVERNANCE STATEMENT

Establishment and composition of the board:

The Board of Management for the National Environment Management Authority (NEMA) is established under the Environmental Management and Co-ordination Act (EMCA), 1999. The board is made up of eight independent non-executive directors who consist of a Chairperson appointed by the President for a period of four years and seven directors appointed by the Cabinet Secretary Environment & Forestry for a period of four years. The other members of the Board are the Principal Secretary, Ministry of Environment and Forestry, the Director General, Board Secretary appointed by the Board, the Principal Secretary, National Treasury and the Attorney General.

In considering nominations for appointment to the Board, gender and diversity of experience shall be taken into consideration. Professional qualifications of Board members is further provided for in EMCA, 1999 that stipulates that no person shall be appointed to the Board, unless such person holds at least a post-graduate degree from a recognized university in the field of environmental law, environmental science or natural resource management or a relevant social science and in the case of the Director-General, has at least fifteen years' working experience in the relevant field.

The Board exercises strategic leadership, enterprise, integrity and judgement in managing the Authority. The Directors are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic planning, financial, operational and compliance issues.

The day-to-day running of the operations of the Authority is delegated to the Director General but the Board of Management is responsible for establishing and maintaining the Authority's system of internal controls for the realization of the Authority's mandate.

All members of the Board of Management are taken through a comprehensive induction programme and adequately trained on their roles through various corporate governance trainings. The Directors are professionals, committed and guided by the Mwongozo code of governance for state corporations and the Authority's mission, vision and core values in the execution of their duties. At the end of each financial year, the Board, its Committees, individual directors and the Director General conduct a self-evaluation under the coordination of an independent body against targets agreed to at the beginning of the year.

Board Committees:

Board Committees attending to specific matters assist the Board in its work. The Committees report to and remain accountable to the Board for all their activities. The main function of Board Committees is to reinforce the wholeness of the Board's responsibility.

The Board has four standing committees that meet at least once per quarter and work under the terms of reference set by the Board. The Board reviews the membership of all the Committees on a regular basis.

Finance and Human Resource Committee

The primary responsibility of Finance and Human Resource Committee is to provide advice to the Board on NEMA's financial and human resource management, performance and their financial implications.

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on NEMA's human resource policies and guidelines that include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

During the period, the following were the members of the Committee:

- a) Ms. Teresia Malokwe - Chairperson
- b) Principal Secretary Environment & Forestry
- c) Hon. Agostinho Neto
- d) Hon. Halima Ware Duri
- e) Principal Secretary National Treasury

Audit, Governance and Risk Management Committee

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees NEMA's standards of integrity and behaviour, reporting of financial information and internal control systems.

Its members are:

- a) Prof. Barnabas Mitaru – Chairman
- b) Principal Secretary Environment & Forestry
- c) The Attorney General
- d) Principal Secretary National Treasury
- e) Dr. Kisa Juma Ngeiwya

Environmental Management and Conservation Technical Committee

The Committee is charged with determining NEMA's vision, mission, values and providing strategic direction of the Authority. The Committee reviews policies on environment management and conservation, channelling research findings, communication, and management of compliance, enforcement policies and procedures, management of legal and legislative issues, advice on environmental impact assessment and audit policies and processes.

The Committee's membership are as follows:

- a) Dr. Kisa Juma Ngeiwya - Chairman
- b) Prof. Peninah Aloo Obudho
- c) Hon. Agostinho Neto
- d) Prof. Barnabas Mitaru
- e) Ms. Teresia Malokwe
- f) Hon. Halima Ware Duri

Strategy, Legal and Resource Mobilization Committee

The scope of this Committee includes coming up with NEMA's Strategy, Governance and Resource mobilization

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

Its members are:

- a) Hon. Agostinho Neto – Chairman
- b) Prof. Peninah Aloo Obudho
- c) Hon. Halima Ware Duri
- d) Ms. Teresia Malokwe
- e) The Attorney General

Board Meetings

The table below is a summary of the meetings which were held by the Board and Committees in the period under review.

| Name | Ordinary Meetings | Special Meetings | Total Meetings |
|---|-------------------|------------------|----------------|
| Board of Management | 8 | 18 | 26 |
| Finance and Human Resources | 6 | 19 | 25 |
| Audit, Governance and Risk Management | 6 | 3 | 9 |
| Environmental Management and Conservation Technical Committee | 5 | 5 | 10 |
| Strategy, legal and Resource Mobilization Committee | 9 | 5 | 14 |
| Total | 34 | 50 | 84 |

Full board meetings

During the year, the Board of directors held a total of 26 meetings outlined as follows, 8 ordinary full board meetings, 12 special board meetings, 2 retreat workshops, commemoration of the world environment day (WED) and World day to combat desertification (WDCD), a strategic plan 2018-2022 development workshop, 1 inspection of effluent discharging facilities under the 100 days rapid results initiative (RRI) and one Ad hoc board meeting of the chairpersons of the board committees to strategize on the synergies of the board committees in effective delivery of its mandate.

| Board Members | Ordinary meetings | Special Meetings | Retreats | WED & WDCD | Strategic Plan 2018-2022 | Inspections | Ad Hoc Board meeting | Total |
|------------------------|-------------------|------------------|----------|------------|--------------------------|-------------|----------------------|-----------|
| John Konchellah | 8 | 12 | 2 | 2 | 1 | 1 | | 26 |
| Dr. Kisa Juma Ngeiywa | 8 | 12 | 1 | 2 | 1 | 1 | 1 | 26 |
| Neto Agostinho | 7 | 12 | 2 | 1 | 1 | 1 | 1 | 25 |
| Prof. B. N. Mitaru | 8 | 10 | 1 | 2 | 1 | 1 | 1 | 24 |
| Teresia M. Malokwe | 7 | 11 | 2 | 1 | 1 | 1 | 1 | 24 |
| Hon. Halima Ware | 7 | 11 | 2 | 2 | 1 | 1 | | 24 |
| Isaac Memusi | 6 | 10 | 1 | 2 | 1 | 1 | | 21 |
| Alex Mbuvi | 5 | 6 | 2 | 2 | | | | 15 |
| Prof. P. Aloo-Obudho | 6 | 2 | 1 | 1 | 1 | | | 11 |
| Prof. Geoffrey Wahungu | 3 | 4 | | | | | | 7 |
| Gerald Mwangi | 2 | 3 | 1 | 1 | | | | 7 |
| Agnes C. Yobterik | | 3 | 1 | | | | | 4 |
| James K. Sitienei | 1 | 2 | | | | | | 3 |
| David M. Gichuhi | 1 | 1 | | | | | | 2 |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

The Audit, Governance and Risk Management Committee of the Board of directors

The committee held a total of 9 meetings with 6 ordinary committee meetings, one special meeting and 2 site visits to audit Projects funded by the climate change adaptations fund board through NEMA as the National Implementing Entity (NIE) in Machakos, Marsabit and Laikipia counties as detailed in table below.

| Audit, Governance and Risk Management Committee meetings 2018-19 FY | | | | |
|---|-------------------|------------------|-------------|-------|
| Committee Members | Ordinary Meetings | Special Meetings | Site visits | Total |
| Prof. B. N. Mitaru | 6 | 1 | 2 | 9 |
| Dr. Kisa Juma Ngeiywa | 6 | 1 | 2 | 9 |
| Isaac Memusi | 4 | 1 | 2 | 7 |
| Alex Mbuvi | 2 | 1 | | 3 |
| Gerald Mwangi | 2 | | 1 | 3 |
| Agnes C. Yobterik | 2 | | | 2 |

Environmental Management and Conservation Technical Committee (EMCTC) meetings

In the financial year 2018-19, the technical committee of the board of directors held 10 meetings in total consisting of 5 ordinary meetings of the committee, one special meeting, 1 retreat, a site visit to Itare Dam, Mara sugar and Kilima Pesa sites that had national environmental protection and management concern and also held 2 joint meetings with the finance and human resource committee to deliberate on crosscutting matters.

| Environmental Management and Conservation Technical Committee (EMCTC) meetings 2018-19 FY | | | | | | |
|---|-------------------|------------------|---------|-------------|---|-------|
| Board Members | Ordinary meetings | Special Meetings | Retreat | Site visits | Ad Hoc Joint EMCTC & Finance HR meeting | Total |
| Dr. Kisa Juma Ngeiywa | 5 | 1 | 1 | 1 | 2 | 10 |
| Prof. B. N. Mitaru | 5 | 1 | 1 | 1 | 2 | 10 |
| Teresia M. Malokwe | 4 | 1 | 1 | 1 | 2 | 9 |
| Hon. Halima Ware | 5 | | 1 | 1 | 2 | 9 |
| Neto Agostinho | 3 | 1 | 1 | 1 | 2 | 8 |
| Gerald Mwangi | 2 | 1 | | | 1 | 4 |
| John Konchellah | | | 1 | | | 1 |
| Agnes C. Yobterik | | 1 | | | | 1 |
| David M. Gichuhi | | | | | 1 | 1 |
| Prof. P. Aloo-Obudho | | | | | 2 | 2 |
| Prof. Geoffrey Wahungu | | | | | 2 | 2 |
| Isaac Memusi | | | | | 1 | 1 |

