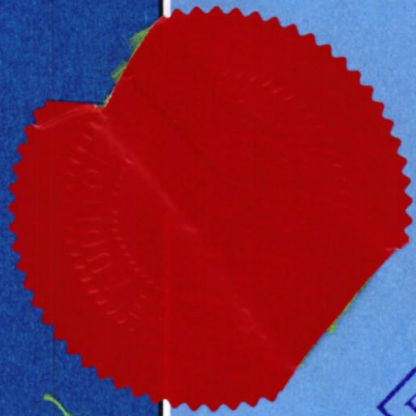


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 09 APR 2025 Wednesday
OF BY: Hon. Naomi Wago, MP
Deputy Majority Party Whip
CLERK-AT-TYPE-TABLE: Halima Ahmed

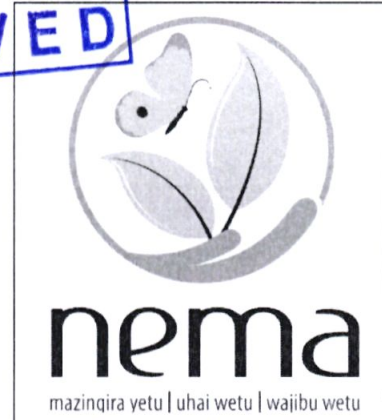
THE AUDITOR-GENERAL

ON

**NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**

**FOR YEAR ENDED
30 JUNE, 2024**

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

30TH JUNE 2024

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



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1. Acronyms and Definition of Terms

A: Acronyms

AEHPMP	Africa Environmental Health and Pollution Management Project
AIA	Appropriations in Aid
BeTA	Bottom-Up Economic Transformation Agenda
COP	Conference of the Parties
CSR	Corporate Social Responsibility
EIA	Environment Impact Assessment
EMCA	Environmental Management and Co-ordination Act
GEF	Global Environment Facility
GCF	Green Climate Fund
GHG	Green House Gases
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KEPI	Kenya National Environmental Performance Index
MDA	Ministries Departments and Agencies
NEMA	National Environment Management Authority
NIE	National Implementing Entity
SoE	State of Environment
UNFCCC	United Nations Framework Climate Change Convention

B: Definition of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. 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 amended in 2015 and published as Environmental Management and Co-ordination Act, Cap 387 of the 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, Climate Change 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:

No.	Name	Designation/ Area of responsibility
1	Mr. Mamo B. Mamo, EBS, BSC, MSC	Director General
2	CPA. Kennedy Ochuka, B. Com, MBA, CPA (K)	Director Corporate Services
3	Dr. Ayub Ndaruga Macharia, PHD	Director Environmental Enforcement
4	Mr. David Ongare, BSC, MSC.	Director Environmental Compliance
5	Dr. Kennedy Inyega Ondimu, PHD	Director Environmental Services
6	Mr. Erastus Gitonga, LLB, LLM	Ag. Director Legal Services
7	CPA. Mildred Nganga, B. Com, MBA, CPA (K), CFE	Director Internal Audit

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Director General	Mr. Mamo B. Mamo, EBS, BSc, MSc
2	Director Corporate Services	CPA. Kennedy Ochuka, B. Com, MBA, CPA (K)
3	Director Environmental Enforcement	Dr. Ayub Ndaruga Macharia, PHD
4	Director Environmental Compliance	Mr. David Ongare, BSc, MSc
5	Director Environmental Services	Dr. Kennedy Inyega Ondimu, PHD
6	AG. Director Legal Services	Mr. Erastus Gitonga, LLB, LLM
7	Director Internal Audit	CPA. Mildred Nganga, B. Com, MBA, CPA (K), CFE

(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 Assurance 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 Assurance Committee

This committee assists the Board in the oversight of integrity of NEMA's financial reporting and monitoring of the effectiveness of governance, risk management and internal control systems. The committee reviews the annual report relating to the financial performance and reports to the Board significant financial reporting issues and judgement in the financial statements having regard to matters communicated to it by the auditor.

(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: info@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
NCBA Bank, Mara / Ragati Road | P O Box 30437-00100, Nairobi
ABSA Bank 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
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

3. The Board of Directors

 <p>Mr. Emilio Ndwiga Mugo</p>	<p>Chairman</p> <p>Mr. Emilio Mugo is an experienced Forester having served the Kenya Forest Service for over thirty years. He rose through the ranks to become the Chief Conservator of Forests of the institution.</p> <p>Mr. Mugo is an experienced Chairman of the Board with a demonstrated history of working in the import and export industry. Skilled in Nonprofit Organizations, Sustainable Development, Corporate Social Responsibility, Rural Development and Environmental Awareness. He is a strong business development professional with a Diploma focused on Multilateral Environmental Agreements from the University of Eastern Finland.</p> <p>Mr. Mugo is a holder of a Master's degree in Project management from the London School of Business and a Post Graduate Diploma in Project Management from the Cambridge Association of Managers. He is also a graduate of Bachelor of Science in Forestry from Moi University. He was born in 1962 and appointed Board Chair effective 10th March 2023.</p>
 <p>Ms. Sophia Takaria Matura</p>	<p>Vice Chairperson</p> <p>Sophia Matura is a business and Finance Consultant with capital strategies (K) Limited. As a business and finance consultant Matura provides support to Micro, small and medium enterprises who are in partnership with Equity Foundation and Master Card Foundation by monitoring, coaching, offering customized business advisory services and making follow ups.</p> <p>Matura has over 17 years experience in Finance and Human Resource Management having worked both in the Non-Governmental Organizations and Private Partnership Financial Institutions. While at Mainyoto Pastoralist Integrated Development Organization (MPIDO), an NGO dealing with the pastoralist communities, Matura worked as a Finance Manager for 9 years and was very instrumental in Fundraising, Resource Mobilization and Donor Fund Management. Matura is a holder of Masters of Business Administration in Global Business and sustainability specializing in social entrepreneurship from the Catholic University of Milan & Bachelor of Commerce (Finance) from Jabalpur University India. She is also a holder of a postgraduate diploma in Human Resource Development and Certified SIVB (Start and Improve Your Business) trainer. She was born in 1977 and appointed a Board Member effective 10th March 2023.</p>
	<p>Board Member (Independent)</p> <p>John Kimondiu is a businessman with training and experience in Finance, Human Resource Management and Executive Level Management. He holds an IMHI Business school France Certification, Masters in Business Administration from Leicester University, KIM – HR Certification and is also a CPA. He has been a Finance Director and Head of operations at Eworld International Ltd, Kenya, Sentium Ltd, Kenya, Nexas International Ltd, Brazzaville Congo, Bemko Lda, Mozambique and Ekweta-FZCO, Dubai. He has also been a Resident Manager InterContinental Hotels Zambia and Area Director Human Resources at Africa for</p>

<p>Mr. John Muthusi Kimondiu</p>	<p>Finance Kenya. He has been a Board member at China Africa friendship Association, various private organisations and Community programmes. He was born in 1963 and pointed a Board Member effective 10th March 2023. He is the Chairperson of the Finance and Human Resource Committee.</p>
 <p>Prof. Charles Kibanani Ngome</p>	<p>Board Member (Independent)</p> <p>Prof. Ngome holds a Doctorate Degree in Education and Development. He worked for the TSC/Kenyatta University, Commission for University Education, Masinde Muliro University of Science and Technology, Mount Kenya University, University of Nairobi at the Institute for Development Studies. Prof. Charles also consulted for several organization including the Ministry of Education in Kenya and UNICEF. He was the Deputy Governor of Bungoma County between 2017-2022.</p> <p>Prof. Ngome is a member of the people living with Disability. He was born in 1959 appointed a Board Member effective 10th March 2023. He is the Chairperson of the Strategy, Legal and Resource Mobilization Committee.</p>
 <p>Dr. Loice Jemencho Kipkiror</p>	<p>Board Member (Independent)</p> <p>Dr. Loice Kipkiror holds a Doctor of Philosophy in Environmental Sciences from University of Eldoret and a MSc. in Environmental Sciences from Moi University. She is a Lead Expert in Environmental Impact Assessment/Audit Expert with over 10 years' experience in environmental consultancy. Dr.Kipkiror is a registered Environmental Consultant, a member of Environment Institute of Kenya (EIK) and an opinion writer on environmental matters with a bias towards climate change and adaptation.</p> <p>She has over 10 years' teaching experience at the University level. She has been a member of Senate at the University and served as an Internal Auditor for Quality Management Systems. She has also been a member of several boards across different sectors of the Kenyan economy and currently sits on the Board of Management of the Kerio Valley Technical Training Institute. She was born in 1970 and appointed to the Board effective 10th March 2023. She Is the Chairperson of the Environmental Management, Conservation and Technical Committee.</p>
 <p>Mr. Amos Andama Nyamoko</p>	<p>Board Member (Independent)</p> <p>Amos is a Doctor of Philosophy in Strategic Management at Mount Kenya University (on – going). Master of Business Administration (UON), BCOM Kenyatta University, SLDP & SMC at Kenya School of Government, CPA (KASNEB). Worked as Supervisor at KCB Bank, Manager at Barclays Bank (ABSA) for 5 years, Capability Development Manager at Coca-cola for 4 years, Centre Manager at Jamii Bora Bank (Kingdom Bank), CEC member for Education, Labour and Manpower Development Kisii County for 5 years, Ag. CEC member for Environment, Water, Natural Resources and Climate Change Kisii County for 3years. He was born in 1981 and appointed to the Board effective 10th March 2023. He is the Chairperson of the Audit, Governance and Risk Assurance Committee.</p>



**Bishop Dr. Paul Mwaura
Ndun'gu**

Board Member (Independent)

Dr. Paul Ndungu holds an Honorary Doctorate Degree & Humanitarian Diplomacy Diploma and Etiquette Protocol. Dr. Paul is a Director of Kenya National Congress Of Pentecostal churches and Ministries Coast. He is the President and Founder of Pentecostal Worship Ministries. Dr. Paul worked at Associated Vehicles Assembly as a Supervisor for 14 years, Almagated Metal Workers Union Coast Branch as a Chairman for 4 years & Evangelistic Sponsors Association as a Chairman for 20 years. He was awarded Certificate for Personal and Church Development First Baptist Church Atalanta. He was born in 1952 and appointed Board Member effective 10th March 2023.



Dr. Eng. Festus K. Ng'eno

Principal Secretary, Ministry of Environment, Climate Change and Forestry

Dr.Eng. Festus K. Ng'eno is a Water Engineer providing expertise in Water Services, Water Resources, Sanitation, Hygiene (WASH), Climate Change, Geo-Information Systems (GIS) and Environmental Management. He honed these skills during the fifteen (15+) plus years he has worked in the Public, Private and NGO Sectors.

He has served in several Boards, currently offering oversight as Vice-Chair and Director in the Board of World Vision Kenya, Vice-Chair and Director at Vision Fund Kenya, Governing Board Member at the 2030 Water Resources Group & Director in the Boards of NAWASSCO, NARUWASCO & NAIVAWASCO. He is also the Chairman, Board of Management at Baringo Secondary. Dr. Eng. Ng'eno holds an MSc Degree in Environmental & Water Engineering and BSc Degree in the same Course from the UoN. He also holds a Post Graduate Diploma in Leadership & Corporate Governance from KCA University and a Certification in Senior Leadership Development Program from the Kenya School of Government over and above numerous water sector continuous professional development training locally and overseas. He's currently pursuing a Doctorate Degree in Environmental and Water Engineering at the UoN. He's a Registered Graduate Engineer with EBK & also a Registered Lead Expert by National Environmental Management Authority, Member of the Environmental Institute of Kenya & a Full Member at the KIM.



Dr. Chris K. Kiptoo

Principal Secretary, National Treasury

Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organizational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.

Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (*International Macroeconomics Finance specialization*) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).



Hon. Justin Muturi (E.G.H.)

Attorney General

Hon. Justin Muturi is the Attorney General of the Republic of Kenya. Previously, He served as the seventh Speaker of the National Assembly of Kenya from 2013 to 2022. He was elected in 1999 as a member to represent Siakago Constituency in Parliament. He was re-elected in 2002 and served as opposition chief whip and chair of the Public Investment Committee during the 10th Parliament. He served as a member of the Parliamentary Select Committee on the constitutional review from 1999 to 2004. He was formerly a judiciary employee serving as a principal magistrate between 1982 and 1997 before retiring from judicial service. He also served as the chairman of the Judges and Magistrates Association during the time. He was a member of the Africa Parliamentarians Network Against Corruption, Global Organisation of Parliamentarians Against Corruption and the Parliamentary Network on the World Bank.



Mr. Barako Elema Qatamur

Board Member (Attorney General representative)

Barako Qatamur currently works with the State Law Office and Department of Justice as a Parliamentary Adviser to the Attorney General and has worked with Judiciary for the last 11 years, 7 of which has been as Head of Protocol in the Office of the Chief Justice. Barako holds a Master of Arts in Diplomacy and International Studies from the University of Nairobi. He has a Post Graduate Diploma in Law from Kenya School of Law, a Bachelor of Laws Degree (LLB) from Mt. Kenya University School of Law; Bachelor of Arts in Journalism and Media Studies (Public Relations) from the University of Nairobi.

He is Certified Professional Mediator and a member of various professional bodies including Law Society of Kenya, Public Relations Society of Kenya; Protocol & Diplomacy International-Protocol Officers Association and Mediation Training Institute International, USA. He was born in 1987 and appointed to the Board effective 10th March 2023.



Mr. Henry Mutwiri Riungu

Board Member (Principal Secretary National Treasury representative)

Henry Mutwiri represents **Principal Secretary National Treasury at the Board**. He is a financial professional with over 26 years' of experience in Public Sector. He has worked with the National Treasury for twenty years from Budget Supply Department as Senior Finance Officer, External Resources Department/ Resource Mobilization Department as Deputy Head of World Bank Division, Intergovernmental Focal Relations Department as Chief Intergovernmental Officer and Currently Assistant Director Investment. He has served as an Alternate Board Member in various sectors including banking, water social services, and leather processing and regulatory agencies.

He holds an MBA in Finance from Maseno University and Post graduate diploma in Finance from KCA University and a Bachelor of Commerce degree from the University of Nairobi. He has also attended various short-term external trainings on public financial management in Tanzania, Malawi, South Africa, Britain, Denmark and United States of America. He was born in 1971 and joined the Board in November 2023.



Ms. Annie Syombua David

Board Member (Principal Secretary Ministry of Environment Climate Change and Forestry representative)

Ms. Annie Syombua represents the Principal Secretary of Environment Climate Change and Forestry at the Board. She is an advocate of the High Court of Kenya. She was born in 1975 and joined the Board in July 2019.



Mr. Chrisologus Makokha

Board Member (Inspector General, State Corporations, Office of the Deputy President representative)

Mr. Chrisologus Makokha is the representative of the Inspector General, State Corporations, Office of the Deputy President. Before being appointed to the Inspectorate of State Corporations, he worked for the Central Bureau of Statistics, Ministry of Devolution and Planning. Mr. Makokha is currently a PhD in Business Administration student at Jomo Kenyatta University of Agriculture and Technology (JKUAT). He holds a Master of Business Administration from the same institution and a Bachelor of Science Degree in Applied Statistics with IT, Second Class Honors (Upper Division) from Kenyatta University.

He has vast experience in Corporate Governance, Strategic Planning and Strategy Execution. He was born in 1969. He was appointed to the Board on 16th July 2021.