The Finance and Human Resource Committee

During the financial year in Review, 2018-19 the finance and HR committee exercised its financial oversight role by holding 25 meetings in total. The breakdown of the meetings is as follows, six Ordinary meetings of the committee were held, 15 special committee meetings, 2 retreats, and 2 days interviews.

| Finance and Human Resource Committee meetings 2018-19 FY | | | | | |
|--|-------------------|------------------|----------|------------|-------|
| Committee Members | Ordinary Meetings | Special Meetings | Retreats | Interviews | Total |
| Teresia M. Malokwe | 6 | 15 | 2 | 2 | 25 |
| Neto Agostinho | 6 | 15 | 2 | 2 | 25 |
| Hon. Halima Ware | 6 | 15 | 2 | 2 | 25 |
| Isaac Memusi | 3 | 12 | 2 | | 17 |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

| | | | |
|------------------------|---|---|---|
| Gerald Mwangi | 3 | 2 | 5 |
| Lawrence Simitu | | 3 | 3 |
| David M. Gichuhi | | 2 | 2 |
| Prof. Geoffrey Wahungu | | 1 | 1 |
| John Konchellah | | 1 | 1 |

The Strategy, legal and resource mobilization committee of the board of directors

A total of 14 meetings of the committee were held during the 2018-19 financial year. In summary, 9 ordinary meetings of the committee were held while 3 special committee meetings and 2 retreats were done to deliberate on critical strategic and legal aspects of the authority including development of the 2018-2022 strategic plan.

| Board Members | Ordinary Meetings | Special Meetings | Retreat | Total |
|-----------------------|-------------------|------------------|---------|-------|
| Neto Agostinho | 9 | 3 | 2 | 14 |
| Teresia M. Malokwe | 9 | 3 | 2 | 14 |
| Hon. Halima Ware | 8 | 3 | 2 | 13 |
| Isaac Memusi | 3 | 2 | 1 | 6 |
| Alex Mbuvi | 2 | | 1 | 3 |
| Prof. B. N. Mitaru | | 1 | 1 | 2 |
| Dr. Kisa Juma Ngeiywa | | 1 | 1 | 2 |
| Prof. P. Aloo-Obudho | | | 1 | 1 |
| Anne Syombua | | 1 | | 1 |
| Gerald Mwangi | | 1 | | 1 |
| Agnes C. Yobterik | | 1 | | 1 |
| Lawrence Simitu | | 1 | | 1 |

The Role of the Board

As guided by EMCA, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board's role is to provide effective leadership and control, in terms of approving the NEMA's strategy and ensuring best practice of corporate governance.

The Board retains full and effective control over the Authority by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews the NEMA's succession plans for the management team and endorses senior executive appointments, organisational changes and remuneration matters. It is concerned with key elements of the governance processes which sustain the operations of the Authority, performance reporting processes as well as other disclosure requirements.

On a quarterly basis, the Board considers reports from each Board Committee. The Board meets at least once a quarter. The calendar of meetings is prepared annually in advance and detailed papers to be discussed are made available to Directors in good time before the meeting.

Board effectiveness

The independence of the Board from the NEMA's corporate management is ensured by the separation of the functions of the Chairperson and Director General and a clear definition of their responsibilities.

***National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019***

The Chairperson is a non-executive Director and is primarily responsible for providing leadership to the Board while the Director General is responsible for the day-to-day management of the Authority. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.

The Board has a Board Charter to facilitate its governance system. Each Board member has signed the Charter.

***National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019***

Director's remuneration

In accordance with guidelines provided in the State Corporations Act, the Directors are paid taxable sitting allowance for every meeting attended, as well as travel and accommodation allowance while on the Authority's duty. The Chairman is also paid a monthly honorarium.

Statement of Compliance

The Board of Directors confirms that National Environment Management Authority has throughout the 2018/2019 financial year complied with the entire Statutory and Regulatory requirement and that the Authority has been managed in accordance with the principles of Corporate Governance.

Internal control and risk management:

Internal Control

The Directors are responsible for reviewing the effectiveness of the Authority's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The Authority has a Code of Ethics and Service Charter that is applicable to all employees. These are two of a number of Standing Instructions to employees of the Authority designed to enhance internal control. The Authority has also designed a set of standing instructions to be followed in the management of various functions in the organization.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Authority can meet its future management requirements.

Strategic Plan

The business of the Authority is determined by the Strategic Plan. The Strategic Plan sets out the objectives of the Authority, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The Authority continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Authority, is approved by the Audit Committee.

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2018/19.

Risk Management

The Authority has a structure and process to help identify, assess and manage risks. The process was in place for the period up to the time this report was approved. This team reviews all the risks in the Authority and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the Audit Committee to assist the Board in the management of risk.

Management Team

The management team headed by the Director General implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently. Such policies developed include the Anti-corruption policy, Disability, Gender and HIV mainstreaming, the ICT policy, among others.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance

During the period ending 30th June 2019, the Authority developed the Environmental Performance Index (EPI) 2018 as a sustainable development performance-monitoring indicator for both national and county level. It is hoped that the EPI as a performance assessment tool shall guide decision makers in Sustainable Development policy and investment planning.

The EMCA 1999 provides for the integration of environmental concerns into national and county policies, plans and programmes through the formulation of National and County Environment Action Plans. The purpose of Environmental Action plans (EAPs) is to co-ordinate and harmonize the environmental policies, plans, programmes and decisions of the national and county governments. EMCA 1999, section 9 (2) (P) provides for NEMA to prepare and submit the State of Environment to the Cabinet Secretary in the ministry responsible for environment every two years.

To this extend the Authority developed and published the State of Environment Report for 2016/18 and the National Environment Action Plan (NEAP) 2018-2024. Under the sectoral planning the Authority prepared and launched the 2nd Edition of state of the Coast Report for Kenya on 29th March 2019

To further guide the conservation and management of the coastal zone based on the state of the Coast Report recommendations, the Authority through consultative process developed the Integrated Coastal Zone Management (ICZM) Action Plan 2019-2023. Preparation of these reports not only contributed to realization of our national priorities on conservation of the coastal and marine environment but also contributed to the country's regional obligations on implementation of the Nairobi Convention and its protocols as well as implementation of the Sustainable Development Goals.

NEMA in partnership with County governments and development partners developed the Kenya Environmental Performance Index 2018 (KEPI 2018) that summarizes key messages of the National as well as County State of Environment (SOE), based on the Drivers, Pressures, State, Impact and Response (DPSIR) approach. The Index describes trends, ascribes reasons for declining situations and lists the impacts of the anthropogenic pressures that are driving the situation, and accordingly, recommending mitigation actions for national and county governments to fund. The 2018 KEPI is also a monitoring and accountability tool that both identifies the strong and weak points of environmental performance across sectors, and by County.

To catalyse compliance with the EMCA water quality regulations of 2006 and reduce pollution to water bodies the Authority initiated a country wide 100 day Rapid Results Initiative (RRI) on Effluent Discharge License (EDL) on 8th May 2019. Within 60 days of the RRI implementation 1,497 facilities had been inspected in the eight regions; Coast, North Lake, South Lake, Nairobi Metropolis, North Eastern, Central region, North Rift, and South Rift where over 300 firms were issued with closure notices, and 302 arrests made on individuals flouting the water quality regulations und EMCA 1999.

NEMA developed draft plastic regulations, 2019 through a consultative process and forwarded them to the Cabinet Secretary, Ministry of Environment & Forestry for review and gazette. These regulations are based on environmental management principles of polluter pays and the extended producer responsibility.

As a supervisor and coordinator of government agencies on environmental matters, the Authority facilitated 37 counties to Gazette their County Environment Committees (CECs) as provided for in EMCA 1999 to perform their devolved environmental functions. Further, the Authority trained 73 officers from national and county governments on Basic Environment Enforcement Course.

To further promote ease of doing business in the country the Authority revised the Environmental Impact Assessment (EIA) licensing processing period for low risk projects to 5 days from 30 days through Kenya gazette notice No. 31 of

May 2019. To upscale implementation of the revised regulations, an implementation guideline has been developed to guide the public and the authority in the application and approval process.

Financial Performance

The allocations received from the exchequer as recurrent disbursements increased from KES 885 million to KES 1.072 billion this was an increase of 21%.

The allocations received from the exchequer as development disbursements was KES 222.5 million of which KES 60.3 million was recognised as the income for the current year the balance is recognised as deferred development income.

The Authority was able to collect KES 157 million as Appropriation in Aid from licensing. This was an increase of 3% over the KES 153 million collected previous year.

The development partners disbursed KES 206 million. The Authority's expenses were KES 1.56 billion. This represents 5% increase from last years of KES 1.48 billion. Staff costs still remain the major cost component accounting for 60% of total expenses.

Key Projects

During the year, the Authority in an effort to improve efficiency in the payment of licensing fees, developed an Application Programming Interface (API) that integrates mobile payment platforms, with NEMA Licensing System and our Enterprise Resource Planning (ERP). This means that our customers can make payments using payment platforms such as M-Pesa and the same is reflected immediately in our Licensing System for processing of the license and our ERP for revenue reconciliation. It also ensures that users no longer walk to banks to queue to make payments and then to NEMA offices to be issued with receipts which previously the norm.

Under the devolved governance framework, NEMA will continue to promote the principles of green economy by establishing Green Points in selected counties guided by a number of criteria including eco-climatic zones of the country, the Authority's strategic plan and devolution strategy amongst others. The centres are intended to improve and expand the advisory role of NEMA in the counties especially on issues related to the promotion of sound environmental management that can support the green economy, in conjunction with the private sector. During the period under review one green point in Samburu was established with support from DANIDA making a total of nine centres of excellence that are currently operational: Taita Taveta, Isiolo, Homa Bay, Embu, Kajiado, Lamu, Kilifi, Elgeyo Marakwet and Samburu.

NEMA is also undertaking the "Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya" under United Nations Framework Climate Change Convention (UNFCCC). The project sponsor is The Adaptation Fund Board. The overall objective of the programme is to enhance resilience and adaptive capacity to climate change for selected communities in various Counties in Kenya in order to increase food security and environmental management. The project also has 3 Executing Entities (EEs) and 8 Sub-Executing Entities (Sub-EEs). Some of the key project successes include;

- Approximately 2,000 farmers have been supported to adopt drought tolerant and fruit crops to improve food security and enhance resilience of communities to climate change
- 12 water pans of an average capacity of 15,000 cubic meters each have been established
- Renewable energy facilities have been introduced and are operational in the Walda and Masinga farm and irrigation scheme respectively which rely on solar energy to run the farm operations.
- 170,000 mangrove seedlings have been planted in Kwale in Vanga and Gazi areas

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

- Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals.

Entity's compliance with statutory requirements

During the year the Authority complied with all Statutory and Regulatory requirement and there are no major non-compliance issues that may expose the Authority to potential contingent liabilities.

Major risks facing the entity

The Authority has a structure and process to help identify, assess and manage risks. The process was in place for the period. This team reviews all the risks in the Authority and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the Audit Committee to assist the Board in the management of risk.

Material arrears in statutory/financial obligations

There were statutory obligations at year end 47.2 million.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility (CSR) has become one of the standard business practices of our time. For companies committed to CSR it means kudos and an enhanced overall reputation – a powerful statement of what they stand for in an often cynical business world.

Social and environmental responsibilities are an integral part of the Authority's practices. To ensure a harmonised and orderly approach to our CSR activities, we developed our CSR policy.

We have over the years strived to mainstream environmental conservation in the development of the country so as to ensure the sustainable development of the country. In order to attain this, we have mainstreamed environmental sustainability in the performance contracts of all government institutions. We visit these institutions and assist them be more environmentally conscious in their activities. This is done at the Authority's cost.

We worked closely with the several communities especially the weak and vulnerable. Several activities to commemorate world environment events were organised and held with these communities.

During the financial year 2018/19, the Authority carried out the following CSR activities;

- Donated 5 (5,000 Litres) water tanks to some primary and secondary schools in Makueni County, 40 beehives to farmers and self-help groups and awarded certificates of recognition as incentives for CBOs in Climate change mitigation and adaptation
- Supported and participated in the Beyond Zero marathon held in Nairobi
- Planted 16,000 tree seedlings during the World Environment Days in contribution to realization of 10% forest cover by 2022
- Sponsored the Golf tournament of environmental awareness during the World Environment Day

The Authority will endeavour to collaborate with various organisations to enhance environment education with various targeted groups.

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

IX. REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 2019, which disclose the state of affairs of the Authority.

Principal activities

The principal activities of the Authority are to exercise general supervision and co-ordination over all matters relating to the environment and to be the principal Instrument of Government in the implementation of all policies relating to the environment.

Results for the year

The deficit for the year of KES 63 million has been charged to Revenue Reserves.

Directors

The directors who held office during the year are set out on in earlier sections of the report.

Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the constitution of Kenya and the Public Audit Act, 2015. The Auditor General continues in office in accordance with the constitution of Kenya.

FOR AND ON BEHALF OF THE BOARD OF MANAGEMENT.



.....
Mr. John Konchellah
Chairman

30/06/2021
.....

Date
Nairobi

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2019. These responsibilities include:


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

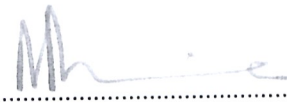
The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

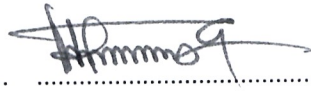
Nothing has come to the attention of the Directors to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 17/9/2019 and signed on its behalf by:


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.....


.....

Mr. John Konchellah
Chairman

Mr. Mamo B. Mamo
Ag. Director General

Mr. Kennedy Ochuka
Director Finance & Administration

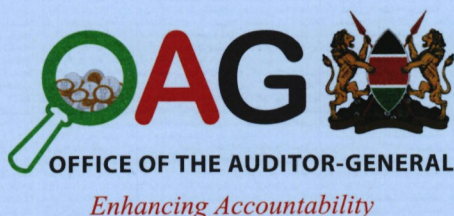
Date..... 30/06/2021

Date..... 30/06/21

Date..... 30/06/2021

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Environment Management Authority set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Environment Management Authority as at 30 June, 2019, 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 Environment Management and Coordination (Amendment) Act, 2015.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

As similarly reported in the previous year, the property, plant and equipment balance totalling Kshs.333,967,000 as at 30 June, 2019 does not include the value of nine (9) parcels of land located in Kilifi, Lamu, Taita Taveta, Homa Bay, Isiolo, Embu, Kajiado, Elgeyo Marakwet, and Samburu Counties. In addition, ownership documents for the lands were not provided for audit review.

Consequently, the accuracy, completeness and ownership of the property, plant and equipment balance totalling Kshs.333,967,000 as at 30 June, 2019 could not be confirmed.

2.0 Receivables

The statement of financial position as at 30 June, 2019 reflects receivables totalling Kshs.169,641,000 as further disclosed in Note 17 to the financial statements. The balance

includes imprests and advances totalling Kshs.29,896,000 which had not been surrendered by the close of the year under review on 30 June, 2019. Included in the balance were salary advances totalling Kshs.46,333 and imprests totalling Kshs.7,100,580 which had been outstanding for more than (4) four years.

No plausible explanation was provided by Management for the failure to recover the old outstanding balances.

Further, the Authority owed Adaptation Fund Kshs.126,802,000 as at 30 June, 2019 being grant monies transferred to implementing entities as tabulated below:

| | Transferee Entity | Amount Transferred Kshs. |
|----|---|---------------------------------|
| 1. | Kenya Forestry Research Institute (KEFRI) | 39,252,368 |
| 2. | Tana and Athi River Development Authority (TARDA) | 76,968,982 |
| 3. | Coast Development Authority (CDA) | 10,580,367 |
| | Total | 126,802,000 |

The payees were expected to have accounted for the transfers to the Accounting Officer in accordance with the requirements of Section 71(1-2) of the Public Finance Management Act, 2012. The provision requires public officers to whom cash advances are made to account for the advance within a reasonable period.

In view of these issues, it has not been possible to confirm the recoverability of the receivables balance totalling Kshs.169,641,000 as at 30 June, 2019.

3.0 Uncertainty on Sustainability of Services

The statement of financial performance indicates that during the year under review, the Authority recorded an operating loss totalling Kshs.63,402,000, compared to a loss of Kshs.138,191,000 in 2017/2018, which increased its cumulative deficit to Kshs.78,326,000 as at 30 June, 2019. Further, the statement of financial position as at 30 June, 2019 reflects current liabilities totalling Kshs.1,281,653,000 and current assets totalling Kshs.1,068,732,000 resulting to a negative working capital of Kshs.212,921,000 as at 30 June, 2019 which indicates the Authority is technically insolvent.

In the circumstance, sustainability of the Authority's operations is dependent upon the financial support of the Government and creditors.