Mr. Mamo B. Mamo, EBS

Director General

Mamo Boru Mamo, EBS has over 20 years of experience in public service with 16 years of work experience at the National Environment Management authority (NEMA) having grown through the ranks to the position of Director General.


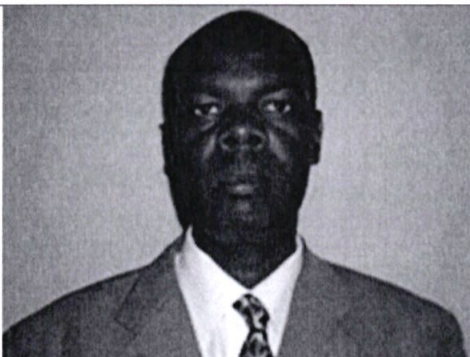

Mamo holds an MSc in Environmental Education from Kenyatta University and a Bachelor's of science Degree from Egerton University. Currently, he is pursuing a PhD in climate change and Sustainability at Kenyatta University. He is an alumni of International Leadership Program (IVLP) Washington DC (USA) in Water Resources Protection (2013).


He was appointed as the Director General following a competitive process on 13th August 2020.

Mamo was awarded Elder of Burning Spear (EBS) accolade by H.E President Uhuru Kenyatta on 16th December 2021.

4. Key Management Team

<p>1.</p>	 <p>Mr. Mamo B. Mamo, EBS</p>	<p>Director General</p> <p>Mr. Mamo Boru Mamo, EBS has over 20 years of experience in public service with 16 years of work experience at the National Environment Management authority (NEMA) having grown through the ranks to the position of Director General.</p> <p>Mamo holds an MSc in Environmental Education from Kenyatta University and a Bachelor's of science Degree from Egerton University. Currently, he is pursuing a PhD in climate change and Sustainability at Kenyatta University. He is an alumni of International Leadership Program (IVLP) Washington DC (USA) in Water Resources Protection (2013).</p> <p>Mr. Mamo was appointed the Acting Director General in July 2019 and subsequently appointed as the Director General following a competitive process on 13th August 2020.</p> <p>Mamo was awarded Elder of Burning Spear (EBS) accolade by H.E President Uhuru Kenyatta on 16th December 2021.</p>
<p>2.</p>	 <p>CPA. Kennedy Ochuka</p>	<p>Director Corporate Services</p> <p>CPA 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.</p> <p>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. He joined the Authority in his current position in 2012.</p>
<p>3.</p>	 <p>Dr. Ayub Macharia</p>	<p>Director Environmental Enforcement</p> <p>He holds PhD in Environmental Education from Rhodes University, South Africa. He has previously worked as a teacher with the Teachers Service Commission, as a lecturer at Kenyatta University and Strathmore University. He has top level management experience having served as the acting Director General in the Authority for a period of two years. He was appointed Director Environmental Enforcement in January 2023.</p>

4.	 <p>Mr. David Ongare</p>	<p>Director Environmental Compliance</p> <p>Mr. 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). He was appointed the Director Compliance and Enforcement in 2015.</p>
5.	 <p>Dr. Kennedy Ondimu</p>	<p>Director Environmental Services</p> <p>He holds a PhD in Environmental Planning and Management from Moi University. He has taught and supervised postgraduate as well as undergraduate students in environmental planning and management and tourism planning and product development. He has held senior management positions in the Ministry of Lands and at Moi University. He was appointed Director Environmental Services in January 2023.</p>
6.	 <p>Mr. Erastus Gitonga</p>	<p>Ag. Corporation Secretary/ Director Legal Services</p> <p>Mr. Gitonga holds a Master of Science Degree in Environmental Governance from the University of Nairobi as well as a Master of Business Administration from the Canada School of Management. His undergraduate studies were in the field of law and legal sciences. He is a certified leader under the Kenya School of Government Strategic Leadership Development Programme</p> <p>He has a wealth of experience in Corporate governance and environmental litigation both under the civil regime and the criminal procedure system. He is tasked with leading the legal services department and offering Board secretarial duties. Before joining the Authority, he was a private legal practitioner based in Nairobi. He is an Advocate of the High Court of Kenya admitted to the Bar in the year 2005.</p> <p>Mr. Gitonga played a pivotal role as a Secretary of the Task Force on Land Use Planning and Natural Resources set up by the late Hon J. Michuki in the year 2010, then Cabinet Secretary of the Ministry of Environment. It's this Task Force that developed the EMCA (Amendment) Act of 2015, The Environment and Land Court Act (2011) and the Mining Act. Besides these and drawing from his training on legislative drafting, he has also played part in the drafting of several subsidiary legislation under EMCA.</p>

7.	 <p>CPA. Mildred Nganga</p>	<p>Director Internal Audit</p> <p>CPA. Nganga holds a Master of Business Administration (Finance and Bachelor of Commerce (Finance) from the University of Nairobi. She is also a Certified Public Accountant of Kenya and a Certified Fraud Examiner. She is a member of the Institute of Internal Auditors, the Institute of Certified Public Accountants of Kenya, the Association for Certified Fraud Examiners and the Information Systems Audit and Control Association. She has previously worked at the Internal Auditor General's Department of the National Treasury where she served in senior roles and contributed significantly to systems of risk management, control and governance processes across various sectors. She was appointed as the Director Internal Audit in 2022.</p>
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5. Chairman's Statement

Dear esteemed Stakeholders,

On behalf of the Board of Management, Management and Staff of the National Environment Management Authority (NEMA), I am happy to present to you the Authority's Annual Report for the Fiscal Year 2023/2024. This report is important to the Board as we are able to report on the achievements from the goals we set at the beginning of the reporting period.

This year also marked a journey in implementing Kenya's Fourth Medium Term Plan (MTP 4) themed Bottom-Up Economic Transformation Agenda (BETA) for inclusive growth; which is part of the broader Vision 2030, which seeks to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030. MTP 5, which covers the period from 2023 to 2027, builds on the successes and lessons learned from previous plans, including MTP 4, and places a strong emphasis on environmental sustainability, climate resilience, and green growth.

It is upon this trajectory that the Board spearheaded development of NEMA's Strategic Plan to guide the Authority in fulfilling its mandate of protecting and managing Kenya's environment. By aligning its objectives with national and global environmental goals, NEMA aims to foster sustainable development, enhance environmental quality, and ensure the well-being of present and future generations.

NEMA is committed to promoting the conservation and management of both aquatic and terrestrial ecosystems, ensuring their ecological integrity is preserved for future generations. In line with Kenya's Ecosystem Restoration Strategy, the Authority has spearheaded restoration of degraded riparian land in Ondwago, Gatituri, Motorok, and Kalacha wetlands by planting over 7,000 tree seedlings.

NEMA is the Designated National Authority (DNA) for various international environmental agreements and frameworks, particularly those related to climate change and carbon markets. As the DNA, the Authority role and responsibility include; Approval of Carbon Projects, issuance of Letters of approval to carbon project developers, Monitoring and Reporting, and facilitating stakeholder consultations to ensure that carbon projects have the support of local communities and contribute to broader sustainable development objectives. Toward this end, and in pursuit of mitigating climate change,

The Authority plays a key role in promotion of Green Investments. By acting as a DNA, NEMA promotes green investments in Kenya. This includes facilitating access to international climate finance, attracting foreign investment in low-carbon technologies, and supporting the growth of Kenya's green economy. NEMA has actively engaged in consultations and development of four concept notes for Green Climate Fund (GCF) projects, aimed at securing climate finance for crucial environmental projects. These include; Carbon and REDD+ Assessment and Management (CAREMA) in Kenya, focusing on Kakamega, Mount Elgon, and Kaptagat Forest ecosystems. NETFUND's initiative on sustainable wetlands management to improve climate resilience in Kenya; and Reforestation of 200 hectares of degraded Upper Imenti Forest.

In pursuit of strengthening the regulatory framework the Authority, in collaboration with other stakeholders, embarked on comprehensive review of 13 regulations to align theme with the current legal and institutional

changes. NEMA finalized the review of the Environmental Management and Coordination Regulations (2006), including those related to biodiversity, genetic resource access, benefit sharing, and noise management. Stakeholder consultations have been completed, and a zero draft has been submitted to the Permanent Secretary, Ministry of Environment, Climate Change and Forestry for legislative action.

Challenges

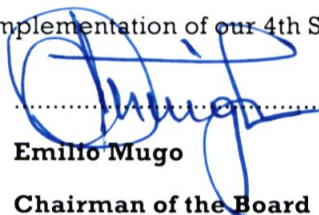
Inadequate funding coupled with low staffing levels provides the greatest threat to the achievement of our mandate. Low implementation of devolved environmental functions together with inadequate infrastructure also hampers our operations. Looking into the future, we see opportunities as well as new challenges that the Authority must deal with. The Board is keen on mobilizing resources to undertake all activities stipulated in the current strategic plan. We are grateful for the Government support in ensuring the Authority performs its functions as demonstrated in the approval of the organizational structure though funding is required for implementation.

The Future and Conclusion

NEMA will strategically align its activities with environmental laws as well as the Bottom-Up Economic Transformation Agenda (BeTA) which outlines the government priority focus areas for development. Environment and Climate Change as an enabler to the government agenda, we will strive to provide a clean, healthy, safe and sustainably managed environment that is consistent with Chapter Five of the Constitution of Kenya. We remain optimistic in the measures that have been put in place and being undertaken by the Government to spur economic growth which will in turn support the protection of the environment.

Appreciation

As I conclude, I extend my gratitude for the support received from the Ministry of Environment, Climate Change & Forestry, our licensees, strategic partners and all other stakeholders with whom we have worked to sustainably protect the environment. I equally thank my board colleagues, for their dedication, abilities and focus, which have greatly contributed to getting the Authority and the sector to where we are today. Finally, I thank the entire Authority's management team and staff for the efforts made towards the successful implementation of our 4th Strategic Plan.


.....
Emilio Mugo
Chairman of the Board

23/DEC/2024
.....
Date
Nairobi

6. Report of the Director General

As the Director General of the National Environment Management Authority (NEMA), it is my duty and privilege to share the significant strides we have made in safeguarding Kenya's environment. Our commitment to improving environmental quality, ensuring ecological integrity, and fostering sustainable development is unwavering. This statement outlines our actions, achievements, and ongoing efforts across several critical areas of environmental management.

Improving environmental quality is a fundamental goal for any nation, and it is essential for ensuring the health and well-being of both current and future generations. This effort involves a multi-faceted approach that addresses air and water pollution, waste management, soil degradation, and ecosystem health. Towards improvement of the quality of environment, NEMA prepared a draft National State of Environment 2023-2024 report which aims to assess the quality of the environment, identify trends, and provide a basis for informed decision-making. It covers various environmental components, including air, water, land, biodiversity, and climate.

Our efforts to combat land degradation have included mapping degradation hotspots in Kajiado, Taita Taveta, and Makueni counties using satellite imagery. The resulting reports and maps will guide targeted interventions to restore these vulnerable areas.

The Authority has made substantial progress in enhancing environmental quality through rigorous enforcement and monitoring activities. We have successfully undertaken investigations of environmental crimes, including crime scene visits and arrest operations, with 67% of reported cases being investigated and enforcement actions taken. Our routine inspections across all 47 counties have ensured compliance with Environmental Impact Assessment (EIA), air quality, noise, waste, and water quality regulations, culminating in the preparation of 1,737 inspection reports.

In our efforts to regulate high-risk facilities, we inspected 26 facilities in sectors such as pharmaceutical, leather processing, water services, salt mining, and sugar industries, ensuring that they meet environmental standards. Furthermore, we processed a significant number of licenses across various regimes, including 2,073 Effluent Discharge Licenses, 7,624 EIAs, and other critical permits, demonstrating our commitment to maintaining high environmental standards.

During the reporting period, NEMA responded to 1,381 of the 2,323 reported environmental incidents nationwide, showcasing our readiness to address environmental challenges. Our compliance monitoring efforts are reflected in the 2,649 Environmental Management Plan (EMP) reports that have been audited, ensuring ongoing adherence to environmental regulations.

We have also focused on building the capacity of informal waste collectors and linking them to disposal facilities and secondary markets. Our efforts have seen 168 waste service providers sensitized across various regions, and nine counties have been trained on waste management and climate change, reinforcing our commitment to sustainable waste management.

NEMA has taken proactive steps to promote sustainable natural resource utilization. We have trained MDAs and lead agencies on environmental sustainability, ensuring that environmental considerations are integrated into their operations. Additionally, we have demonstrated the importance of Education for Sustainable Development (ESD) by establishing model schools in four counties, contributing to the development of environmentally conscious future leaders.

Our Environmental Compliance Award Scheme, conducted in collaboration with the Ministry of Education and other partners, has recognized and rewarded exemplary environmental practices, fostering a culture of environmental stewardship.

To promote the conservation and management of aquatic and terrestrial ecosystems, NEMA has undertaken restoration and rehabilitation activities across several wetlands. We have restored 6 acres of degraded riparian land in Ondwago, 4 acres in Gatituri, 5 acres in Motorok, and 3 acres in Kalacha, planting thousands of seedlings to rejuvenate these vital ecosystems.

Our efforts to contribute to the national tree cover target have been marked by the planting of 150,000 trees in Kiu wetlands and the ceremonial planting of indigenous trees at Nanyuki Stadium, as well as the planting of 472,177 trees during World Wetlands Day nationwide.

In the fight against climate change, NEMA has conducted greenhouse gas (GHG) monitoring and verification in Kwale and Kilifi counties, with reports prepared to guide future actions. We have also developed bankable project proposals for climate finance, including four Green Climate Fund (GCF) concept notes, focusing on carbon assessment, sustainable wetlands management, and reforestation efforts.

Strengthening the regulatory framework for environmental management remains a key priority. We have finalized the review of the 13 Environmental Regulations, incorporating stakeholder feedback and submitting the zero draft to the Ministry of Environment for legislative action. NEMA has also fulfilled its international obligations under various Multilateral Environmental Agreements (MEAs) by commemorating key environmental days with activities such as tree planting and public sensitization. These actions demonstrate our dedication to global environmental goals and national priorities.

In line with our green economy agenda, NEMA has focused on pollution control and catchment management, particularly in the Nairobi River upstream clean up. We conducted compliance monitoring of 18 high-risk facilities for effluent discharge, issuing improvement notices for non-compliance to protect our water resources.

Our integrated media campaigns have effectively raised awareness on critical environmental issues, including waste management, noise pollution, and climate change adaptation, ensuring that the public remains informed and engaged in environmental conservation.

NEMA recognizes the importance of strengthening human capital and infrastructure. We have completed workload analysis and provided adequate office space and utilities, with ongoing construction projects in

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Marsabit and Narok. These efforts are aimed at enhancing our capacity to deliver on our mandate effectively.

NEMA remains steadfast in its mission to protect and improve Kenya's environment. Through our strategic initiatives and collaborative efforts, we are making significant strides in ensuring ecological integrity, promoting sustainable development, and addressing the challenges posed by climate change. As we continue on this path, we call on all stakeholders—government agencies, private sector, civil society, and the public—to join hands with us in safeguarding our environment for present and future generations.