Management has not indicated the measures it has taken, or intends to take to reverse the unsatisfactory financial performance.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Environment Management Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for 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

Irregular Board Expenses

Examination of records on Board expenses indicated that the expenses rose from Kshs.21,676,000 in 2017/2018 financial year, to Kshs.43,048,000 in the year under review, denoting an increase of 98% in one year. The Board's Work Plan indicated that a total of four (4) meetings for the full Board and the four (4) Standing Committees had

been planned for the year. However, Board expenses incurred and attendance registers indicated that a total of 84 ordinary and special meetings were held by the Board and the Standing Committees in the year under review as tabulated in the following table:

| Description | | Ordinary Meetings | Special Meetings | Total Meetings | Average Meetings Per Month |
|--------------|---|-------------------|------------------|----------------|----------------------------|
| 1. | Board of Management | 8 | 18 | 26 | 2.1 |
| 2. | Finance and Human Resource Committee | 6 | 19 | 25 | 2.1 |
| 3. | Audit, Governance and Risk Management Committee | 6 | 3 | 9 | 1 |
| 4. | Environmental Management and Conservation Technical Committee | 5 | 5 | 10 | 1 |
| 5. | Strategy, Legal and Resource Mobilization Committee | 9 | 5 | 14 | 1 |
| Total | | 34 | 50 | 84 | 7 |

The records indicated that payments for sitting allowance totalling Kshs.609,542 were attributed to meetings held by one person, being the only one who signed the attendance register. The minutes of the meetings were not provided audit review and as a result, the validity of the payments could not be confirmed.

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 Authority'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 Authority, 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 Authority's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance 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 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 Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 January, 2022

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

VII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2019

| | Notes | 2019 Kshs '000' | 2018 Kshs '000' |
|---|-------|--------------------|--------------------|
| Revenue from non-exchange transactions | | | |
| Government grants - recurrent | 4 | 1,072,244 | 885,078 |
| Government grants - development | 5 | 60,373 | - |
| Donor funds | 6 | 206,344 | 303,393 |
| | | 1,338,960 | 1,188,471 |
| Revenue from exchange transactions | | | |
| Revenue receipts | 7 | 157,329 | 153,197 |
| Other income | 8 | 2,844 | 3,058 |
| | | 160,173 | 156,255 |
| Total revenue | | 1,499,133 | 1,344,725 |
| Expenditure | | | |
| Staff costs | 9 | 938,777 | 862,291 |
| Administrative costs | 10 | 298,566 | 236,732 |
| Board expenses | 11 | 43,048 | 21,676 |
| Project expenses | 12 | 187,182 | 295,555 |
| Depreciation expense | 13 | 66,261 | 35,096 |
| Repairs and Maintenance | 14 | 11,721 | 11,920 |
| Utilities | 15 | 16,981 | 19,646 |
| Total Expenditure | | 1,562,535 | 1,482,916 |
| Deficit | | (63,402) | (138,191) |

The notes set out on pages 6 to 23 form an integral part of the Financial Statements.

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

XII. STATEMENT OF FINANCIAL POSITION

As at 30th June 2019

| | Notes | 2019 Kshs '000' | 2018 Kshs '000' |
|---|-------|-------------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 16 | 880,313 | 302,074 |
| Receivable from non-exchange transactions | 17 | 169,641 | 206,396 |
| Inventories | 18 | 18,779 | 23,281 |
| | | <u>1,068,732</u> | <u>531,751</u> |
| Non-current assets | | | |
| Property, plant and equipment | 19 | 303,972 | 276,695 |
| Capital Work in Progress | | 29,995 | 17,931 |
| | | <u>333,967</u> | <u>294,626</u> |
| Total assets | | <u>1,402,699</u> | <u>826,377</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Payables from exchange transactions | 20 | 1,190,141 | 504,999 |
| Employee benefits obligations | 21 | 54,947 | 91,851 |
| Provisions | 22 | 36,565 | 55,081 |
| | | <u>1,281,653</u> | <u>651,931</u> |
| Total liabilities | | <u>1,281,653</u> | <u>651,931</u> |
| Net assets | | <u>121,046</u> | <u>174,446</u> |
| Equity | | | |
| Capital Fund | 23 | 175,473 | 175,473 |
| Revenue Reserves | 23 | (78,326) | (32,419) |
| Revaluation Reserves | 23 | 23,899 | 31,392 |
| | | <u>121,046</u> | <u>174,446</u> |
| Total equity | | <u>121,046</u> | <u>174,446</u> |


The Financial Statements set out on pages 1 to 23 were signed on behalf of the Board of Directors by:



Mr. John Konchellah
Chairman



Mr. Mamo B. Mamo
Ag. Director General



Mr. Kennedy Ochuka
For: Director Finance & Administration
ICPAK Member Number: 3872

Date: 30/06/2021

Date: 30/06/21

Date: 30/06/2021

XIII. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2019

| | Note | Accumulated Fund Kshs '000' | Revenue Reserve Kshs '000' | Revaluation Reserve Kshs '000' | Total Kshs '000' |
|--------------------------|------|-----------------------------------|----------------------------------|--------------------------------------|---------------------|
| At 1st July 2017 | | 175,473 | (56,237) | 137,640 | 256,876 |
| Prior year adjustment | | - | 162,010 | (106,248) | 55,762 |
| Net deficit for the year | | - | (138,191) | - | (138,191) |
| At 30th June 2018 | | 175,473 | (32,419) | 31,392 | 174,446 |
| At 1st July 2018 | | 175,473 | (32,419) | 31,392 | 174,446 |
| Prior year adjustment | 24 | - | 17,495 | (7,492) | 10,003 |
| Net deficit for the year | | - | (63,402) | - | (63,402) |
| At 30th June 2019 | | 175,473 | (78,326) | 23,899 | 121,047 |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

XIV. STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

| | Notes | 2019 Kshs '000' | 2018 Kshs '000' |
|--|-----------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Deficit for the year | | (63,402) | (138,191) |
| Adjustments for: | | | |
| Tax expense | | - | - |
| (Gain)/Loss on disposal of property, plant & equipment | 8 | (131) | (419) |
| Depreciation of property, plant & equipment | 13 | 66,261 | 35,096 |
| Accumulated depreciation adjusted | 19 | 7,492 | 27,587 |
| Prior year adjustment | 24 | 10,003 | 55,762 |
| Operating (loss) before working capital changes | | 20,222 | (20,165) |
| Changes in operating assets and liabilities | | | |
| (Increase)/decrease in trade and other receivables | | 36,755 | 76,367 |
| Increase/(decrease) in trade payables from exchange transactions | | 685,142 | (179,604) |
| Increase/(decrease) in employee benefits obligations | | (36,904) | 72,440 |
| Increase / (decrease) in provisions | | (18,516) | 10,615 |
| (Increase)/ decrease in inventories | | 4,503 | (1,203) |
| Cash used in operations | | 691,202 | (41,551) |
| Tax paid | | - | - |
| Net cash used in operating activities | | 691,202 | (41,551) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 19 | (113,144) | (81,354) |
| Proceed from disposal of property, plant & equipment | | 181 | 925 |
| Net cash used in investing activities | | (112,963) | (80,429) |
| Net (decrease) in cash and cash equivalents | | 578,239 | (121,980) |
| Cash and cash equivalents at start of year | | 302,074 | 424,054 |
| Cash and cash equivalents at end of year | 16 | 880,313 | 302,074 |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30 June 2019

| | Original budget | Adjustment | Final budget | Actual on comparable basis | Performance difference | |
|---------------------------------|------------------|------------|------------------|----------------------------|------------------------|----|
| | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | |
| | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' | |
| Revenue | | | | | | |
| Recurrent Grant | 1,077,800 | - | 1,077,800 | 1,056,244 | (21,556) | a) |
| Recurrent Grant - Other | - | - | - | 16,000 | 16,000 | |
| Development Grant | 255,000 | - | 255,000 | 60,373 | (194,627) | b) |
| Revenue Receipts | 90,000 | - | 90,000 | 157,329 | 67,329 | c) |
| Donor Funds | 335,940 | - | 335,940 | 206,344 | (129,596) | d) |
| Other Income | - | - | - | 2,844 | 2,844 | |
| Total income | 1,758,740 | - | 1,758,740 | 1,499,133 | (259,607) | |
| Expenses | | | | | | |
| Personnel Expenses | 820,000 | 28,476 | 848,476 | 847,839 | 637 | e) |
| Staff Expenses | 3,500 | 700 | 4,200 | 6,458 | (2,258) | f) |
| Communication Expenses | 15,000 | (4,500) | 10,500 | 13,900 | (3,400) | g) |
| Printing & Stationery | 4,250 | (865) | 3,385 | 8,471 | (5,086) | h) |
| Staff Training Expenses | 5,250 | 9,750 | 15,000 | 19,707 | (4,707) | i) |
| Resource Center Expenses | 1,000 | - | 1,000 | 1,146 | (146) | j) |
| Travelling & Accommodation | 90,695 | (15,759) | 74,936 | 81,621 | (6,685) | k) |
| Motor Vehicle Expenses | 39,000 | (5,000) | 34,000 | 50,102 | (16,102) | l) |
| | 4,200 | 5,500 | 9,700 | 12,105 | (2,405) | m) |
| Computer Expenses | | | | | |) |
| Consultancy & Professional Fees | 17,630 | (14,102) | 3,528 | 6,582 | (3,054) | n) |
| Publicity and Communication | 9,600 | (1,480) | 8,120 | 8,547 | (427) | o) |
| Board Expenses | 25,000 | 17,067 | 42,067 | 43,048 | (981) | p) |
| Office Running Expenses | 10,900 | 7,100 | 18,000 | 19,803 | (1,803) | q) |
| Insurance Expenses | 64,300 | 700 | 65,000 | 64,383 | 617 | r) |
| Office Rent & Land Rates | 22,500 | 800 | 23,300 | 25,023 | (1,723) | s) |
| Office Utilities | 9,000 | (4,000) | 5,000 | 5,017 | (17) | t) |
| Maintenance and Repairs | 5,000 | (3,312) | 1,688 | 3,322 | (1,634) | u) |
| Bank Charges | 920 | 280 | 1,200 | 1,382 | (182) | v) |
| Depreciation Expenses | - | - | - | 66,261 | (66,261) | w) |
| Environmental Expenses | 275,055 | (21,355) | 253,700 | 90,636 | 163,064 | x) |
| Project Expenses | 335,940 | - | 335,940 | 187,182 | 148,758 | y) |
| Total expenditure | 1,758,740 | - | 1,758,740 | 1,562,535 | 196,205 | |
| Deficit for the period | - | - | - | (63,402) | (63,402) | z) |