Mr. Mamo B. Mamo, EBS
Director General

23/DEC/2024

Date
Nairobi

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7. Statement of NEMA's Performance against Predetermined Objectives for FY 2023/2024

As per Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 the statement of the NEMA performance against predetermined objectives is presented below.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Environmental Quality Protection and Conservation	To improve quality of environment	State of Environment Report	Develop NSoE 2023- 2024	NSoE 2023-2024 prepared.
		% of cases investigated and prosecuted	Undertake investigations of Environmental Crimes, Crime scene visits, Arrest operations	67% of cases received, investigated and enforcement actions taken
		Inspection reports and enforcement action taken	Undertake Routine inspection to enforce standards within various regulated regimes (EIA, Air Quality, Noise, Waste, Water Quality in 47 counties undertaking rout	1737 inspections for compliance with EIA, Waste, Noise, Air Quality and Water Quality Regulations undertaken in 47 and Inspection Reports prepared
		Inspection reports and enforcement action taken	Facilitate inspectors to undertake Compliance Evaluation Inspections of high risk facilities.	26 facilities in different sectors inspected as follows: pharmaceutical: 6 facility inspected Leather processing: 6 ,water service facility inspected: 2,Salt mining and processing farms :8, Water service providers 3, sugar industry 1
		No. of licenses issued	Processing of various licensing regimes	Processed 2,073 EDL, EIA 7624, 664 Experts, 1054 waste transportation and 234 for disposal sites, 302 Air quality, licenses and 106 Biodiversity permits issued
		% of incidents responded	Manage and Respond to Environmental incidents	2,323 environmental incidents reported country wide and 1,381 Incidents responded to.
	Monitoring reports	Audit compliance monitoring,	2649 reports for monitoring of EMPs done.	
	To promote sustainable natural resource utilization	MRFs established	Establish five (5) Model Material Recovery Facility (MRF) for Income generation	Planned meetings with stakeholders held .Consultative meeting with Governor of Vihiga County on establishment of MRF held and with JICA team on establishment of MRF. There are 6 MRFs up and running in Tharaka Nithi, 3 in Kiambu, Taita Taveta and Kisumu up and running and operating with the help of County governments and private entities.
		No. of Waste Collectors groups sensitized.	Sensitize 20 informal waste collectors groups(Hustlers in 8 regions) on the Sustainable Waste Management Act 2022,National Solid Waste Management Strategy,2015 and Waste Regulations ,2006 and Link them to Disposal facilities/Secondary Market	Capacity built 168 waste service providers in regions as follows: Nairobi -38, Coast Region(Mombasa-20,Rift Valley (Nakuru)- 5, North East (Garissa)-16, Central (Nyeri)-20, Eastern (Machakos)-10,Nyanza (Kisumu)- 20 Western (Kakamega)
		Number of Counties trained	Conduct trainings on Waste Management and Climate Change to ten (10) Gazetted CECs	Trained 9 Counties: Kisumu, Mombasa kiambu, Nakuru, Nairobi, Machakos, Makueni, Embu and Uasin - Gishu
		No. of MDAs and Lead agencies trained on Environmental Sustainability	Train the MDAs and Lead agencies on Environmental Sustainability	Trained MDAs at coast region and also Trained the Kenya Animal Genetic Resources Centre

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	To promote public behavioral change in environmental management	No. of ESD demonstrations models facilitated and established	Demonstrate ESD model schools in 4 formal learning institutions in four Counties i.e West Pokot, Bomet, Transzoia and Kericho	The following demonstration facilities were established: <ul style="list-style-type: none"> • Kacheliba in West Pokoti • Kipkimolwa Vocational Training Centre in Bomet • Kipsinende Technical Training Institute in Kericho
		No. of Green points(Centres of excellence) strengthened	Strengthen Green points as demonstration centres - Implement the green point operational strategy	Undertook an exhibition at the Embu Green Point and 2 water tanks were purchased and delivered at Kajiado Green Point.
		Environmental compliance Award Scheme conducted	Conduct Environmental Award Scheme (Appraisals and Awarding Ceremony)	Awarded the winners of the Teacher Training Debate, Football Tournament, Best environmental Practices in collaboration with Ministry of Education, Netfund and TARDA.
Pillar 2: Ecological Integrity of Ecosystems	To promote conservation and management of aquatic and terrestrial ecosystems	No. of sites rehabilitated and restored	Undertake restoration and rehabilitation activities for Kalacha, Motorok, Ondwago, Gatituri and Engungo Engare wetlands. Developed Partnerships with over 40 Universities on Wetlands restoration. Mapped over 10,000 wetlands	Rehabilitation and restoration activities done as follows; 6 acres of degraded riparian land in Ondwago wetland restored by planting 4000 seedlings, 4 acres of degraded riparian land in Gatituri wetland restored by planting 1000 seedlings, 5 acres of degraded riparian land in Motorok and 3 acres in Kalacha wetland were restored by planting 1000 seedlings.
		No. of trees planted	Restoration of degraded sites and Planting of trees to contribute to the achievement of 30% tree cover	Ceremonial tree planting took place at Nanyuki Stadium where a total 10 ingenious trees were planted at the Stadium. The rest were planted in identified six (6) schools during the short rains Planted 150,000 trees in Kiu, wetlands and 472,177 trees presidential planted during World Wetlands Day Countrywide
		Water Quality Monitoring report	Undertake water quality monitoring in Athi river Basin	Water quality monitoring undertaken in Athi river basin using on site instant meters and a report prepared
Pillar 3: Climate Change	To support reduction and monitoring of Green House Gases (GHG) emissions	No. of counties monitored for GHG	Implement GHG monitoring and verification tools- Nakuru, Kisumu, Mombasa and Kwale	GHG Monitoring and verification carried out in Kwale and Kilifi counties and a report prepared
	To mobilize and deploy climate Finance	Number of project proposals	Develop bankable project Proposals	Consultations, review and development of the following 4 GCF concept notes: <ol style="list-style-type: none"> 1. Carbon and REDD+ Assessment and Management (CAREMA) in Kenya: Case of Kakamega, Mount Elgon, and Kaptagat Forest ecosystems by NRF, KFS and MCEEP. 2. NETFUND "Sustainable wetlands management for improved climate resilience in Kenya". 3. Reforestation of 200 Ha of degraded Upper Imenti Forest for Enhanced Resilience to Climate Change in Meru County
	Support implementation of CCA, NAP, NDC, NCCAP	Air quality monitoring reports	Air quality analysis at Nairobi and Nakuru, Kisumu and Mombasa	Air quality monitoring undertaken for Mombasa and Nairobi done and report prepared. Kisumu and Nakuru – done using open source data from secondary data the main pollutant for both towns was Particulate matter PM2.5 revised
Pillar 4: Environmental Governance & Coordination	To Strengthen the Regulatory Framework for Environmental Management	Revised Environmental Management and Coordination	Finalise Review of the Environmental Management and Coordination (Biodiversity, Access to Genetic resources and Benefit Sharing, Noise, Excessive Vibrations management Regulations, 2006)	Stakeholder Consultations with lead agencies concluded and the comments streamlined The zero draft submitted to the PS Ministry of Environment for further legislative action.
		Air Quality Regulations	Finalize the Air Quality Regulations Conduct Stakeholder Consultations in 8 Regions Conduct a	Regional stakeholder meetings held in Eldoret, Mombasa and Kisumu and stakeholder comments incorporated

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			National Validation Meeting	
		No. of Counties trained in DEF legislation	Implementation of capacity building programs for CECs on their roles and responsibilities	Capacity Building Workshop on Devolved Environmental Functions for CECs Trained Muranga Country on Devolved Environmental Functions in Naivasha.
		No. of World environment day's commemorated	Perform international obligation under MEAs)	Commemorated the World Clean-up day, world Oceans day, world wetlands day, world environment Day and the world Desertification and Drought day with tree planting and sensitization of public on environmental issues
		No of COPs participated No. of country papers developed No. of National reports prepared	Contribute to the development of country position papers and participate in negotiations of MEAs and National reporting on MEAs.	Contributed to the development of country position papers and participated in negotiations at various MEAs and for a.
Pillar 5: Green economy for Sustainable Development	Nairobi River upstream Clean up pollution Control and Catchment Management.	Report of implementation	Clean up of the urban Rivers	Clean ups done in various urban rivers along 80 high risk facilities were inspected and issued with improvement orders - 3 sites along the Nairobi river were cleaned (South C, Mbagathi and Kibera)
		No of facilities monitored	Undertake Compliance Monitoring of Licensed facilities	18 high-risk facilities monitored for effluent discharge compliance undertaken during the quarter and improvement notices issued for non-compliance.
Pillar 6: Institutional Capacity	To Strengthen Corporate Governance	Quarterly Board reports	Facilitate Board meetings /Activities	Board meetings and activities held as planned
	Coordinate Improve Visibility and corporate image	% of corporate activities and events covered	Implement corporate communications strategy	Provided coverage for activities, among them; Launch of wetlands in Marsabit., APSCA conference and award dinner, Clean – Up the World Day 2023, NEMA,NPS partnership at DRSRS, Devolution conference, Desertification and Drought Day, World Environment Day 2024, National Tree Planting Day, GEF 7 Project Launch.
		No of Media engagements	Undertook integrated media campaigns on environment management activities	Undertook online campaigns on the following topical issues; Waste management, Noise and excessive vibrations, Banned plastic bags, Adaptation villages, Desertification and Drought Day 2024, World Environment Day 2024, National Tree Planting Day and GEF 7 Project Launch.
		No of branded merchandise	Identify and procure branded merchandise	Branding plan developed and procured for the following branded items i. Telescopic banners, Green army uniforms Procured the following branded items; i. Tear drops and Roll- up banners ii. Note books and Diaries iii. Green army uniforms
	To Strengthen Human Capital	Work load analysis report	Carry out work load analysis	Workload analysis report done
		Training need Assessment report & projections	Consultancy to undertake staff training Needs Assessment and prepare annual staff training projections	Training need Assessment & projections undertaken. Awaiting HRMAC to approve the training plan
		PC Reports	Prepare Performance Contract for 2023-24:Prepare quarterly work plans and Performance Contract reports ,	All quarterly PC reports prepared, presented to SLRMC and submitted in the GPCIS
	Provide adequate office space and utilities	No. of centres of excellence completed	Provide adequate office space and utilities	Contracts with KLB signed. Green point construction in Marsabit now complete, Narok in progress.

**8. Corporate Governance Statement
Establishment**

The Board of Management for the National Environment Management Authority (NEMA) is established under the Environmental Management and Co-ordination Act (EMCA), 1999.

Board Meetings

Full board meetings

During the year, the Board of Directors held a total of 9 meetings outlined as follows, 5 ordinary full board meetings, 3 special board meetings and 1 adhoc committee meetings.

Full Board meetings 2023-24 FY				
Board Members	Ordinary	Special	Adhoc Committee	Grand Total
Emilio Ndwiga Mugo	5	3		8
Sophia Takaria Matura	5	3	1	9
John Muthusi Kimondiu	5	3	1	9
Prof. Charles Kibanani Ngome	5	3	1	9
Dr. Loice Jemencho Kipkiror	5	3	1	9
Amos Andama	5	3	1	9
Dr. Paul Mwaura	5	3		8
Barako Qatamur	4	2		6
Henry Mutwiri Riungu	2	1		3
Annie Syombua David	3	3		6
CPA Isabella Kogei	1			1
Chrisologus Alufwani Makhokha	3	2		5

Committee Meetings

Board Members	Audit, Governance and Risk Assurance Committee Meetings	Environmental Management & Conservation Technical Committee Meeting	Finance and Human Resource Committee meetings	Strategy, legal and resource mobilization committee meetings	Total
John Muthusi Kimondiu		5	9		14
Prof. Charles Kibanani Ngome		5		5	10
Dr. Loice Jemencho Kipkiror	6	5			11
Amos Andama	6	5			11
Sophia Takaria Matura			9	5	14
Dr. Paul Mwaura			9	5	14
Annie Syombua David		3	6	4	13
CPA Isabella Kogei	2		2		4

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Henry Mutwiri Riungu	3		3		6
Barako Qatamur	4			1	5
Chrisologus Alufwani Makhokha	3		2	3	8
Total	6	5	9	5	25

Succession Plan

The board is made up of seven independent non-executive directors who consist of a Chairperson appointed by the President for a period of three years unless the term is renewed, the rest are appointed by the Cabinet Secretary. This is also for a period of three years unless renewed. Five directors representing various government departments are also appointed to the Board to represent the specific institutions. The directors representing various government departments are the Principal Secretary Ministry of Environment Climate Change and Forestry, the Principal Secretary the National Treasury, the Attorney General, the Inspector General, State Corporations and the Director General.

Board Charter

The Board has a Board Charter to facilitate its governance system. Each Board member signs the Charter to commit to its provisions.

Process of appointment and removal

Appointment and removal of Board Members is done through a gazette notice for the non-executive directors. The Chairman is appointed and removed by the President through a gazette notice while the other non-executive directors are appointed or removed by the Cabinet Secretary. Five directors representing various government departments are also appointed or removed by a letter received from the specific institutions they are representing.

Roles and Functions 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.

Induction, Training and Development

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.

Board and Member Performance

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.

Conflict of Interest

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.

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 thereby reducing conflict of interest. To reduce conflict of interest the Board also exercises strategic leadership, enterprise, integrity and judgement in managing the Authority.

Board 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.

Ethics and Conduct

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.

Whistle blowing and Communication Policy

The Authority confirms that throughout the 2023/2024 financial year it complied with the provisions of the entire whistle blowing and communication policy.

Governance Audit

The Authority confirms that in the financial year 2023- 2024 a governance audit was carried out.

9. Management Discussion and Analysis

Review of the Economy

The economy is estimated to have grown by 5.6 percent in the financial year ended June 2024 up from 4.8 percent in the same period in the previous year. This growth was supported by a rebound in agriculture, which had faced two consecutive years of output decline due to a prolonged drought, and the continued strength and resilience of the services sectors.

Overall, inflation remained within the Government target range of 5±2.5 percent largely driven by the easing of food and energy prices, pass-through effects of exchange rate appreciation and the impact of monetary policy tightening.

Review of the Sector

The NEMA Strategic Plan sets out NEMA's vision, mission, goals and objective to ensure achievement of positive outcomes for our environment. The plan provides a road map for NEMA to achieve its mandate of ensuring a clean and health environment for all.

During the year, 2,323 environmental incidents were received among which 1,381 were classified and responded to. The Authority is mandated to undertake compliance and enforcement of the environmental regulations in place. In the financial year under review the Authority processed 2,073 effluent discharge licenses for regulated facilities. This was enabled by the development and regular updating of an inventory and mapping and risk categorization of regulated facilities database in all counties. EIA licenses totalling 7,624 were processed, 664 licenses for experts, 1,054 licenses for waste transportation, 234 licenses for disposal sites, 302 Air quality licenses and 106 Biodiversity permits issued. This is in comparison to 1,919 environmental incidents being received, classified and responded to in the year 2022/2023. In the year 2023/2024 the Authority also conducted 1,737 inspections for compliance of EIA, Waste, Noise, Air quality and Water Quality regulations in the 47 counties and reports were prepared.

It is also important to note the Authority has no pending bills during the period.

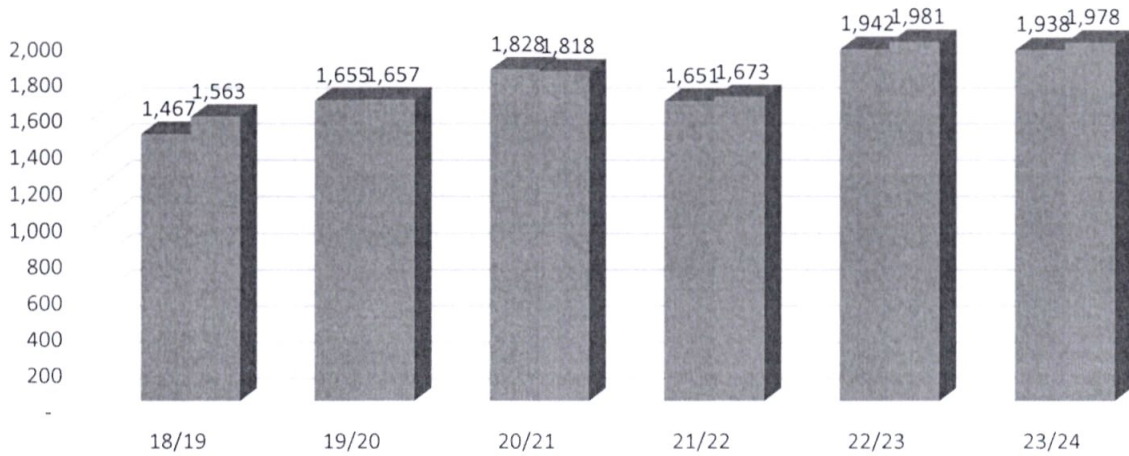
Financial Performance

Revenue Vs Expenditure						
	18/19	19/20	20/21	21/22	22/23	23/24
Revenue	1,467	1,655	1,828	1,651	1,942	1,938
Expenditure	1,563	1,657	1,818	1,673	1,981	1,978

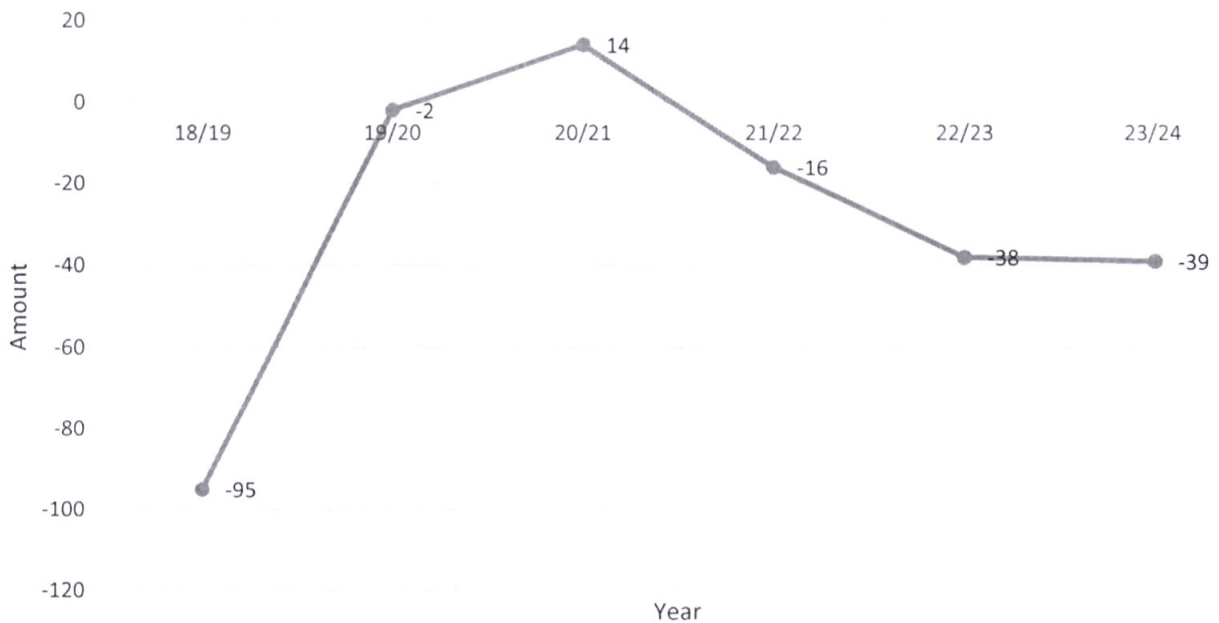
Surplus Vs Deficits						
Year	18/19	19/20	20/21	21/22	22/23	23/24
Amount	-95	-2	14	-16	-38	-39

The Financial performance of the Authority is graphically represented below;

Revenue Vs Expenditure



Surplus Vs Deficits



The allocations received from the Exchequer allocations amounted to KES. 819 Million. Realized revenues amounted to KES. 1.93 Billion Which was a decrease of 0.3 % on KES 1.94 Billion raised the previous year. The Authority has diversified its revenues streams in order to boost the revenue base and reduce the over reliance on The National Treasury. The Authority collected KES 809.84 Million in Appropriations in Aid (AIA) compared to 606.14 Million in the previous year. The Authority realized a deficit of KES 39.59 Million. Further, we realized a revenue of KES 286.27 Million from development partners mainly through the Adaptation fund, Green climate Fund (GCF) and the World Bank funded project Africa Environmental Health and Pollution Management Project and the GEF – 7 IUCN Project.

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The Authority's expenses were KES 1.97 Billion. This represents a 0.1% decrease from last years of KES 1.98 Billion. Staff costs remain the major cost component accounting for 56% of total expenses.

Key Projects

In the financial year, NEMA Continued to implement 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. Further, the Authority received an approved Budget of USD 432,060 for GCF Readiness & Preparatory to help build the capacity of the Authority as an accredited entity of the GCF. Also, the Authority received USD 371,200 from GCF for Devolved Climate Change to develop concept notes into full proposals.

The Authority also continued implementing the World Bank funded project Africa Environmental Health and Pollution Management project. The total cost of the project is USD 8,073,395 and the project duration is from 2020 – 2025. In Kenya, the National Environment Management Authority (NEMA) is the executing agency and the project main objective is to strengthen institutional capacity to manage and regulate e-waste and related UPOPS in Kenya. The Authority also received an endorsement from the GEF council to serve as an Executing Agency of a four-year Global Environment Facility (GEF) cycle seven (7) funded project. The project is on “Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya”. The project implementing Agency is the International Union for Conservation of Nature (IUCN). The total project cost is USD 5,354,588.

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

In execution of its mandate the Authority faces various risks key among them exposure to cyber security threats as NEMA's Number One Risk. Inadequate funding, attributed to devolved environmental functions, inadequate staffing levels, inadequate infrastructure, equipment and office space, lack of harmonized laws and regulations on environmental matters and delay in the determination of the environmental matters in courts. However, with the return of the collection of EIA fees, the Authority is expected to enhance its revenue level.

The future and Conclusion

Although the Kenyan economy is expected to rebound in the financial year 2024/2025, full recovery is not assured due to increasing debt levels and rising inflation pressures. These factors if not timely addressed will negatively impact on the government's prioritization of the environmental conservation and protection agenda. The Authority remains optimistic in the measures that have been put in place and being undertaken by the Government to spur economic growth which will in turn support the conservation and protection of the environment.

10. Environmental and Sustainability Reporting

The National Environment Management Authority (NEMA), is the principal instrument of Government for the implementation of all policies relating to environment. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Constitution of Republic of Kenya has elevated the right to clean environment as a basic human right. Delivery of Environment services is the core mandate of NEMA, and more so efficient and effective delivery of Environmental services. NEMA operates within the environmental principles as enshrined in EMCA No.8 of 1999, such as the principles of Environmental sustainability, precautionary principle, polluter pay principle and the Principle of public participation. The Authority, in its Sustainability Policy has identified twelve key sectors within and external to the Authority that requires major focus in order to attain mainstreaming of environmental sustainability in NEMA operations. The sectors include: Transport sector, Procurement and tender of services, Procurement of equipment, Disposal of NEMA assets, Energy supply and use, Water supply and use, Waste Disposal, Climate change and carbon footprints, Guidelines and regulations, ISO Standard operating procedures, Management systems and Staff attitude, both for NEMA staff and regulated organizations.

ii) Environmental Performance

The Authority has an Environmental Sustainability Policy that informs mainstreaming of Environmental and Climate Change in NEMA operations, internally as well as externally with its client.

The Kenya National Environmental Performance Index (KNEPI) is one of the Authority's success stories in environmental sustainability. KNEPI is a new environmental management frontier championed by the National Environment Management Authority (NEMA) to lead to further creation of opportunities in environmental management knowledge, skills and experience at National and County levels.

The KNEPI provides a tool for continually assessing progress towards established targets for priority setting and potentially for resource allocation. This tool assists the MDAs and line ministries to lobby decision makers for appropriate resource allocation in underperforming areas.

The KNEPI also evaluated all the 47 counties based on County indicators agreed upon with stakeholders.

Other milestones the Authority has made in environmental sustainability include;

1. Reviewing of EMCA, 1999 so as to strengthen the regulatory framework for Environmental Management,
2. Implementation on the Ban of single use plastic bag
3. Green points design and construction incorporated aspects such as rainwater harvesting, waste water recycling technologies, low energy consumption, among other features in order to practically interpret the green economy concept in our context here in Kenya.

4. Development of environmental sustainability curriculum for internal and external clients training
5. Implementation of the pollution control strategy for Nairobi River Basin

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.

iii) Employee welfare

NEMA has human resource policies and procedures manual which guides on the recruitment process from vacancy identification to new hire induction. The policy takes into account the gender, women and disability considerations. On careers, we have a progressive career guideline. Annual staff performance appraisals are conducted and rewards and sanctions determined. Capacity building of staff is through formal and on job trainings. NEMA is working on safety policy which will be in compliance with Occupational Safety and Health Act of 2007, (OSHA).

iv) Market Place Practices

Access to Government Procurement Opportunities (AGPO): The Authority strictly adheres to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which include to youth, women and PWDs as individuals or in organized groups. The Authority prequalified the registered groups as affirmative action. The three (3) target groups were trained on government procurement procedures, requirements. The Authority also submitted to PPRA a summary of procurements allocated to the target group in the format provided in the PPRA website, www.tenders.go.ke and also submitted to National Council for Persons with Disabilities (NCPWD) a summary of procurement opportunities allocated to Persons with Disabilities (PWD).

The Authority will endeavor to collaborate with various organizations to enhance environment education with various targeted groups.

a) Responsible competition practice.

The Authority is guided by various laws and regulations to ensure responsible competition practices it's in activities.

b) Responsible Supply chain and supplier relations

NEMA ensures all procurement activities are carried out in accordance with the Government of Kenya public procurement law and regulations. The Authority adheres to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which ensures youth, women and people living with disabilities as individuals or in organized groups benefit. All suppliers are paid within reasonable time after executing their contractual obligations

c) Responsible marketing and advertisement

The Authority is guided by the anti-corruption policy. Adherence to NEMA or values ensures ethical and responsible political involvement..

d) Product stewardship

The Authority is committed to promoting transparency and accountability. This ensures citizen and stakeholder's rights are safeguarded.

v) Corporate Social Responsibility / Community Engagements

The Authority is committed to uplifting the standards of living of the communities' areas it operates in all over the country. As a supervisor and coordinator of all environmental matters in Kenya, our work and conduct are driven by the Authority's core values. The Authority's CSR program is focused on creating and maintaining a strong bond with the community and its stakeholders. To this end, the Authority's CSR initiatives provide communities with opportunities for engagement that touch on the three (Environmental, Economic and Social) broad CSR pillars. During the financial year, the Authority experienced a lot of financial challenges, as a result of this, it was not involved in a lot of CSR activities other than Donation for improving basic education series-New life Adventist School.

11. Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 30th June 2024, 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 results for the year ended June 30, 2024 are set out in page 1.

Directors

The members of the Board of Directors who served during the year are shown on page V-VIII.

Surplus Remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the Audited Financial Statements after end of each financial year.

In the current financial year 2023/2024 the Authority has reported a deficit in the interim financial statements of **KES 39.59 Million** and there for there is no surplus due for remission. However, KRA owes the Authority an overpayment of **KES 19.81 Million**.

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.

By order of the Board.



Mamo B. Mamo, EBS
Director General



Date
Nairobi

12. 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.

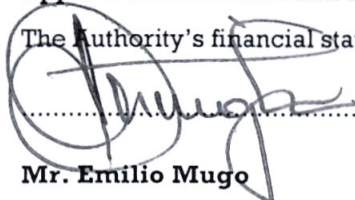
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. These responsibilities include:

- (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.

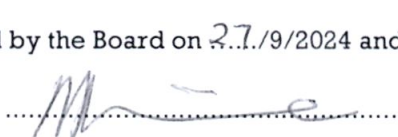
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, 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 Authority'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 27/9/2024 and signed on its behalf by:



Mr. Emilio Mugo
Chairman of the Board



Mr. Mamo B. Mamo, EBS
Director General

Date: 23/DEC/2024

Date: 23/DEC/2024

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDTOR-GENERAL ON NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Environment Management Authority for the year ended 30 June, 2024 set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2024 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, the financial statements present fairly, in all material respects, the financial position of National Environment Management Authority as at 30 June, 2024, 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 Public Finance Management Act, 2012 and the Environmental Management and Co-ordination (Amendment) Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the 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 opinion.

Emphasis of Matter

Failure to Disclose all Contingent Liabilities

Note 34 to the financial statements has a disclosure of nine (9) major contingent liabilities as at 30 June, 2024. However, the Authority had about one thousand and thirty six (1,036) outstanding cases whose outcomes is likely to have potential liabilities.

In the circumstances, the claims against the Authority may impact negatively on the entity's financial position.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources . However, as at 30 June, 2024, Management had resolved one issue. No explanation was given for failure to resolve the

other outstanding matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

Other Information

Management is responsible for the other information set out on page ii to xxxiv which comprise of Key Entity Information, the Board of Directors, Key Management Team, Chairman's Statement, Report of the Director General, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Violation of One-Third Rule on Basic Salary

The statement of financial performance reflects staff costs amount of Kshs.1,106,828,000 as disclosed in Note 11 to the financial statements. Analysis of the payroll for the twelve (12) months revealed that thirty-five (35) employees received net pay which was below 1/3 of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 and Section C.1(3) of the Public Service Human Resource Policies and Procedures Manual 2016.

In the circumstances, Management was in breach of the law.

2. Expenditure Beyond the Recommended Threshold

During the year under review, the Authority incurred Board expenses amounting to Kshs.39,932,000 contrary to circular OP/CAB.9/1A on Management of State Corporations which capped Board expenditure at Kshs.30 million or 5% of operations and maintenance budget whichever is lower. No authority was obtained from the Cabinet Secretary for the over expenditure of Kshs.11,117,000.

In the circumstances, Management was in breach of the guidelines.

3. Failure to Fund Restoration Account

The statement of financial position reflects cash and cash equivalents balance of Kshs.398,334,000 as disclosed in Note 18 to the financial statements. Included in the balance is Kshs.18,989,000 in respect to Restoration Fund Account. However, review of the bank statements for the account revealed that, during the year, Management did not fund the account as required by the Section 25(2) of the Environmental Management and Co-ordination Act, 1999 which states that, the Restoration Fund shall consist of, (a) such proportion of fees or deposit bonds as may be determined by the Authority from time to time.

In the circumstances, Management was in breach of the law, and in the unlikely event of environmental degradation, the Authority would not be able to intervene or mitigate due to lack of funds.