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

National Environment Management Authority is established by and derives its authority and accountability from the Environmental Management and Co-ordination Act (EMCA) No. 8 of 1999. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to exercise general supervision and coordination over all matters relating to the environment and to be the principal instrument of the Government of Kenya in the implementation of all policies relating to the environment.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3n.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of new and revised Standards

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

| Standard | Effective date and impact: |
|---|--|
| IPSAS 41: Financial Instruments | <p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |

| Standard | Effective date and impact: |
|----------------------------------|---|
| | <i>The financial assets reported in the financial statements have been classified and measured so as to take consideration the characteristics of the assets cash flows and the objective for which the asset is held.</i> |
| IPSAS 42: Social Benefits | <p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> |

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees (Licences)

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

The Authority collected KES 157.3 million from licence fees compared to KES 153.1 million in the previous year (This is a 3% increase).

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

The total revenue received from government and other development partners was KES 1.338 billion compared to KES 1.188 billion in the previous year.

ii) Revenue from exchange transactions – IPSAS 9

Revenues from exchange transactions are recognised at the fair value of the consideration received or receivable.

Rendering of services

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

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

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

No income from rendering of services was received in the financial year.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is also probable that the economic benefits or service potential associated with the transaction will flow to the entity.

No income from sale of goods was received during the financial year.

Interest income

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

No interest income was received in the year.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

No rental income was received in the year.

Donor funds

An amount of **KES 206 million** was received from various donors. The donations are recognised by the Authority when received as liabilities. The amount spent is recognised as income and any unexpended fund at the end of period adjusted to unspent donor funds.

b) Budget information – IPSAS 24

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

c) Taxes – IAS 12

Current income tax

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

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

Following amendments to the Public Finance Management Act regulations, NEMA is no longer required to pay corporate taxes but to remit 90% of its surplus funds to Kenya Revenue Authority.

d) Property, plant and equipment – IPSAS 17

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. Assets valued at KES 113.1 million were acquired during the financial year.

e) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. The Authority has an ERP Navision system and an Audit Team Mate Software included in the list of assets.

f) Inventories – IPSAS 12

Inventories of consumable nature are stated at the lower of cost and net realizable value. Cost comprises the purchase price and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of selling the item. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity. During the year the Authority had a closing stock of consumable stock valued at KES 18.8 million.

g) Provisions – IPSAS 19

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

The Authority has recognized provisions of goods and services amounting to KES 36 million as compared to KES 55 million in the previous period.

Contingent liabilities

The Authority recognizes a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Sources of contingent liabilities are mainly legal litigations.

Contingent assets

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

h) Changes in accounting policies and estimates – IPSAS 3

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

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

i) Employee benefits – IPSAS 25

Retirement benefit plans

The Authority provides a retirement benefit for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Authority contributes to a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The assets of this scheme are held in a separate trustee administered fund. The company's contributions to the defined contribution retirement benefit scheme are charged to the income statement in the year to which they relate. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.

j) Foreign currency transactions

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

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included within borrowings in current liabilities.

l) Comparative figures

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

m) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

n) Significant judgments and estimates

In the process of applying the Authority's accounting policies, management has made estimates and assumptions that affect the Authority. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future revenue flows that are believed to be reasonable under the circumstances. The key areas of judgment in applying the Authority's accounting policies are dealt with below:

Critical judgments in applying the Authority's accounting policies

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair values of financial instruments

The Authority uses judgment to select a variety of methods and make assumptions that are mainly based on both historical costs and market conditions existing at each balance sheet date.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property and equipment

Critical estimates are made by the Authority in determining depreciation rates of property and equipment.

Intangible assets

Critical estimates are made by the Authority in determining amortization rates of intangible assets.

Useful lives and residual values

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

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

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Depreciation is calculated on straight line method 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 | 30% |
| Office equipment | 12.5% |
| Buildings | 2.5% |

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

| | 2019 Kshs '000' | 2018 Kshs '000' |
|--|-----------------------|-----------------------|
| 4 Government grant – recurrent | | |
| National Environment Management Authority (NEMA) | 1,056,244 | 875,078 |
| Government grant Other | <u>16,000</u> | <u>10,000</u> |
| | <u>1,072,244</u> | <u>885,078</u> |

This relates to the amounts received from the Government to assist in meeting the Organization`s Recurrent expenditures. It comprises of Kshs 1,056 M received as Recurrent grant for the year. The Authority also received

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

Kshs 11 M as Counterpart funds for the Green Growth and Employment Project and Kshs 5 M for the Global Climate Fund. This constitutes Other Government grants. A total of Kshs 885.07 M was received in the year 2018.

| | 2019 Kshs '000' | 2018 Kshs '000' |
|--|--|--|
| 5 Government grant – development | | |
| National Environment Management Authority (NEMA) | 60,373 | - |
| | <u>60,373</u> | <u>-</u> |

This relates to the amounts received from the Government to assist in meeting the Organization`s Development expenditures. The total income received as development grant was Kshs 222.5 Million. The revenue recognized was Kshs 60.3 Million, the balance of Kshs 162 Million was treated as deferred income as it was committed through local purchase orders for purchase of various assets.

| | 2019 Kshs '000' | 2018 Kshs '000' |
|-----------------------------------|----------------------------------|----------------------------------|
| 6 Donor funds | | |
| Danida NRM Project | - | 3,063 |
| Adaptation Fund Income | 106,294 | 158,069 |
| Exchange Gain (Adaptation Fund) | 5,370 | - |
| UNEP NCNSA | - | 818 |
| KEPTAP | 14,470 | - |
| Other Donor funds (TNA, SNC, ABS) | 5,050 | 13,562 |
| | <u>206,344</u> | <u>303,393</u> |

This relates to various donor funds actually expended during the financial year. Donor funds actually expended during the year are recognized as Income. The total donor funds expended during the year was Kshs 206.3 M as compared to 303.3M in the previous year.

| | 2019 Kshs '000' | 2018 Kshs '000' |
|----------------------------|----------------------------------|----------------------------------|
| 7 Revenue receipts | | |
| Water Quality | 98,313 | 72,351 |
| Waste Management | 20,444 | 19,925 |
| Biodiversity | 660 | 410 |
| Ozone Depleting Substances | 362 | 290 |
| Noise Pollution | 307 | 412 |
| EIA Income | 157 | 18,223 |
| Direct bank credits | 31,204 | 39,787 |
| Air quality | 5,883 | 1,800 |
| | <u>157,329</u> | <u>153,197</u> |

This relates to the amounts collected as Appropriation- In- Aid (A-I-A) for the different licensing regimes monitored and Co-ordinated by the Authority as governed by the various regulations. The total A-I-A collected in the financial Year was a total of Kshs 157.3 M as compared to Kshs 153.1 M in the previous year.

| | 2019 Kshs '000' | 2018 Kshs '000' |
|------------------------|----------------------------------|----------------------------------|
| 8 Other Incomes | | |
| Donations | 2,199 | 2,150 |
| Miscellaneous Income | 514 | 489 |
| Gain on Disposal | 131 | 419 |
| | <u>2,844</u> | <u>3,058</u> |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

These comprises of amounts received as Donations, Miscellaneous income and Gains received upon disposal of Authority Assets. Kshs 2.19M was received as donations from various sponsors. This is for the commemoration of the different World Environmental days such World Day to Combat Desertification (WDCD). Kshs 0.5 M was received as Miscellaneous Income, these were amounts received from sale of Tender Documents and Accreditation of Various Institutions to conduct EIA Training. The gain on Disposal was from the sale of a Motor Vehicle (Nissan X Trail) belonging to the Authority (KAW 921Z). A total of Kshs 3.05 M was received in the year 2018.