4. Anomalies in Construction of Fish Cooling Plant

The statement of financial performance reflects project expenses of Kshs.275,087,000 as disclosed in Note 14 to the financial statements which further includes Kshs.171,979,000 adaptation fund expenses. The adaptation fund expenses includes Kshs.6,870,624 spent on a fish cooling plant at Ekalakala in Machakos County. Review of contract documents revealed that, the construction of a fish cooling plant was awarded to a local contractor at a contract sum of Kshs.6,870,624 on 30 June, 2023. The completion certificate was issued on 15 December, 2023 and the building handed over to the Authority. However, the contract omitted provision for machine and equipment needed to operationalise the plant. Further, a site visit in December, 2024 revealed poor workmanship and anomalies such as, visible cracks on the floor, ramp and walls, failure to undertake plumbing works on the ablution block and failure to complete ceramic hand wash sink in the ablution block.

In the circumstances, value for money may not be realized from the expenditure of Kshs.6,870,624 incurred on the project.

5. Slow Implementation of Integrated Environmental Information Management System and Enterprise Resource Planning System

The statement of financial position reflects property, plant and equipment balance of Kshs.386,370,000 as disclosed in Note 21 to the statement of financial statements which further includes capital work in progress additions of Kshs.33,799,000. Included in the balance is Kshs.19,821,187 for development and implementation of integrated environmental information management system and Enterprise Resource Planning

System (ERP). Review of the contract revealed that, the contract was signed in February, 2024 and the contract period was 12 months up to February 2025. However, as at the time of audit in December, 2024, the System was at 35% completion rate. No explanation was given for the delay or evidence provided to support the delay in implementation or for extension of the contract.

In the circumstances, the implementation of the system may not be able to meet all the deliverables within the contract period and the expected benefits of the project may not be achieved.

6. Non-Revaluation of Fully Depreciated Motor Vehicles

As previously reported, the statements of financial position reflects property, plant and equipment net book value of Kshs.386,370,000 which includes motor vehicles balance of Kshs.6,679,000 and as disclosed in Note 21 to the financial statements. However, eighty-one (81) motor vehicles were fully depreciated but still in use during the year under review. This was contrary to International Public Sector Accounting Standard No.17 which requires that revaluations be done with sufficient regularity such that the carrying amount of assets does not differ materially from that which would be determined using fair value at the reporting date. Although Management has indicated that a firm has been engaged for asset valuation, the exercise had not been concluded at time of audit in December, 2024.

In the circumstances, Management was in breach of the law.

7. Non -utilization of Air Quality Monitoring Equipment.

The Authority received an air quality monitoring equipment worth Kshs.67,000,000 from a donor funded project in the year 2018. The equipment was to be used in generating reports on air quality at different locations, which would in turn assist the Authority in the management of air pollution. However, this equipment had been idle for a period of ten (10) months (February, 2024 to November, 2024) due to failure to pay the required annual licence fees to a South African service provider. The Authority could therefore not generate air quality reports to disseminate to the public and other users during the period the equipment was idle.

In the circumstances, failure to pay licensing fee directly undermines the Authority's mandate and disrupts critical environmental resources due to the critical nature of air quality monitoring in safeguarding public health and the environment.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Under-Staffing

Review of the Authority's staff establishment structure revealed that out of the established positions of four hundred and ninety-five (495), only three hundred and eighty-three (383) or 77% positions were filled resulting to a shortfall of one hundred and twelve (112) positions.

In the circumstances, the understaffing may result to overworked staff and may lead to compromise on quality of service delivered to the Public.

2. Weak Controls on Revenue Collection

Note 9 to the financial statements reflects revenue receipts of Kshs.809,844,000 which further includes, Environmental Impact Assessment (EIA) income of Kshs.576,420,000. However, review of records maintained and tests undertaken to confirm effectiveness and efficiency of system of internal controls on EIA revenue center revealed weakness such as:

- (i) Revenue collected is pegged on self-declaration of the projects value by the clients. This declared value is then reviewed by Authority's Quantity Surveyor for accuracy. However, as per the approved staff establishment, only one Quantity Surveyor was in place against annual applications of seven thousand and twenty-one (7,021) for Environmental impact assessment licenses across the 47 counties. This exposes the Authority to risks of revenue loss due to element of lack of segregation of duty, exhaustion, collusion and fraud during valuation of projects.
- (ii) No database of regulated facilities such as petrol stations, hospitals, waste effluent companies, exhausters, schools, universities, manufacturers, agricultural processors was maintained to guide in identification of clients.

In the circumstances, the efficiency and effectiveness of the internal control systems in revenue collection are weak and could result in loss of revenue.

3. Irregular Board's Engagement in Management Functions

The statement of financial performance reflects board expenses amount of Kshs.39,932,000 which includes an amount of Kshs.5,545,745 relating to sitting

allowance, mileage and daily subsistence allowance paid to Board members for field inspection visits. This was contrary to Chapter 1.22 of Mwongozo Code of Governance for State Corporations which stipulates that the role of the Board should clearly be separated from that of Management.

In the circumstances, the Board was in breach of the Mwongozo directives and may have usurped Management functions.

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

Responsibilities of the Management and the 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 controls 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require

that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


24 December, 2024

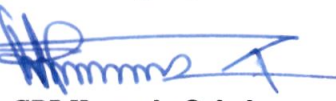
**National Environment Management Authority
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14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		KES '000'	KES '000'
Revenue from non-exchange transactions			
Government grants - recurrent	6	819,000	1,049,000
Government grants - development	7	19,751	33,845
Donor funds	8	286,279	249,071
Revenue receipts	9	809,844	606,142
Total Revenue from Non-Exchange transactions		1,934,874	1,938,058
Revenue from exchange transactions			
Other income	10	4,023	4,503
Total Revenue from exchange transactions		4,023	4,503
Total revenue		1,938,897	1,942,561
Expenditure			
Staff costs	11	1,106,828	1,091,019
Administrative costs	12	457,027	480,447
Board expenses	13	39,932	56,872
Project expenses	14	275,087	235,966
Depreciation expense	15	51,010	74,191
Repairs and Maintenance	16	20,288	24,332
Utilities	17	28,321	18,547
Total Expenditure		1,978,493	1,981,374
Surplus/(Deficit)		(39,596)	(38,813)
Surplus to National Treasury	32		
(Deficit)		(39,596)	(38,813)

The notes set out on pages 7 to 27 form an integral part of the Financial Statements.


Mr. Mamo B. Mamo, EBS
Director General


CPA Kennedy Ochuka
Director Corporate Services
ICPAK Member Number: 3872


Emilio Mugo
Chairman of the Board

Date 23/DEC/2024

Date 23/DEC/2024

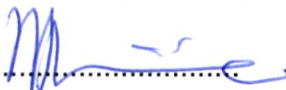
Date 23/DEC/2024


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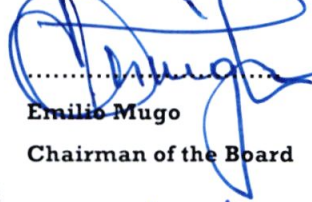
15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		KES '000'	KES '000'
Assets			
Current Assets			
Cash and cash equivalents	18	398,334	599,597
Receivable from non-exchange transactions	19	424,888	105,637
Inventories	20	13,895	22,585
Total Current Assets		837,117	727,819
Non-Current Assets			
Property, plant and equipment	21	386,370	371,154
Intangible Assets	22	1,734	419
Total Non-Current Assets		388,104	371,573
Total Assets		1,225,221	1,099,392
Liabilities			
Current Liabilities			
Trade and other payables	23	411,226	126,490
Provisions	24	19,848	14,124
Refundable deposits and Prepayments from Customers	25	201,613	199,844
Deferred Income Liability	26	187,860	328,029
Total liabilities		820,547	668,487
Net Assets			
Capital Fund	27	175,473	175,473
Revenue Reserves	28	(115,230)	(67,360)
Revaluation Reserves	29	11,848	14,265
Donation Reserve	30	44,897	56,090
Development & Recurrent Grants	31	287,686	252,437
Total Net Assets		404,674	430,905
Liabilities			
Total Net Assets and Liabilities		1,225,221	1,099,392

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Board of Directors by:


 Mr. Mamo B. Mamo, EBS
 Director General


 CPA Kennedy Ochuka
 Director Corporate Services
 ICPAK Member Number: 3872


 Emilio Mugo
 Chairman of the Board

Date: 23/DEC/2024

Date: 23/DEC/2024

Date: 23/DEC/2024

National Environment Management Authority
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16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Capital Fund	Revenue Reserve	Revaluation Reserve	Development Grants	Donation Reserve	Total
	KES '000'	KES '000'	KES'000'	KES '000'	KES '000'	KES '000'
At 1st July 2022	175,473	(44,707)	16,682	286,283	71,303	505,034
Prior year adjustment	-	16,160	-			16,160
Revaluation adjustment	-	-	(2,417)			(2,417)
Net surplus for the year	-	(38,813)	-			(38,813)
Capital.Development Grants received in the year					-	-
Transfer of depreciation & Income realized to retained earnings				(33,845)	(15,213)	(49,059)
At 30th June 2023	175,473	(67,360)	14,265	252,437	56,090	430,905
At 1st July 2023	175,473	(67,360)	14,265	252,437	56,090	430,905
Prior year adjustment	-	(8,274)	-			(8,274)
Revaluation adjustment	-	-	(2,417)			(2,417)
Net surplus for the year	-	(39,596)	-			(39,596)
Capital.Development Grants received in the year				55,000	-	55,000
Transfer of depreciation & Income realized to retained earnings				(19,751)	(11,193)	(30,944)
At 30th June 2024	175,473	(115,230)	11,848	287,686	44,897	404,674

*National Environment Management Authority
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For the financial year ended June 30, 2024*

17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023-2024 KES '000'	2022-2023 KES '000'
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		874,000	1,049,000
Public contributions and donations		3,629	2,850
Donors - AEHPMP Funds & GCF & IUCN & Nature Kenya		133,712	54,470
Licenses and permits		812,017	620,000
Restoration Fund		-	73,290
Other income		394	340
Total Receipts		1,823,752	1,799,950
Payments			
Use of goods and services		182,916	301,366
Employee costs		1,451,136	1,143,772
Board Expenses		38,433	57,510
Repairs and maintenance		15,975	22,441
Contracted services		11,503	16,029
Grants and Subsidies		255,093	255,506
Total Payments		1,955,056	1,796,624
Net cash flows from/(used in) operating activities	39	-131,304	3,327
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-69,959	-114,619
Proceeds from sale of property, plant and Equipment			1,313
Decrease/(Increase) in non-current receivables			
Purchase of investments			
Sale of investments			
Net cash flows from/(used in) investing activities		-69,959	-113,306
Cash flows from financing activities			
Proceeds from borrowings			
Return of Donor unused funds (NRM)			
Proceeds from issue of shares			
Increase in capital funds			
Net cash flows from /(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-201,263	-109,979
Cash and cash equivalents at 1 July		599,597	709,577
Cash and cash equivalents at 30 June	18	398,334	599,597

National Environment Management Authority
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For the financial year ended June 30, 2024

18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	KES '000'	KES '000'	KES '000'	KES '000'	KES '000'	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	1,279,000	(385,000)	894,000	838,750	55,250	94%
Licenses and Permits	600,000	300,000	900,000	809,844	90,156	90%
Other Income	835,303	(108,658)	726,645	290,302	436,343	40%
Total Income	2,714,303	(193,658)	2,520,645	1,938,897		
Expenses						
Use of Goods and Services	560,300	(85,000)	475,300	457,580	17,720	96%
Employee costs	1,045,700	-	1,045,700	1,017,664	28,036	97%
Remuneration of Directors	30,000	-	30,000	39,932	(9,932)	133%
Depreciation and Amortization expense	80,000	-	80,000	51,010	28,990	64%
Repairs and Maintenance	101,000	-	101,000	90,093	10,907	89%
Contracted Services	62,000	-	62,000	47,126	14,874	76%
Grants and Subsidies	835,303	(108,658)	726,645	275,087	451,558	38%
Total Expenditure	2,714,303	(193,658)	2,520,645	1,978,493		
Surplus for the period	-	-	-	(39,596)		

Income

a) Transfers from Other Governments entities

The amount budgeted for as a recurrent grant was not fully received. This is due to reduction of the grant by KES 55 Million in the supplementary budget cuts.

b) Licences and permits

The reintroduction of the Environment Impact Assessment Fee has had a positive impact on the amount of revenue that was collected. The target to be collected was increased from KES 600 Million to KES 900 Million. The Authority collected KES 809.84 Million. The below performance was as a result of some government facilities not paying up the fees coupled with inadequate funds and vehicles to carry out inspections and enforcement.

c) Other Income comprises of the development projects funded by donor funds. The below performance was attributable to delayed start of the GCF project on the 'Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya'

Expenditure

d) Remuneration of Directors

Board activities exceeded the amount approved. This was attributable to many unplanned activities amounting to Kshs.9.9 million that were undertaken in the year which could not be foreseen during budgeting.

19. 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 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 2012, the State Corporations Act Cap 446 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 effective in the year ended 30 June 2023.
IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>No impact applicable from 1st January 2025.</i>
IPSAS 44: Non- Current Assets Held	<i>Applicable 1st January 2025</i> The Standard requires,

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Standard	Effective date and impact:
for Sale and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>No impact applicable from 1st January 2025.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>No impact applicable from 1st January 2025.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>No impact applicable from 1st January 2025.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>No impact applicable from 1st January 2025.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>No impact applicable from 1st January 2025.</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023/2024.

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 collects various types of fees as it undertakes its mandate of co-ordinating and supervising matters pertaining to the Environment. The fees charged include water quality, liquid and solid waste, biodiversity, ozone depleting substances.

Most of the fees paid are one of payments and therefore revenue was recognized upon payment. The changes in the Water Quality Regulations which recognized revenues on calendar year as opposed to financial year occasioned the change in the revenue recognition criteria.

The Authority collected KES 809.84 Million from licence fees compared to KES 606.14 Million in the previous year (This is a 33.6 % increase).

ii) Revenue from exchange transactions – IPSAS 9

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

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. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

The total revenue received from government and other development partners was KES 1.12 Billion compared to KES 1.33 Billion in the previous year.

Notes to the financial statements (continued)

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.

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 286.27 Million** was recognised as income 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.

Donations

The donations are recognised by the Authority when received, these are donations towards sponsorship of world environmental days. An amount of KES 3.62 Million was recognised as donations.

Miscellaneous income

Miscellaneous income is recognised by the Authority when received, an amount of KES 0.39 Million was recognised which is comprised mainly of sale of tender documents, sale of dismantled furniture and legal costs given in favour of the Authority.

Gain on disposal

Gain on disposal of assets relates to assets disposed within the financial year. No disposal was undertaken in the financial year.

b) Budget information – IPSAS 24

The annual budget for FY 2023-2024 was approved by the National Treasury. The entity's 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 69.95 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 intangible 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 13.89 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.

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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 amounting to KES 19.84 Million.

h) Contingent liabilities

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. Sources of contingent liabilities are mainly legal litigations.

i) 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.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements including Capital Fund, Revenue Reserve and Revaluation Reserve.

k) Changes in accounting policies and estimates – IPSAS 3

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

l) Employee benefits – IPSAS 39

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.

m) 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.

n) 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.

o) Comparative figures

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

p) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

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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.