| | 2019 | 2018 |
|------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 9 Staff Costs | | |
| Personal Emoluments | 743,045 | 684,363 |
| Employer's Pension/Gratuity | 104,236 | 88,125 |
| Employer's NSSF Contribution | 948 | 953 |
| Training Expenses | 19,707 | 19,733 |
| Medical Insurance Expense | 64,383 | 61,691 |
| Staff welfare expenses | 6,458 | 7,426 |
| | 938,777 | 862,291 |

This relates to various Employee Expenses incurred. They include actual amounts paid as personal Emoluments of Kshs 743 M , Employer's Pension component/ Gratuity of Kshs 104.2 M, Employer's NSSF Contribution of 0.9 M, Amount incurred for training of Staff of Kshs 19.7 M , Medical Insurance paid for staff of Kshs 64.3 M and other Staff Welfare expenses of Kshs 6.4 M. A total of Kshs 862.2 M was incurred in the year 2018.

| | 2019 | 2018 |
|--------------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 10 Administrative expenses | | |
| Local Travelling & Accommodation | 77,753 | 67,022 |
| Foreign Travelling & Accommodation | 3,479 | 3,767 |
| Rent | 25,023 | 29,573 |
| Regional/ County Operation Expenses | 9,452 | 11,562 |
| EIA Expenses | 12,084 | 16,601 |
| Plastic Bags Ban Expenses | 60,373 | - |
| Office & General Supplies & Services | 40,518 | 37,291 |
| Fuel and lubricants | 38,460 | 42,663 |
| Contracted Professional Services | 6,002 | 1,814 |
| Provision for Audit fees | 580 | 580 |
| Other Administrative Expenses | 24,844 | 25,859 |
| | 298,566 | 236,732 |

This amount relates to various expenses that assist in the day to day operations of the Authority. They are instrumental in the Authority achieving its mandate and core objectives. A total of Kshs 298.5 M was incurred in the financial year and 236.7 M in the previous year.

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

| | 2019 | 2018 |
|------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 11 Board expenses | | |
| Board and Committee Expenses | 41,785 | 20,711 |
| Honoraria | 960 | 960 |
| Medical Insurance cover | 303 | 5 |
| | <u>43,048</u> | <u>21,676</u> |

These are actual Payments made to the Board of Management and other benefits accruing to them. This includes Sitting Allowances, accommodation, Travel reimbursements. Board and Committee Expenses incurred amounted to Kshs 41.8 M, Honoraria Kshs 0.9 M and Medical Insurance of Kshs 0.3 M. A total of Kshs 21.6 M was used in the previous year.

| | 2019 | 2018 |
|---------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 12 Project expenses | | |
| UNEP NCSA Project expenses | 2 | 873 |
| NRM DANIDA Project expenses | 1 | 3,063 |
| IDF World Bank Grant | 59 | - |
| GTZ Ozone Depleting Substances | - | 382 |
| Access & Benefit Sharing Expen. | 2 | 9 |
| UNFCCC SNCC Expenses | 2 | 9 |
| UNFCC TNA Expenses | 2 | 8 |
| Adaptation Fund (NIE) Expenses | 105,551 | 158,069 |
| Exchange loss | - | 5,264 |
| GGECP Expenses | 75,160 | 127,880 |
| GGECP Counterpart Expenses | 4,752 | - |
| National Research Fund Expenses | 1,651 | - |
| | <u>187,182</u> | <u>295,555</u> |

This relates to actual amounts incurred as expenses for the various donor funded projects being undertaken by the Authority. The total actual amounts expended for the various projects in the year totaled to Kshs 187.1M. The amount incurred in the year 2018 was Kshs 295.5 M.

| | 2019 | 2018 |
|--------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 13 Depreciation expense | | |
| Property, plant and equipment | 66,261 | 35,096 |
| | <u>66,261</u> | <u>35,096</u> |

This is the portion of the depreciable amount of the Various Assets owned by the Authority that was expensed during the year. Depreciation is charged on a straight line basis. Depreciation amount charged to the Statement of Financial Performance is Kshs 66.2 M. Kshs 35.0 M was charged in the year 2018.

| | 2019 | 2018 |
|-----------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 14 Repairs and Maintenance | | |
| Building | 2,177 | 2,214 |
| Equipment | 1,145 | 1,982 |
| Computer and networks | - | 287 |
| Vehicles | 8,399 | 7,437 |
| | <u>11,721</u> | <u>11,920</u> |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

These are the expenses incurred for repairs and maintenance to bring back the various Authority assets to a useable form upon deterioration. A total of Kshs 11.7 M was utilized during the year as compared to Kshs 11.9 M in the previous year.

| | 2019 | 2018 |
|----------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 15 Utilities | | |
| Electricity Expenses | 2,008 | 1,641 |
| Water & Conservancy | 1,072 | 1,062 |
| Telephone Expenses | 7,523 | 10,901 |
| Internet Services | 5,102 | 2,240 |
| Postal & Telegrams | 1,275 | 3,802 |
| | 16,981 | 19,646 |

These are amounts paid for the various Utility services including Electricity, Water, Telephone, Internet and postal services. The total amount incurred during the year was Kshs 16.9 M as compared to Kshs 19.6 M in the year 2018.

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 16 Cash and Bank Balances | | |
| a) Bank Balances | | |
| KCB Development Account [Acc No.1102292354] | 229,018 | 4,658 |
| KCB Restoration Account [Acc No.1101628758] | 35,706 | 35,719 |
| KCB Revenue Account [Acc No.1102298158] | 5,678 | 5,820 |
| KCB Gateway Recurrent [Acc No.1112705546] | 15,086 | 54,181 |
| KCB Nairobi Regional Account [Acc No.1144988209] | 1,392 | 723 |
| KCB Coast Regional Account [Acc No.1145067611] | 1,558 | 1,556 |
| KCB Eldoret Regional Account [Acc No.1144811988] | 32 | 8 |
| KCB NCNSA Project [Acc No.1135682763] | 32 | 34 |
| KCB NRM Project Account [Acc No.1119972434] | 31,757 | 30,471 |
| KCB ABS Project Account [Acc No.1127404164] | 517 | 519 |
| KCB SNC Project Account [Acc No.1144217628] | 2,368 | 2,370 |
| KCB TNA Project Account [Acc No.1144217865] | 155 | 157 |
| KCB Adaptation Fund [Acc No.1165595192] | 455,853 | 96,196 |
| KCB Adaptation Fund [Acc No.1218639164] KSH | 52,581 | 33,823 |
| KCB GGCEP Project [Acc No.1204171068] | 35,238 | 22,720 |
| COOP Revenue Account [Acc No.1100030858900] | 1,185 | 1,144 |
| CBA CBF (Biodiversity) [Acc No.6587230044] | 3,678 | 3,679 |
| BBK Pension Account [Acc No.708165964] | 5,267 | 5,287 |
| | 877,059 | 299,065 |
| b) Cash in Hand | | |
| NemaHq | 245 | 6 |
| c) Mpesa Holding | | |
| Mpesa | 3,008 | 3,003 |
| Total Cash and bank balance | 880,313 | 302,074 |

The total amount of Cash in Hand and at the Bank as at the end of the year was Kshs 880.3 M as compared to Kshs 302M in the previous year.

| | 2019 | 2018 |
|-----------------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 17 Receivables | | |
| Outstanding Advance - NEMA | 29,896 | 20,821 |
| Receivable due to Adaptation Fund | 126,802 | 172,080 |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

| | | |
|---------------|----------------|----------------|
| Other debtors | 12,943 | 13,495 |
| | <u>169,641</u> | <u>206,396</u> |

These are outstanding advances, imprests and other debtors. As at the end of the financial year there was a total of Kshs 169.6M outstanding, this was composed of Kshs 29.8 M outstanding owed to NEMA and Kshs 126.8 M owed to adaptation Fund, The Kshs 12.9 other debtors comprise of prepayments and deposits.

| 18 Inventories | 2019 | 2018 |
|-----------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| Consumable stores | <u>18,779</u> | <u>23,281</u> |
| | <u>18,779</u> | <u>23,281</u> |

The closing inventory as at June 2019 was Kshs 18.7 M as compared to Kshs 23.2 M in the previous year.