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
Government grant - Recurrent	KES '000'	KES '000'
National Environment Management Authority (NEMA)	819,000	1,049,000
	-	-
Total	819,000	1,049,000

These are the amounts received from the Government to assist in meeting the Organization's Recurrent expenditures. It comprises of KES 819 Million received as recurrent grant for the year compared to KES 1.04 Billion in the financial year 2022-2023.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2023/24	Prior year 2022/2023
Ministry of Environment and Forestry (Recurrent)	819,000	-		819,000	1,049,000
Total	819,000	-	-	819,000	1,049,000

7. Development

Description	2023-2024	2022-2023
Government grant - Development	KES '000'	KES '000'
National Environment Management Authority (NEMA)	19,751	33,845
Government grant Other	-	-
Total	19,751	33,845

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Description	2023-2024	2022-2023
Government grant - Development	KES '000'	KES '000'
Enapuiyapui and ondiri		1,291
Lab Expenses		316
Development Depreciation Funds	19,751	32,239
Total	19,751	33,845

This relates to the amounts received from the Government to assist in meeting the Organization's Development expenditures. The Authority received KES 55 Million development funds in the financial year. The revenue recognized in the year was KES 19.75 Million. Development grant relating to expenses for the period is treated as income in the statement of financial performance, while for the purchase of assets it's treated as deferred income and allocated to statement of financial performance income over the useful lives of the related assets.

8 Donor funds

Description	2023-2024	2022-2023
Government grant - Development	KES '000'	KES '000'
Adaptation Fund Income	171,979	184,248
DANIDA GGECP	-	2,929
GCF - UNOPS	28,779	9,375
KEPTAP	11,192	12,285
Other Donor funds (Nature Kenya)	2,503	600
World Bank -AEHPMP	43,082	39,635
IUCN GEF-7 Project Forest Mgt	28,743	-
Total	286,279	249,071

This relates to various donor funds expended during the financial year. Donor funds expended during the year are recognized as Income and the balance as at the end of the year is treated as unspent donor funds. The total donor funds expended during the year was KES 286.27 Million as compared to KES 249.07 Million in the previous year.

9 Revenue receipts

Description	2023-2024	2022-2023
	KES '000'	KES '000'
EIA Registration fees	15,784	13,544
Water Quality	161,072	146,225
Waste Management	34,139	31,580
Biodiversity	150	320
Noise Pollution	88	203
EIA Income	576,420	382,749
Direct bank credits	8,634	17,011
Air quality	13,558	14,510
Total	809,844	606,142

These are 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 KES 809.84 Million as compared to KES 606.14 Million in the previous year. The significant increase was as a result of the reintroduction of the EIA Fees has had a major boost in the total revenue collected

The movement schedule for the revenue from Water quality is as indicated below;

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Description	Amount (KES '000')
Amount Collected in Calendar Year January 2024- December 2024	162,841
Add:	
Recognition of Prepaid Revenue for the period July – December 2023 – EDL	79,651
	242,492
Less:	
Prepaid Revenue for the period July – December 2024 – EDL	81,420
Amount Recognized in the year	161,072

10 Other Incomes

Description	2023-2024 KES '000'	2022-2023 KES '000'
Donations	3,629	2,850
Miscellaneous Income	394	340
Gain on Disposal	-	1,313
Total	4,023	4,503

These comprises of amounts received as Donations KES 3.62 Million and Miscellaneous income KES 0.39 Million mostly from receipts from sale of general items.

Expenditure

11 Staff Costs

Description	2023-2024 KES '000'	2022-2023 KES '000'
Personal Emoluments	865,950	835,935
Employer's Pension/Gratuity	122,300	124,769
Employer's NSSF Contribution	8,205	3,208
Training Expenses	14,072	27,086
Insurance Expenses	89,164	88,124
Staff welfare expenses	7,138	11,898
Total	1,106,828	1,091,019

This relates to various Employee Expenses incurred. They include amounts paid as personal Emoluments of KES 865.95 Million, Employer's Pension component/ Gratuity of KES 122.30 Million, Employer's NSSF Contribution of KES 8.20 Million, Amount incurred for training of Staff of KES 14.07 Million, Insurance expenses of KES 89.16 Million and other Staff Welfare expenses of KES 7.13 Million.

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12 Administrative expenses

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Local Travelling & Accommodation	153,977	150,233
Foreign Travelling & Accommodation	17,509	29,645
Rent	30,677	17,531
Regional/ County Operation Expenses	28,314	84,579
Plastic Bags Ban Expenses	6,731	10,867
Office & General Supplies & Services	57,904	39,009
Fuel and lubricants	66,446	61,913
Contracted Professional Services	33,203	14,341
Provision for Audit fees	580	580
Other Administrative Expenses	61,686	71,749
Total	457,027	480,447

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 KES 457.02 Million was incurred in the financial year and KES 480.44 Million in the previous year.

Contractual Services relates to various legal fees and awards paid during the year.

In the current financial year, under Office and General Supplies more Stationery and Toners were expensed in the year.

13 Board expenses

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Honoraria	1,023	1,010
Sitting Allowances	14,978	17,618
Medical Insurance cover	-	-
Induction and Training	929	2,468
Travel and Accommodation	22,626	31,852
Other Allowances	376	3,923
Total	39,932	56,872

These are expenditure for Board of Management and other benefits accruing to them. These include Sitting Allowances, accommodation, lunch allowances, travel reimbursements, honoraria, medical insurance air tickets and training. Board and Committee Expenses incurred amounted to KES 39.93 Million. A total of KES 56.87 Million was used in the previous year.

14 Project expenses

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Adaptation Fund (NIE) Expenses	171,979	184,248
GGCEP Expenses	-	7
GCF Expenses	28,779	9,375
Nature Kenya Conference Expenses	2,503	378
AEHPMP-World Bank	43,082	40,667
IUCN - GEF 7 - Forest Management - Nema	25,163	-
IUCN - GEF 7 - Forest Management - Netfund	1,288	-
IUCN - GEF 7 - Forest Management - Soralo	178	-
IUCN - GEF 7 - Forest Management - ACC	2,114	-
Restorate & Rehabilitate Enapuiyapui & Ondiri	-	1,291
Total	275,087	235,966

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This relates to amounts incurred as expenses for the various donor funded projects being undertaken by the Authority. The total amounts expended for the various projects in the year totaled to KES 275.08 Million. The amount incurred in the year 2023 was KES 235.96 Million.

15 Depreciation expense

	2023-2024	2022-2023
Description	KES '000'	KES '000'
Depreciation	49,973	73,387
Amortization	1,038	804
Total	51,010	74,191

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 KES 74.19 Million. Comprised of buildings KES 2.50 Million, motor vehicles KES 16.26 Million, furniture & fittings KES 7.04 Million, office equipment KES 12.32 Million, computer equipment KES 11.83 Million and amortization of intangible assets KES 1.03 Million. KES 51.01 Million was charged in the year 2024.

16 Repairs and Maintenance

	2023-2024	2022-2023
Description	KES '000'	KES '000'
Building	4,881	10,224
Equipment	2,595	1,859
Computer and networks	1,005	730
Vehicles	11,807	11,518
Total	20,288	24,332

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 KES 20.28 Million was utilized during the year as compared to KES 24.33 Million in the previous year.

17 Utilities

	2023-2024	2022-2023
Description	KES '000'	KES '000'
Electricity Expenses	4,505	3,201
Water	1,036	747
Telephone Expenses	8,210	10,204
Internet Services	11,941	1,085
Postal & Telegrams	2,628	3,310
Total	28,321	18,547

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 KES 28.32 Million as compared to KES 18.54 Million in the year 2023.

18 Cash and Bank Balances

Description	2023-2024	2022-2023
a) Bank Balances	KES '000'	KES '000'
KCB Development Account [Acc No.1102292354]	75,366	53,955
KCB Restoration Account [Acc No.1101628758]	18,989	108,990
KCB Revenue Account [Acc No.1102298158]	10,216	29,959
KCB Gateway Recurrent [Acc No.1112705546]	6,551	11,401
KCB NCNSA Project [Acc No.1135682763]	32	32
KCB Adaptation Fund [Acc No.1165595192]	23,253	28,686
KCB Adaptation Fund [Acc No.1218639164] KSH	149,760	288,674
KCB GGECP Project [Acc No.1204171068]	1,183	1,183

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KCB Africa Environment Health Project [Acc No.1285063546]	6,127	62,761
COOP Revenue Account [Acc No.1100030858900]	4,610	1,640
CBA CBF (Biodiversity) [Acc No.6587230044]	3,639	3,651
BBK Pension Account [Acc No.708165964]	(1)	3,429
NBK IUCN GEF-7 Project Forest Mgt (ACC No. 01071261807800)	78,416	-
	378,141	594,361
b) Cash in Hand		
Nema Hq	4	270
c) Mpesa Holding		
Mpesa	-	3,073
d) ECITIZEN		
ECITIZEN	20,189	1,894
Total Cash and bank balance	398,334	599,597

The total amount of Cash in Hand and at the Bank as at the end of the year was KES 398.33 Million as compared to KES 599.59 Million in the previous year.

19 Receivables

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Outstanding Advance - NEMA	29,274	39,747
Outstanding Advance - PCC	-	-
Project Receivable	58,696	-
Grant Receivable - Development & Recurrent	275,000	-
Other debtors	61,918	65,890
Total	424,888	105,637

These are outstanding advances, imprests and other debtors. As at the end of the financial year there was a total of KES 424.88 Million outstanding, this was composed of advance and imprests KES 29.27 Million. KES 58.69 Million project receivables due. KES 275.00 Million being recurrent funds for the year due. The KES 74.03 Million other debtors comprise of prepayments and deposits of which KES 19.81 Million relates to an overpayment to the Kenya Revenue Authority, Insurance and Air tickets Prepayments.

20 Inventories

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Consumable stores	13,895	22,585
	13,895	22,585

The closing inventory as at June 2024 was KES 13.89 Million as compared to KES 22.58 Million in the previous year. The inventories comprise mainly of stationeries, computers, catering & sanitary consumables and tyres.

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21. Property, Plant and Equipment

	Buildings	Motor Vehicles	Furniture & Fittings	Computers & Printers	Office Equipment	Capital Work in Progress	Total
Description	KES '000'	KES'000'	KES '000'	KES '000'	KES '000'	KES '000'	KES '000'
	2.5%	25%	12.5%	30%	12.5%		-
Cost							
1st July 2022	173,612	294,406	94,229	75,266	114,333	30,234	782,080
Additions		6,290	4,955	15,621	1,643	86,110	114,619
Disposal	-	(2,800)	-	-	-	-	(2,800)
Transfer/Capitalized to buildings	22,914	-	-	-	-	(22,914)	-
30th June 2023	196,525	297,896	99,184	90,887	115,976	93,431	893,900
Accumulated depreciation							
1st July 2022	23,723	242,736	61,050	58,664	63,565		449,737
Charge for the year	2,286	35,016	11,963	9,976	14,149		73,390
Accm dep on revaluation Adj	2,417		-	-	-		2,417
Accm dep Prior year Adj	-	-	-	-	-		-
Accm dep on disposal	-	(2,800)	-	-	-		(2,800)
30th June 2023	28,425	274,952	73,013	68,640	77,714	-	522,744
Carrying amount							
30th June 2023	168,100	22,944	26,171	22,245	38,262	93,431	371,154
Cost							
1st July 2023	196,525	297,896	99,184	90,887	115,976	93,431	893,899
Additions	-	-	2,949	24,135	6,725	33,799	67,608
Disposal	-	-	-	-	-	-	-
Transfer/Capitalized to buildings	-	-	-	-	-	-	-
30th June 2023	196,525	297,896	102,133	115,022	122,701	127,229	961,508
Accumulated depreciation							
1st July 2023	28,425	274,952	73,013	68,640	77,714		522,744

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	Buildings	Motor Vehicles	Furniture & Fittings	Computers & Printers	Office Equipment	Capital Work in Progress	Total
Description	KES '000'	KES'000'	KES '000'	KES '000'	KES '000'	KES '000'	KES '000'
Charge for the year	2,504	16,266	7,044	11,831	12,329		49,973
Accm dep on revaluation Adj	2,417		-	-	-		2,417
Accm dep Prior year Adj	-	-	-	-	-		-
Accm dep on disposal	-	-	-	-	-		-
							-
30th June 2024	33,346	291,218	80,057	80,470	90,043	-	575,134
Carrying amount							
30th June 2024	163,179	6,679	22,076	34,552	32,658	127,229	386,370

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 2024. The Netbook value as at 30th June 2024 was KES 386.37 Million.

Property plant and Equipment includes the following Assets that are fully depreciated

	Cost Valuation	Normal Annual Depreciation charge
	KES '000'	KES '000'
Plant and Machinery	-	-
Motor Vehicles, Including Motor Cycles	248,810	62,102
Computers And Related Equipment	70,887	23,605
Office Equipment, Furniture And Fittings	76,368	9,526
Total	396,065	95,233

22 Intangible Assets

Description	2023-2024	2022-2023
	KES	KES
Cost at beginning of the year	11,922	11,922
Additions	2,351	
At end of the year	14,273	11,922
Additions-internal development-WIP		
Disposal	-	-
At end of the year	14,273	11,922
Amortization and impairment		
At beginning of the year	11,502	10,698
Amortization	1,038	804

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Accm dep on revaluation Adj	-	-
Accm dep Prior year Adj	-	-
Accm dep on disposal	-	-
At end of the year	12,540	11,502
NBV	1,734	419

This relates to various Computer Softwares capitalized example the SharePoint 2019 Server License

23 Trade and other payables from exchange transactions

Description	2023-2024 KES '000'	2022-2023 KES '000'
Sundry Payables	244,037	94,284
Taxes Payable	-	428
Project Payable		
Other Payables	29,653	9,090
Net salary	28,576	-
Statutory deductions (PAYE, NHIF, NSSF, HELB, NITA, HOUSING LEVY)	19,558	14,412
NEMA Staff Welfare Society	983	112
Staff Housing Scheme	1,275	1,275
Bank Deduction Payable	15,514	73
Insurance Deduction Payable	850	13
Sacco Deduction Payable	22,295	28
Pension Fund Payable	43,180	349
Project Payable	-	161
Assurance Cover Payable	5,305	6,265
Total	411,226	126,490

Indicates various outstanding Liabilities as at the end of the financial year. The total amount for trade and other payables outstanding is KES 411.22 Million as compared to KES 126.49 Million in the previous year.

24

Provisions

Description	2023-2024 KES '000'	2022-2023 KES '000'
General provisions	19,848	14,124

The general provisions include obligations which have been provided for and not yet paid as at the end of the year. In the current year the amount is KES 8.49 Million which relates to provision of Non-practicing allowance and Prosecutorial allowance as determined by the court for the Authority's lawyers and KES 12.91 Million being gratuity Payable to staff on contract.

25

Refundable deposits from customers

Description	2023-2024 KES '000'	2022-2023 KES '000'
Deposit Payable	120,193	120,193
Prepaid Revenue	81,421	79,651
Total	201,613	199,844

Includes KES 120.19 Million being a restoration fund set and prepaid water quality licences amounting to KES 81.42 Million.

26

Deferred Income Liability

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Unspent donor funds	187,860	328,029
	187,860	328,029

Breakdown of Unspent donor funds

Description	2023-2024
	KES '000'
GGEP & NRF	8,439
Adaptation Fund	51,745
GCF Fund Liability	4,294
EHPMP Unspent funds	22,624
Unspent IUCN GEF 7 Forest Management	100,758
	187,860

Deferred Income Liability

Description	2023-2024	2022-2023
	KES '000'	KES '000'
At start of the year	328,029	451,396
Additions	137,295	112,598
Expensed	(274,795)	(235,966)
At end of the year	187,860	328,029

These are un-utilized donor grants relating to the Adaptation Fund, World Bank Projects and GEF 7 IUCN Project. For the year 2023 the amount is KES 328.02 Million compared to KES 187.86 Million in the year 2024.

27 Capital Fund

Description	2023-2024	2022-2023
	KES '000'	KES '000'
At start of the year	175,473	175,473
At end of the year	175,473	175,473

28 Revenue Reserve

Description	2023-2024	2022-2023
	KES '000'	KES '000'
At start of the year	(67,360)	(44,707)
Prior year Adjustment	(8,274)	16,160
Surplus/(Deficit)	(39,596)	(38,813)
At end of the year	(115,230)	(67,360)

29 Revaluation Reserve

Description	2023-2024	2022-2023
	KES '000'	KES '000'
At start of the year	14,265	16,682
Revaluation Adjustment	(2,417)	(2,417)
At end of the year	11,848	14,265

The revaluation reserve relates to the revaluation of Buildings. As indicated in the Statement of Changes in Equity, this is stated after transfer of depreciation charge.

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30 Donation Reserve

Description	2023-2024	2022-2023
	KES '000'	KES '000'
At start of year	56,090	71,303
Depreciation Adjustment	(11,193)	(15,213)
At end of the year	44,897	56,090

The donation reserve relates to the various assets donated by the KEPTAP. As indicated in the Statement of Changes in Equity, this is stated after transfer of depreciation charge for the year.

31 Development Grants

Description	2023-2024	2022-2023
	KES '000'	KES '000'
Deferred Development Income	287,686	252,437
	287,686	252,437

Description	2023-2024
	KES '000'
At start of the year	252,437
Additions	55,000
Expensed	(19,751)
At end of the year	287,686

The Deferred development grant is income not yet utilized. The unutilized income is KES 252.43 Million in 2023 as compared to KES 287.68 Million in the year ended June 2024.

32. Surplus Funds Remission

In accordance with Section 219 (2) of the Public Finance Management Act regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority paid KES 32.38 Million to Kenya Revenue Authority being the 90% of the surplus reported in the interim financial statements for financial year 2019/2020. However, after the adjustments in the revenue recognition the Authority had a deficit of KES 1.94 Million.

In the financial year 2020/2021 although the Authority had reported a surplus in the interim financial statements of KES 13.92 Million. There was no surplus payable since there was an overpayment of KES 32.38 Million in the financial year 2019/2020. In the year 2020-2021, the Authority had a surplus of KES 13.967 Million thus amount payable was KES 12.570. Following this, amount refundable by KRA is KES 19.814 Million. In the current financial year the Authority reported a deficit of KES 39.59 Million.

	2023-2024	2022-2023
	Kshs	Kshs
Deficit for the period	(39,596)	(38,813)
Less: Allowable deductions by NT	-	-
90% computation (Included in Statement of Financial performance)		-

Surplus Remission Payable

	2023-2024	2022-2023
	KES	KES
Payable/refundable at the beginning of the year	(19,814)	(19,814)
Payable during the year	-	-
Payable/refundable at end of the year	(19,814)	(19,814)

33. Prior year adjustments – IPSAS 3

The prior year adjustments in the revenue reserves amounting to a total of KES 8.27 Million relates to mainly various provisions, Air tickets prepayments and ledger adjustments.

34. Provisions, Contingent Liabilities and Contingent Assets-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.

Contingent Liabilities

The following are major contingent liabilities as at 30th June 2024.

a) Erastus Kibiru and Others vs NEMA in ELRC 547 of 2018

In this case the Petitioners filed a Petition against the Authority on grounds that the Authority failed to pay the claimants a non-practice and prosecutorial allowances and the cost of the suit. The Authority has appealed the case and in the event the ruling will be in favour of the petitioners an estimated cost of KES 22,000,000 in lieu of compensation and costs of the suit, as at 30 June 2024 is expected. This amount has been provided for in full. An additional deposit of KES 3,039,245 was asked by the court within the last financial year which was provided for.

b) Kelvin Musyoka & 9 others vs NEMA & 7 others Mombasa ELC Petition No. 1 of 2016

In the course of the conduct of its regulatory mandate claims for specified and unspecified damages have been lodged against the Authority against violation of the right to a clean and healthy environment in the Uhuru Owino case before the Environment and Land Court (ELC). The case was determined and ruling made against the Authority however an appeal against the decision was lodged. The compensation was set at KES 2.0 Billion of which the Authority is liable for 40% of the award, which is KES 800 Million. The cost of restoration was set at KES 700 Million for all the defendants in the suit but also with an alternative of the defendants doing the restoration themselves, the Authority is considering taking the latter option. The Authority has appealed the case. We have an active court protection via stay of execution orders as we await Judgment on our Appeal.

c) Benson Ambuti Adegwa & 2 Others Vs NEMA & 5 Others-Case-Kisumu ELC No.8 of 2018

The matter was finalized and costs awarded at KES 4.3 Million for each of the 3 respondents adding up to about KES 13 Million. Respondent 1 has since had his KES 4.3 Million award enhanced by Court to KES 16 Million and respondent 2 has lodged a similar request to the Court. Both requests have been challenged by us and the motions are pending court determination. KES 13 Million out of KES 25 Million is undisputed and paid out. Balance KES 12 Million is the subject of court proceedings.

d) Taib Investments Limited Vs Nema & Others-Case Mombasa ELC No. 37 of 2018

In this case there was an application against the EIA license issued by NEMA. The Petitioner submitted that the Defendant acquired the license fraudulently. Judgment was delivered on 14th October 2020 and costs were awarded KES 0.5 Million. The Authority is waiting for actual taxation/assessment of the costs by the court so as to fix the quantum.

e) David Mereka & Another vs NEMA & Others-Case-Muranga No 22 of 2019

In this case an application was made challenging NEMA decision to grant a Licence. Judgment was delivered and costs were awarded in favour of the Plaintiff. The court awarded KES 2.0 Million on 27th January 2020. The Authority is waiting for actual taxation/assessment of the costs by the court so as to fix the quantum.

f) Jane Wagathuitu & 2 Others vs NEMA & Others -Case-Nakuru ELC No. 405 of 2017

In this case a Dam burst in Njoro, Nakuru County. NEMA issued an EIA licence in favour of construction of a dam based on a project report as opposed to a study report. Judgment was delivered and costs awarded. The court awarded KES 0.7 Million on 19th June 2019. The Authority is waiting for actual taxation/assessment of the costs by the court so as to fix the quantum.

g) Kibos Distillers and Others vs NEMA and Others

This appeal arose from the case at the Environment and Land Court and cost were also awarded at this level. Parties have recently lodged their bills of costs- 3 of them amounting in the aggregate at an estimated KES 120 Million. There is no Award yet since the bills are pending taxation by Court (the Award decision). We have opposed the bills vehemently and only conceded a maximum of KES 18,000/- in the aggregate. The KES 120 Million as demanded but opposed and pending Court determination. For contingency purposes, we estimate the 3 bills not to exceed KES 1 Million in the aggregate.

h) African Centre for Environmental Governance Vs NEMA and Nakuru County Government

The Court found NEMA and the Nakuru County jointly liable with regard to mismanagement of the Kayole dumpsite in Naivasha within Nakuru County. The court made an award. The applicants claimed cost is KES 17 Million but expected award if KES 5 Million.

i) Joseph Mago and 18 others Vs Carzan Flowers and NEMA

Appeal at the National Environmental Tribunal concluded in 2020 and the NET has assessed partly and party costs payable to the appellants at KES 4,163,890 to be co-shared by 2 respondents. NEMA to pay KES 2,081,945.

35. Related Party Disclosures-IPSAS 20

Nature of related party relationships

Entities and other parties related to the National Environment Management Authority (NEMA) include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the National Environment Management Authority (NEMA), holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.
- iii) Board of directors.

The Authority has seven 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 seven key managers' remuneration for the financial year ended June 30, 2024 was KES 43.39 Million. The Authority received KES 819 Million from the parent ministry as recurrent grant and KES 55 Million as development grant.

36. 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.

37. 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.

38. 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;

	KES '000'
At 30 June 2024	
Cash at bank	398,334
Receivables	424,888
	823,222
At 30 June 2023	
Cash at bank	599,597
Receivables	105,637
	705,234

(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

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.

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(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.

(f) Foreign 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.

39 Cash Generated from Operations

	Notes	2024 KES '000'	2023 KES '000'
Surplus for the year		(39,596)	(38,813)
Adjustments for:			
Tax expense		-	-
(Gain)/Loss on disposal of property, plant & equipment	8	-	(1,313)
Interest received		-	-
Depreciation of property, plant & equipment	15	51,010	74,191
Accumulated depreciation adjusted			
Prior year adjustment	33	(8,274)	16,160
Excess surplus paid			
Operating (loss) before working capital changes		3,140	50,225
Changes in operating assets and liabilities			
(Increase)/decrease in Receivable from non-exchange transactions		(319,251)	38,130
(Increase)/ decrease in inventories		8,690	4,693
Increase/(decrease) in trade payables and other payables		284,736	7,906
Increase /(decrease) in provisions		5,724	(11,571)
Increase /(decrease) in Refundable deposits and Prepayments from Customers		1,769	86,368
Increase /(decrease) in Development Grants		35,250	(33,845)
Increase/(decrease) in Deferred Income Liability		(140,169)	(123,367)
Increase/(decrease) in Donation Reserve		(11,193)	(15,213)
Cash used in operations		(131,304)	3,327
Surplus paid			
Net cash used in operating activities		(131,304)	3,327

40. Capital Commitments

Capital commitments	2023-2024 KES '000'	2022-2023 KES '000'
Authorised for:	-	-
Authorised and contracted for	33,799	17,690
Total	33,799	17,690

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41. Revaluation Adjustment

	2023-2024	2022-2023
	KES '000'	KES '000'
Opening Balance	14,265	16,682
Revaluation Adjustment	-2,417	-2,417
Closing Balance	11,848	14,265

42 **Contracted Services**

Description	2023-2024	2022-2023
	KES	KES
Others- Security/cleaning and Garbage Services	14,450	16,029
Total Contracted Services	14,450	16,029

43. Events after the Reporting Period

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

44. Ultimate and Holding Entity

The Entity is a State Corporation under the Ministry of Environment Climate Change and Forestry. Its ultimate parent is the Government of Kenya.

45. Currency

The financial statements are presented in Kenya Shillings (KES) rounded to the nearest KES.

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20. Appendix I: Progress on Follow up of Auditor Recommendations

The following is the summary of issues raised in the final external audit report 2022/2023, and management comments that were provided to the auditor. Indicated is 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	Status:	Timeframe
FY 2022/2023	<p>1. Fully Depreciated Motor Vehicles</p> <p>The statements of financial position reflects property, plant and equipment net book value balance of KES.371, 154,000 which Includes motor vehicles balance of KES.22,944,000 and as disclosed in Note 19 to the financial statements. However, eighty-one (81) motor vehicles were fully depreciated and still in use during the year under review. This was contrary to International Public Sector Accounting Standard No. 17 which requires that revaluations be done with sufficient regularity such that the carrying amount of assets does not differ materially from that which would be determined using fair value at the reporting date. Although Management has indicated that a firm has been engaged for asset valuation, the exercise had not been concluded at close of audit.</p>	<p>The Revaluation of Assets consultancy is complete and Revaluation Report has been forwarded to Management for review and comments.</p>	Resolved.	30th June 2024
FY 2022/2023	<p>2. Contingent Liabilities</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>I draw attention to Note 32 in the financial statements, which the Authority disclosed seven (7) major contingent liabilities amounting to Kes 967,700,000 as at 30 June, 2023. Details of the claims include two (2) cases already ruled by the court in favour of petitioners worthy Kes 822,000,000, however, the Authority appealed against the decision. Further, in another case, one respondent had an award enhance by the court by Kes 12,000,000 and a second respondent in the same case lodged a similar request to the court but the Authority challenged both requests and the motions are pending court determination. In addition, in three (3) other cases, the court awarded a total of Kes. 1,700,000 and the Authority is awaiting actual taxation/assessment of the costs by the court so as to fix the quantum. Further, 7th case, an appeal arose from a case at the Environment and Land Court where costs were awarded and parties lodged bills estimated at Kes. 120,000,000 but the Authority opposed pending court determination. In the circumstances, Management has significant litigations and claims against it which if successful, may heavily impact negatively on the entity's financial position.</p>	<p>The Authority has prioritized management of occurrence of unexpected litigations and claims as a top risk for management in the Strategic Planning Period 2023-2027. The mitigation measures identified are;</p> <ul style="list-style-type: none"> • Regular analysis of cases that NEMA has previously lost to learn lessons and improve the process. • Education & Awareness; The Authority to impress upon the staff, general public, county and national governments to prioritize environmental issues and application of the attendant laws. • Strategic handling of court cases at hand; Continuous awareness creation by legal staff to various stakeholders e.g. NEMA staff, judges, lead agencies; Interpreting and guiding the Authority on various laws. • Insurance Cover; Due process to be followed in the course of duty and during disciplinary cases. <p>With the above measures, this risk is considered mitigated.</p>	Resolved	30th June 2024
FY 2021/2022	<p>Unresolved Prior year Issues on the Report on Lawfulness and Effectiveness in use of Public Resources</p> <p>1.0 Failure to Adopt E-Procurement</p>	<p>Management Response</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>During the year under review, the Management undertook various procurements including construction, purchase of motor vehicles, consultancies and supply of goods and services among others. The procurements were manually processed despite NEMA having Navision ERP Web-based system which has a procurement module. The failure to adopt the E-Procurement was contrary to Executive order No. 6 of 06 March, 2015 and The National Circular No 6/2015, which directed all public entities to migrate to E-Procurement by June, 2015.</p>	<p>The Authority has procured an integrated environment information system (ENVIS) that will fully support the procurement cycle/process through E-Procurement. The contracted firm is currently installing the system. This matter will be closed once the new system is rolled out in November 2024.</p>	Resolved	November 2024
FY 2021/2022	2. Board Expenses			
	2.1 Irregular Board Meetings and Expenditure Beyond the Recommended Threshold	Management Response		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>During the year under review, the Board held seven (7) sittings at a total cost of KES. 4,319,756 and which were not in the 2021/2022 financial year approved Boards work plan. This is contrary to the Head of Public Service Circular OP/CAB.9/1A dated 11 March, 2020 which requires all Board of Directors to submit their annual plan to State Corporations Advisory Council by 30th June of each year. In addition, the Board held nine (9) special meetings at a total cost of KES. 2,583,242 without evidence of approval by the Cabinet Secretary as required by the circular. Further, the Board expenditure of KES. 32,428,000 exceeded 5% of operations and maintenance budget of KES. 85,000,000 by an amount of KES. 2,428,000 contrary to the circular which capped board expenditure at a lower of KES. 30 Million or 5% of operations and maintenance budget.</p>	<p>The Board budget and Work plan has been prepared in line with the provisions of the Head of public service Circular OP/CAB/9/1A of 11th March 2020 on Management of State Corporations. The Board was also sensitized on with the provisions of the Circular.</p> <p>The wide mandate of NEMA has partly contributed to Board Expenditure Beyond the Recommended Threshold. As such, a request for additional funding of board expenses beyond the stipulated threshold of KES. 30,000,000 is to be made to SCAC through the Cabinet Secretary for approval.</p>	Ongoing	1 st July 2024
	<p>2.2 The Board Engaging in Management Functions</p> <p>Included in Board expenditure totalling KES.32, 428,000 is an amount of KES.3, 551,742 which relates to sitting allowance, mileage and Daily Subsistence Allowance paid to Board members for field/inspection visits contrary to Chapter 1.22 of Mwongozo Code of Governance for State Corporations. In the circumstances, the Board was in breach of the directives and may have usurped Management functions.</p>	<p>Management Response</p> <p>The Board budget and Work plan has been prepared in line with the provisions of the Head of public service Circular OP/CAB/9/1A. The Board was also trained on Corporate Governance and is complying with Circular with regard to field/ inspection visits.</p>	Resolved	1st July 2024
FY 2021/2022	3.0 Failure to Establish Restoration Fund	Management Response		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>In the year under review, the Authority had not established a National Environmental Restoration Fund as per Section 25 of the Environment Management and Coordination Act, 1999. The Fund is to act as a supplementary insurance for mitigation of environmental degradation where the perpetrator is not identifiable. In the circumstances, the Authority may not be able to restore the environment in case of environmental degradation.</p>	<p>The Restoration Fund was established in year 2001 vide EMCA Section 25, which the Authority has been operationalizing.</p> <p>The Authority is putting in place mechanisms to fully operationalize the Restoration Fund e.g.</p> <ul style="list-style-type: none"> - The Deposit Bond Regulations were developed by the Authority, awaiting gazettelement. -The Authority has a designated bank account with funds which will act as a supplementary insurance for mitigation of Environmental degradation as and when it occurs. The bank balance as at 30th June 2024 was KES 18,988,992.80 	Resolved	1st July 2024
FY 2022/2023	<p>Basis for Conclusion</p> <p>1. Unregulated Facilities</p> <p>Review of various categories of licences issued by Nema revealed the following anomalies:</p> <p>1.1) Air Quality Emission License</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>The Authority licensed only 394 facilities countrywide for air quality emission. However, in the health sector, only thirty-two (32) level 4 hospitals were licenced out of 2,695 countrywide while in cement manufacturing, Athi River Mining (ARM) Cement and East African Portland Company were not licensed</p>	<p>These issues were occasioned by various limitations to Enforcement mechanisms of the Authority, namely:</p> <ul style="list-style-type: none"> - Lack of prosecutorial powers. The Authority has to rely on ODPP for all cases of non-compliance. - Acute human resource capacity - The low number of facilities which applied was occasioned by limited monitoring due to inadequate funding. Due to inadequate funding, the Authority could only process 560 applications out of which 394 facilities were licensed. <p><u>Health & Manufacturing Sectors:</u> Most of them do not meet requirements set out for licensing.</p>	Resolved	1st July 2024
<p>Further, in the telecommunication sector, only Safaricom PLC was licensed for generators installed at communication masts</p> <p>In view of above, most facilities have been polluting the environment denying residents ambient quality air for human health and safety without evidence of any interventions from the Authority as empowered by the laws. In addition, the Authority failed to collect revenue in form of license fees to support its operations.</p>	<p>Management confirms that Part I of the 5th Schedule to the Environment Management and Coordination (Air Quality) Regulations, 2014 exempts generators below 8 KVA for licensing. However the Authority will follow up with Airtel and Telkom on compliance.</p>			