19 Property, plant and equipment

| | Buildings | Motor Vehicles | Furnitures & Fittings | Computers & Printers | Intangible Asset | Office Equipment | Capital Work In Progress | Total |
|---------------------------------|----------------|----------------|-----------------------|----------------------|------------------|------------------|--------------------------|----------------|
| | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' | Kshs '000' |
| | 2.5% | 25% | 12.5% | 30% | 30% | 12.5% | - | - |
| Cost | | | | | | | | |
| 1st July 2017 | 96,344 | 119,250 | 57,258 | 35,773 | 6,696 | 23,754 | 26,899 | 365,974 |
| Additions | 29,156 | 25,041 | 9,733 | 2,440 | - | 3,389 | 11,594 | 81,354 |
| Disposal | - | (1,600) | - | (23) | - | (6) | - | (1,629) |
| Transfer | 20,563 | - | - | - | - | - | (20,563) | - |
| 30th June 2018 | <u>146,064</u> | <u>142,691</u> | <u>66,991</u> | <u>38,189</u> | <u>6,696</u> | <u>27,137</u> | <u>17,931</u> | <u>445,698</u> |
| Accumulated depreciation | | | | | | | | |
| 1st July 2017 | 4,808 | 46,159 | 11,812 | 17,320 | 4,021 | 5,390 | - | 89,512 |
| Charge for the year | 381 | 15,367 | 3,121 | 11,135 | 1,861 | 3,232 | - | 35,096 |
| Accm dep on revaluation Adj | 2,374 | 18,131 | 4,910 | - | 150 | - | - | 25,565 |
| Accm dep Prior year Adj | - | 1,364 | 645 | 3 | - | 10 | - | 2,022 |
| Accm dep on disposal | - | (1,100) | - | (21) | - | (2) | - | (1,123) |
| 30th June 2018 | <u>7,563</u> | <u>79,921</u> | <u>20,489</u> | <u>28,437</u> | <u>6,032</u> | <u>8,631</u> | <u>-</u> | <u>151,072</u> |
| Carrying amount | | | | | | | | |
| 30th June 2018 | <u>138,500</u> | <u>62,770</u> | <u>46,503</u> | <u>9,752</u> | <u>665</u> | <u>18,506</u> | <u>17,931</u> | <u>294,626</u> |
| Cost | | | | | | | | |
| 1st July 2018 | 146,064 | 142,691 | 66,991 | 38,189 | 6,696 | 27,137 | 17,931 | 445,698 |
| Additions | - | 24,036 | 2,693 | 1,592 | 1,838 | 70,920 | 12,065 | 113,144 |
| Disposal | - | (800) | - | - | - | - | - | (800) |
| 30th June 2019 | <u>146,064</u> | <u>165,926</u> | <u>69,684</u> | <u>39,781</u> | <u>8,534</u> | <u>98,057</u> | <u>29,995</u> | <u>558,042</u> |
| Accumulated depreciation | | | | | | | | |
| 1st July 2018 | 7,563 | 79,921 | 20,489 | 28,437 | 6,032 | 8,631 | - | 151,072 |
| Charge for the year | - | 41,632 | 4,880 | 6,462 | 1,088 | 12,200 | - | 66,261 |
| Accm dep on revaluation Adj | 3,652 | - | 3,841 | - | - | - | - | 7,492 |
| Accm dep on disposal | - | (750) | - | - | - | - | - | (750) |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

| | | | | | | | | |
|------------------------|---------|---------|--------|--------|-------|--------|--------|---------|
| 30th June 2019 | 11,215 | 120,802 | 29,209 | 34,899 | 7,119 | 20,831 | - | 224,075 |
| Carrying amount | | | | | | | | |
| 30th June 2019 | 134,849 | 45,124 | 40,476 | 4,882 | 1,415 | 77,226 | 29,995 | 333,967 |

This indicates the Property, Plant and Equipment movement Schedule from Acquisition, Accumulated Depreciation and Netbook Values for the different classes of Assets as indicated in the carrying amounts as at 30th June 2019.

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 20 Trade and other payables from exchange transactions | | |
| Sundry Payables | 202,216 | 173,111 |
| Taxes Payable | 4,258 | 3,906 |
| Unspent donor funds | 688,520 | 267,502 |
| Other Payables | 55,768 | 60,481 |
| Deferred Development Income | 162,127 | - |
| Donation Not Spend | 77,252 | - |
| | <u>1,190,141</u> | <u>504,999</u> |

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| Breakdown of Unspent donor funds | | |
| NRM Project | 31,757 | 30,471 |
| ABS Project | 517 | 519 |
| NCNSA Project | 32 | 34 |
| SNC Project | 2,368 | 2,370 |
| TNA Project | 155 | 157 |
| GGECP Project | 64,840 | - |
| Adaptation Fund | 528,182 | 233,950 |
| GCF Fund | 60,668 | - |
| | <u>688,520</u> | <u>267,502</u> |

Indicates various outstanding Liabilities as at the end of the Financial year. The total amount for trade and other payables outstanding is 1.2 billion as compared to Kshs 504.9 M in the previous year. The increase has been caused mainly due to unspent donor funds from Adaptation fund 528 M, GGECP Project 64.8 M and GCF fund 60.6 M.

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| 21 Employee benefits obligations | | |
| Net salary | - | 24,574 |
| Statutory deductions (PAYE, NHIF, NSSF, HELB) | 14,469 | 13,191 |
| NEMA Staff Welfare Society | 359 | 133 |
| Staff Housing Scheme | 1,275 | 1,260 |
| Bank Deduction Payable | 5,459 | 4,773 |
| Insurance Deduction Payable | 1,007 | 980 |
| Sacco Deduction Payable | 8,636 | 7,840 |
| Pension Fund Payable | 11,880 | 21,610 |
| Assurance Cover Payable | 11,863 | 17,490 |
| | <u>54,947</u> | <u>91,851</u> |
| 22 Provisions | | |
| General provisions | <u>36,565</u> | <u>55,081</u> |

This indicates pending bills, as at 30th June 2019 there was an unpaid amount of Kshs 36.5 M as Compared to Kshs 55 M in 2018.

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

| 23 Reserves | 2019 | 2018 |
|----------------------------|-------------------|-------------------|
| | Kshs '000' | Kshs '000' |
| Accumulated Fund | | |
| At start of the year | 175,473 | 175,473 |
| At end of the year | <u>175,473</u> | <u>175,473</u> |
| | | |
| | 2019 | 2018 |
| | Kshs '000' | Kshs '000' |
| Revenue Reserve | | |
| At start of the year | (32,419) | (56,237) |
| Prior year Adjustment | 17,495 | 162,010 |
| Deficit | <u>(63,402)</u> | <u>(138,191)</u> |
| At end of the year | <u>(78,326)</u> | <u>(32,419)</u> |
| | | |
| | 2019 | 2018 |
| | Kshs '000' | Kshs '000' |
| Revaluation Reserve | | |
| At start of the year | 31,392 | 137,640 |
| Revaluation Adjustment | <u>(7,492)</u> | <u>(106,248)</u> |
| At end of the year | <u>23,899</u> | <u>31,392</u> |

24. Prior year adjustments – IPSAS 3

The prior year adjustments amounting to a total of KES 17.5 million relates to transfers to Capital Work in Progress of buildings previously expensed under Project Expenses KES 12 million and other classes of assets erroneously expensed in the previous periods.

25. Provisions, Contingent Liabilities and Contingent Assets-IPSAS 19

No contingent liabilities are recognized by the Authority.

26. Related Party Disclosures-IPSAS 20

The Authority has six key management personnel. The managers participate in making key management decisions of the Authority and reports to Board of Management for guidance and the parent ministry for policy direction. The four key managers' remuneration for the financial year ended June 30, 2019 was KES 23.8 million. The Authority received KES 1.072 billion from the parent ministry as recurrent grant and KES 222.5 million as development grant of which KES 60.3 million was recognized as the income for the year.

27. Financial Instruments Disclosure-IPSAS 30

Financial assets and liabilities are recognized in the Authority's statement of financial position when the Authority has become a party to the contractual provisions of the instrument. Specific accounting policies adopted by the Authority and are key for financial instruments outstanding at the end of the reporting period are summarized below:

Receivables

Receivables are carried at anticipated realizable value. They comprise mostly of staff debtors and outstanding donor funds committed but not received at the end of the financial year. The staff debtors comprise of imprests and field advances issued and not surrendered. Since the staffs are still in employment, it is probable that the surrenders will be effected in the subsequent year. The donor funds will be released in the next financial since the project is still active.

Payables

Payables are not interest bearing and are stated at their nominal value. They comprise mostly of supplier's goods and services received but not paid and unspent donor funds. In both cases the Authority's contractual relationship does not entail interest risk exposure.

28. Revaluation of Assets-IPSAS 17

There was no revaluation of assets during the period. The authority adopts cost model has its accounting policy, after recognition as an asset, an item of property, plant and equipment is carried at cost, less any accumulated depreciation and any accumulated impairment losses as per requirements of IPSAS 17.

29. Contingent Liabilities -IPSAS 19

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

30. FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

(b) Financial risk management objectives

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

(c) Credit risk

The Authority's credit risk is primarily attributable to its limited prepayments notably rent and medical insurance premiums. In both cases the risk is minimal since the prepayments do not in any case exceed one financial year and the Authority does not have her own premises. The amount that best represents the Authority's maximum exposure to credit as at 30th June is made up as follows

| | Kshs '000' |
|------------------------|-------------------|
| At 30 June 2019 | |
| Cash at bank | 880,313 |
| Receivables | 169,641 |
| | <u>1,049,954</u> |
| At 30 June 2018 | |
| Cash at bank | 302,074 |
| Receivables | 206,396 |
| | <u>508,470</u> |

(d) Liquidity risk management

The Authority's liquidity risk results from lower funding by the Government and inability to collect adequate appropriation in aid through licensing fees to supplement the reduced government funding. Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents.