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	In the circumstances, the Authority failed to regulate air pollutants in line with Environmental Management and Co-ordination (Air Quality) Regulations, 2013.			
FY 2022/2023	<p>1.2 Effluent Discharge License</p> <p>Review of the license data for water quality revealed that only ten (10) water and sewerage / sanitation companies were licensed country-wide despite existence of eight-five (85) companies as at 30 June 2023. Further, under the category of schools/colleges/universities both public and private, only fifteen (15) institutions were licensed country-wide despite most institutions operating off the main sewer line. In addition, only twenty-four (24) hospitals out of 2,695 level 4 Hospitals listed under NHIF had effluent discharge license despite most hospitals operating off the main sewer line.</p> <p>Further, only twenty-two (22) abattoir/slaughter houses country-wide were licensed with several Counties Having no single licensed slaughter house despite existence of several slaughter houses in the Counties. In review of above, most eligible facilities including water and sewerage companies, learning institutions. Level 4 hospitals and slaughter houses could be discharging effluents into the environment unregulated and also denying the Government revenue in form of license fees.</p>	<p><u>Sewerage/ Sanitation Companies:</u> Some counties still do not have centralized waste water treatment plants but rather they use decentralized systems, in which case they apply separately as individuals. Most of the water companies are managed by the county governments, which NEMA has been engaging. In some instances, issuing improvement notices to bring them to compliance was done.</p> <p><u>Abattoirs/ Slaughter Houses:</u> Most of the abattoirs are managed by the counties. Some have been issued with notices to comply.</p> <p><u>Current Status:</u> The Authority continuously seeks to address these issues as its core mandate. The following steps have been taken;</p> <ul style="list-style-type: none"> - The Board of Management during their 87th Meeting held on 26th April 2024 directed the Authority to categorize field operations 	Continuous	Continuous

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>In the circumstances, the public may have been exposed to toxic effluents due to failure by the Authority to regulate and monitor eligible facilities as per Environmental Management and Coordination, (Water Quality) Regulations, 2006.</p>	<p>and inspections as a priority area when allocating available limited funds. As such the Budget for FY 2024/25 is to be rationalized, despite the communicated budget cuts.</p> <ul style="list-style-type: none"> - Improvement notices have been issued to the regulated facilities enforced but not licensed due to failure to meet minimum requirements. 		
FY 2022/2023	<p>1.3 Waste Management License</p> <p>During the year under review, the Authority collected a total of Kes. 31,580,204 for licensing of waste disposal sites and waste transporters. However, review of the waste management license data revealed that several counties including; Busia, Kakamega, Nyamira, Siaya, Vihiga, Transzoia, Kericho, Lamu, Narok, Nyeri, Meru, Garissa had no single licensed waste transporter or disposal site despite most counties having lo sewer coverage. This is contrary to Part 9 and 11 of Waste Management Regulations, 2006.</p> <p>Further, out of 2,695 Level 4 hospitals approved by NHIF, only nine (9) facilities had disposal license which implied that most of the hospitals operated incinerators without licenses including major hospitals such as Kenyatta National Hospital, Moi Teaching and Referral Hospital, Mbagathi, Nairobi Hospital, Karen, MP Shah, and County Referral Hospitals. The Authority may have failed to regulate most of the disposal sites, waste transporters and waste handlers thus exposing the public to health and</p>	<p>Management clarifies that most County disposal sites are not licensed under the EIA regime. They have therefore not applied for a license to operate a waste disposal site from the Authority. However, they rely on private transporters who are duly licensed by NEMA to transport their waste within the County.</p> <p>Management clarifies that all incinerators are supposed to meet the basic requirements to operate under optimum conditions. These requirements include but not limited to; need to have a temperature gauge, achieve temperatures above 8000C in both chambers, install air pollution Control System and ascertain the efficacy of the installed Air Pollution Control System. They need to apply</p>	Ongoing.	Continuous



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	safety risks contrary to provisions of the Environmental Management and Co-ordination (Waste Management) Regulations, 2006. Although Management has partly attributed the above underperformance to limited financial resources. In the circumstances, failure to regulate waste management led to uncollected fees required to finance the Authority's budget	and obtain an Emission license from the Authority before they can be licensed to operate the incinerator as a disposal facility upon application. There is a possibility that most Government hospitals operate burning chambers that do not meet the requirements of an incinerator and can therefore not be licensed by the Authority. Private hospitals outsource services of disposing biomedical waste through licensed commercial incinerators.		
FY 2022/2023	<p>2. Unapproved Plastic Bag Manufacturers</p> <p>Review of the plastic bag user application data revealed that eighteen (18) plastic bag manufacturers were not in the Authority's list of approved plastic bag manufacturers despite the manufacturers having been disclosed in plastic users application forms. This may have led to proliferation of banned plastic bags in contravention of Legal Notice No. 2334 of 14 March, 2017 on the ban of plastic bags.</p> <p>In the circumstances, Management has not been able to effectively enforce the ban</p>	<p>Industries are not yet licensed since there exists no law guiding the licensing of these industries.</p> <p>Due to lack of regulations to guide in the licensing of plastic manufacturers and users, NEMA currently issues clearances for the manufacture of essential plastic bags only. Criteria were developed to be used administratively by NEMA to approve bags for essential industrial and related uses. This formed the basis for the introduction of clearance letters to Manufacturers, Users and Importers (which include imported goods in plastic packaging).</p> <p>To guide licensing in future NEMA has developed the Plastic Packaging Control Regulations. Enactment of these regulations will guide the issuances of licenses.</p>	Ongoing.	1st July 2024
FY 2022/2023	3. Irregular Board Meetings and Expenditure beyond the Recommended Threshold		Ongoing	1st July 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	<p>During the year under review, the Board held three (3) sittings at a total cost of Kes. 557,214 and which were not in the 2022/2023 financial year approves Boards work plan. This was contrary to the Head of Public Service Circular Ref.OP/CAB.9/A dated 11 March, 2020 which required all Board of Directors to submit their annual plan to State Corporations Advisory Council by 30 June of each year.</p> <p>Further, the Board expenditure of Kes. 56,872,000 contravened the circular which capped expenditure at Kes. 30 Million or 5% of operations and maintenance budget whichever is lower. No authority was obtained from the Cabinet Secretary for the over expenditure of Kes. 26,872,000</p> <p>In the circumstances, Management was in breach of the guidelines</p>	<p>The wide mandate of NEMA and calls for mandatory emerging and unscheduled meetings partly contributed to Board Expenditure Beyond the Recommended Threshold. As such, a request for additional funding of board expenses beyond the stipulated threshold of Ksh. 30,000,000 is to be made to SCAC through the Cabinet Secretary for approval.</p> <p>In FY 2023/2024, Board Expenses recorded a significant reduction from previously KES 56 Million to KES 39 Million. Going forward all activities undertaken by the Board will be guided by the approved Annual Board Work plan as approved by SCAC and the boards expenses will be within the approved limit.</p>		



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21. Appendix II: Projects implemented by The National Environment Management Authority

Project title	Project Number	Donor	Period/ duration	Donor commitment KES	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 had been extended to June 2023	One Billion	Yes	Yes
2 Africa Environmental Health & Pollution Management Project	P167788	World Bank	The project official start date is 2020 The project end date is 2025	820 Million	Yes	Yes
3.GCF Readiness and Preparatory Support	KEN-RS-003	Green Climate Fund	The project official start date is April 2020. The project end date is April 2023	43 Million	Yes	Yes
4.GCF Project Preparatory Facility	KEN-PPF-010	Green Climate Fund	The project official start date is April 2020. The project end date is April 2023	37 Million	Yes	Yes
5 Strengthening forest Management for improved Biodiversity Conservation and Climate Change Resilience in the Southern Rangelands of Kenya	IUCN PROJECT NUMBER: P03162 IUCN AWARD NUMBER: AVCH-000981 GEF PROJECT NUMBER: GEF ID/10292	GEF 7- IUCN	The project official start date is January 2024 end date June 2027	USD 5,354,588	Yes	Yes

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Status of Projects completion

	Project	Total project Cost	Total expended to date KShs	Completion % to date	Budget	Actual	Sources of funds
					KES	KES	
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	999,903,708	99%	187,000,000	171,979,445	GRANT (ADAPTATION FUND)
2	Africa Environmental Health & Pollution Management Project	861 Million	127,040,838	15%	178,000,000	43,081,962	World Bank
3	GCF Readiness and Preparatory Support	43 Million	42,011,989	97%	10,635,125	8,839,308	Green Climate Fund
4	GCF Project Preparatory Facility	37 Million	33,101,545	76%	25,200,694	23,303,092	Green Climate Fund
5	Strengthening forest Management for improved Biodiversity Conservation and Climate Change Resilience in the Southern Rangelands of Kenya	560 Million	28,742,842	5%	129,796,186	28,742,842	Global Environment Facility

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22. Appendix III - Inter-Entity Confirmation Letter

	ENTITY NAME:	NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY		
	Break down of Transfers from the Ministry of Environment and Forestry			
	FY 23/24			
a	Recurrent Grants			
		Bank Statement Date	Amount (KES)	FY to which the amounts relate
		31/8/2023	211,000,000	2023-2024
		29/11/2023	211,000,000	2023-2024
		10/6/2024	122,000,000	2023-2024
		08/7/2024	275,000,000	2023-2024
		Total	819,000,000	
b	Recurrent Grants Others:			
		Total	-	
c	Development Grants			
		28/2/2024	27,500,000	2023-2024
		3/5/2024	27,500,000	2023-2024
		Total	55,000,000	
d	Donor Receipts		AEHPMP Donor Funds	
		Bank Statement Date	Amount (KES)	FY to which the amounts relate
		15/1/2024	129,500,640	2023-2024
		Total	129,500,640	
		Total	1,003,500,640	

Director Corporate Services
National Environment & Management Authority

Head of Accounting Unit
Ministry of Environment Climate change & Forestry

Sign



Sign



23. Appendix IV: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - Unspent donor funds	
Ministry of Environment and Forestry	31/8/2023	Recurrent	211,000	211,000					211,000
Ministry of Environment and Forestry	29/11/2023	Recurrent	211,000	211,000					211,000
Ministry of Environment and Forestry	10/6/2024	Recurrent	122,000	122,000					122,000
Ministry of Environment and Forestry	8/7/2024	Recurrent	275,000	275,000					275,000
Ministry of Environment and Forestry	28/2/2024	Development	27,500			27,500			27,500
Ministry of Environment and Forestry	3/5/2024	Development	27,500			27,500			27,500
Ministry of Environment and Forestry	15/1/2024	Others- Donor	129,501	28,743				100,758	129,501
Total			1,003,501	847,743	-	55,000	-	100,758	1,003,501



NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

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elkom Wireless: 020-2183718, 020-2101370
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Website: www.nema.go.ke

BOARD RESOLUTION OF THE NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY AT A MEETING OF THE BOARD OF MANAGEMENT HELD AT NEMA HEADQUARTER'S BOARD ROOM ON 27TH SEPTEMBER 2024 AT 10.00AM.

RESOLUTION TO APPROVE THE NEMA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2023/24.

PRESENT

- | | | |
|----|------------------------|---------------|
| 1. | Mr. Emilio Mugo | Chairman |
| 2. | Ms. Sophia Matura | Vice Chairman |
| 3. | Prof. Charles Kibanani | Member |
| 4. | Mr. John Kimondiu | Member |
| 5. | Mr. Amos Andama | Member |
| 6. | Dr. Loice Kipkiror | Member |
| 7. | Dr. Bishop Paul Mwaura | Member |
| 8. | Mr. Henry Mutwiri | Member |
| 9. | Mr. Mamo B. Mamo | Secretary |

APOLOGIES

- | | | |
|----|-------------------------|--------|
| 1. | Ms. Annie Syombua | Member |
| 2. | Mr. Barako Qutamur | Member |
| 3. | Mr. Chrisologus Makhoha | Member |

IN ATTENDANCE

- | | | |
|----|---------------------|-------------------------|
| 1. | Mr. Michael Omusula | Deputy Director Finance |
|----|---------------------|-------------------------|

RESOLVED

After due deliberations the Board of Management approved the submission of the National Environment Management Authority's Annual Report and Financial Statements for the Financial Year 2023/24 to the Office of the Auditor General (OAG) with a copy to the Office of the Controller of Budget (COB), the National Treasury (NT) and Commission of Revenue Allocation (CRA).

CHAIRMAN

DATE

27/09/2024