Management perform cash flow forecasting and monitor rolling forecasts of the Authority's liquidity requirements to ensure it has sufficient cash to meet its operational needs

***National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019***

The Authority's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

(e) Market risk management

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. The Authority takes on exposure to market risk, which is the risk of changes in market prices and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority includes projected inflation rate in her budget in order to cushion against price changes. With regards to interest rate risks, the Authority prudently manages her cash flows so as to avoid overdraft facilities.

Currency Risk

The Authority's transactions are denominated in Kenya Shillings and in cases of foreign currency payments, sufficient negotiations are carried out to obtain better foreign currency exchange rates.

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised in the final external audit report 2017/2018, 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 | Status | Timeframe |
|--|---|--|---|--------------------|-------------------|
| FY 2017/2018 | <p>Going Concern As previously reported, the Authority recorded a loss of Kshs.138,191,000 (2017 Loss: Kshs.174,554,000) thereby increasing the cumulative losses to Kshs.32,419,000 as at 30th June 2018. Further, the statement of financial position reflects current liabilities balance of Kshs.651,931,000 which exceeds current assets balance of Kshs.531,751,000 resulting to a negative working capital of Kshs.120,180,000 (2017Kshs.19,586,000). In the circumstances, the Authority is therefore technically insolvent and its' continued existence as a going concern is dependent upon the financial support of the Government and its creditors.</p> | <p>Management is in agreement that the Authority is in a negative working capital position. The Authority is however optimistic of a better financial performance in the financial years ahead after getting additional allocation of recurrent grants from the National Treasury. In addition, management wish to clarify that the unspent donor funds and deferred development income has also contributed to this however with the expected spending of these funds the situation will improve, the deficit in the current has also reduced to Kshs 63 million.</p> | <p>Kennedy Ochuca Director Finance & Administration</p> | <p>In progress</p> | <p>30/06/2020</p> |
| FY 2017/2018 | <p>Property, Plant and Equipment Note 20 to the financial statements reflects the net book value of property, plant and equipment of Kshs.294,626,000 as at 30 June 2018 which does not include the value of (9) parcels of land where County Green Points have been established but which are not registered in the name of the Authority even after some buildings constructed having been capitalized. The areas include Kilifi, Lamu, Taita Taveta, Noma Bay, Isiolo, Embu, Kajiado, Elgeyo Marakwet, and Samburu. Consequently, it has not been possible to confirm the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.294,626,000 as at 30 June 2018.</p> | <p>Management concurs that depreciation charge on revalued assets should be charged from revaluation reserve and not from statement of financial performance. The correct treatment for the year under review and previous financial years will be done and reflected in the financial year ended 30th June 2018</p> | <p>Alphonse Omollo Accountant</p> | <p>Resolved</p> | <p>31/10/2018</p> |
| FY 2017/2018 | <p>Assets Valuation Policy Although it is indicated that the Authority regularly revalues its assets, the note does not clarify how regularly this should be carried out. The Financial Management Manual for the Authority does not have clear policy guidelines to guide the management in the valuation of its assets. In addition, International Public Sector Accounting Standard Section 42,</p> | | | | |

**National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019**

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue | Status | Timeframe |
|--|--|---|---|------------------------|-------------------|
| | requires an entity to choose either the cost model in paragraph 43 or the revaluation model in paragraph 44 as its accounting policy and shall apply that policy to the entire class of property, plant and equipment. IPSAS 17 further requires that revaluation should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. | | | | |
| FY 2017/2018 | <p>Under Funding The Authority had an approved grant of Kshs.1,200,000,000 recurrent and Kshs.95,000,000 for development. During the period, it received Kshs.875,078,000 or (73%) for recurrent and nil amount for development resulting to an underfunding of Kshs.324,922,000 and Kshs.95,000,000 (27% and 100%) respectively. Further, the Authority budgeted to receive Kshs.509,000,000 as donor grants but ended up receiving Kshs.303,393,000 representing 60%. With such huge revenue shortfall, the Authority may not be able to discharge its mandate as envisaged in Environment Management and Coordination (Amendment) Act, 2015.</p> <p>Environment Impact Analysis (EIA) Fees Abolishment The During the year under review, the Authority incurred a shortfall in self-generated revenue of Kshs.250,974,000 as indicated at note 7 to the financial statements due to abolishment of Environmental Impact Assessment (EIA) fees. The abolishment was approved through a Cabinet decision and was communicated through a letter ref. OP/CAB/58/4A dated 22/11/16 by the Chief of Staff and Head of Public Service. A legal notice amending the existing law on abolishment of fees was not however availed for audit and the management was not in a position to explain the way forward. The charging of the fees was initially approved and mandated through an Act of parliament thus poses a legal challenge as the intended purpose of the fees may no longer have a backing of Environmental Management and Co-ordination Act, 2015 and the Authority may not be able to accomplish its mandate as stipulated in the Environmental Management and Co-ordination (Amendment) Act, 2015.</p> | <p>Management concurs that the Authority has not been able to receive all her disbursements from both exchequer and development partners. The Authority is however optimistic of a better financial performance in the financial years ahead after getting additional allocation of recurrent grants from the National Treasury. In addition, management is in the process of increasing internally generated revenues by enhancing the compliance and enforcement on the payment of Effluent Discharge Licenses (EDL). Further, the Authority is undertaking cost management and control measures to reduce the overall operating costs.</p> <p>The management concurs with the observation however considering the project is running up to 2019 the Authority expects the funds to be fully utilized before the end of the project. The authority has also put in place mechanisms to ensure faster uptake of the funds.</p> | <p>Kennedy Ochuca Director Finance & Administration</p> | <p>In progress</p> | <p>30/06/2019</p> |
| FY 2017/2018 | | | <p>Wangare Kirumba Project Coordinator</p> | <p>Resolved</p> | <p>31/12/2018</p> |

XVIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment KShs | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---|----------------------|-----------------------|---|-----------------------|---|---|
| 1 Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC) | KEN/NIE/Multi/2013/1 | ADAPTATION FUND BOARD | The project official start date is 01 05 2016- The project end date is 31 04 2019 | 901,442,454 | Yes | Yes |
| 2 Green Growth & Employment Program (GGEF) | 2015-39789 | Denmark - Danida | The project official start date is 2016 The project end date is 2020 | 340,000,000 | Yes | Yes |

Status of Projects completion

| | Project | Total project Cost | Total expended to date KShs | Completion % to date | Budget KShs | Actual KShs | Sources of funds |
|---|---|--------------------|-----------------------------|----------------------|-------------|-------------|-------------------------|
| 1 | Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC) | One billion | 477,191,028 | 48% | 111,540,500 | 105,551,083 | GRANT (ADAPTATION FUND) |
| 2 | Green Growth & Employment Program (GGEF) | 560 Million | 297,072,558 | 53% | 205,000,000 | 75,159,592 | Denmark - Danida |

National Environment Management Authority
Annual Reports and Financial Statements
For the financial year ended June 30, 2019

XIX. Appendix 2: INTER-ENTITY TRANSFERS

I. Appendix 2:
INTER-ENTITY TRANSFERS

| | | ENTITY NAME: | NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY | | |
|--|--|--|---|----------------------|---------------------------------------|
| | | Break down of Transfers from the Ministry of Environment and Forestry | | | |
| | | FY 18/19 | | | |
| | | | | | |
| | | | | | |
| | | a. Recurrent Grants | | | |
| | | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>FY to which the amounts relate</u> |
| | | | 03-Sep-18 | 269,450,000 | 2018/2019 |
| | | | 05-Nov-18 | 247,894,000 | 2018/2019 |
| | | | 06-Feb-19 | 274,839,000 | 2018/2019 |
| | | | 16-May-19 | 100,000,000 | 2018/2019 |
| | | | 29-May-19 | 164,061,000 | 2018/2019 |
| | | | Total | 1,056,244,000 | |
| | | | | | |
| | | b. Recurrent Grants Others: | | | |
| | | RIP | 16-Jul-18 | 5,000,000 | 2018/2019 |
| | | GGEF Conterpart | 05-Mar-19 | 11,000,000 | 2018/2019 |
| | | | Total | 16,000,000 | |
| | | | | | |
| | | c. Development Grants | | | |
| | | | 16-Jun-19 | 100,000,000 | 2018/2019 |
| | | | 27-Jun-19 | 122,500,000 | 2018/2019 |
| | | | Total | 222,500,000 | |
| | | d. Donor Receipts | | | |
| | | GGEF | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>FY to which the amounts relate</u> |
| | | | 04-Oct-18 | 65,000,000 | 2018/2019 |
| | | | 06-Mar-19 | 75,000,000 | 2018/2019 |
| | | Total | | 140,000,000 | |
| | | | | | |
| | | Adaptation Fund | 23-Oct-18 | 399,783,277 | 2018/2019 |
| | | | | | |
| | | | | | |
| | | | Total | 539,783,277 | |

