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OF

THE AUDITOR-GENERAL

ON

**NATIONAL ENVIRONMENTAL
COMPLAINTS COMMITTEE**

**FOR THE YEAR ENDED
30 JUNE, 2021**

 THE NATIONAL ASSEMBLY PAPERS Laid		
DATE:	15 FEB 2023	DAY: Wed
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NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
(NECC)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30th JUNE 2021

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

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NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

Vision: To be the leading environmental ombudsman in Africa

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

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

(c) Entity Headquarters

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

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(d) Entity Contacts

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

(e) Entity Bankers

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

(f) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P. O. Box 30084
GOP 00100
Nairobi, KENYA

(g) Principal Legal Adviser

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




NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
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II. COMMITTEE MEMBERS

 <p>Ms. Isabella Masinde Member</p>	<p><u>Education Background</u></p> <ul style="list-style-type: none"> • BSC- Biology 1986 :UEA-Baraton • MSC-Ecology 1989 :Aberdeen University (Scotland) • 1994-Environmental Assessment and Management (CEMP) Aberdeen <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Senior Researcher at KWS in charge of Ecological Monitoring • Task Manager at UNEP for the Global Biodiversity Assessment • Biodiversity Policy Officer at WWF in Treaties and Agreements Division • Team Leader at ITDG (Practical Action) in the Rural Livelihoods Programme (Reducing Vulnerability) • CEO at Clout • Climate Change Advisor at AWF • Technical Advisor at the Ministry of Environment and Natural Resources <p><u>Boards</u></p> <ul style="list-style-type: none"> • Member of NEPAD Climate Change Fund in South Africa • Member of NEMA Board up to 2010 <p>Now member of NECC</p>
 <p>Mr. Jeremiah M. Matunda Member</p>	<p><u>Education Background</u></p> <ul style="list-style-type: none"> • PhD student – to –date – University of Nairobi • Strategic Leadership Development Program (SLDP) from Kenya School of Government • Master of Law (LLM UoN) • Diploma from Kenya School of Law • Bachelor of Social Law (BSL) <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Senior Litigation Counsel – Office of Attorney General <p><u>Boards</u></p> <ul style="list-style-type: none"> • Alternate to AG – Hydrologist Registration Board – Ministry of Water <p>Certified Mediator CEDRE</p>
 <p>Dr. John K. Chumo Committee Secretary</p>	<p>DATE OF BIRTH: 1972</p> <p><u>Education Background</u></p> <ul style="list-style-type: none"> • BSC- Mathematics and Computer Science/JKUAT • Mphil/Phd in Environmental Studies (Environmental Information Systems) <p><u>Work Experience</u></p> <ul style="list-style-type: none"> • Environmental Lecturer, University of Eldoret • EIA Expert/Consultant • County Executive Member, Lands, Environment and Natural Resources, Nandi County • Chairman, County Ministers Council in charge of Environment and Natural Resources (Council of Governors) • Head of Department, Chemical Technology, Eldoret National Polytechnic

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III. MANAGEMENT TEAM

Name of the Staff	Responsibility
 <p>Dr. John K. Chumo Committee Secretary</p>	<p>Chief Executive Officer</p>
 <p>Mr. Rodney M. Omari Senior Assistant Secretary BA from University of Nairobi PGDE - Egerton University PGD - Circulars and Green Economy DIU - Denmark Over 13 years' experience in Administration</p>	<p>Head of Administration</p>
 <p>Mr. Duncan Kombo Senior Accountant Date of Birth - 20th March 1967 Education Background Kenya Polytechnic (CPA K) Computer Systems & operations - Kenya Polytechnic Performance Appraisal Systems (PAS) (K.S.M.S) KACE - Kangaru School KCE - Kangaru School Work Experience KENAO - Auditor KFS - Cashier</p>	<p>Head of Finance</p>

IV. CHAIRMAN'S STATEMENT

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

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

Just like all other agencies, NECC faces some challenges in its endeavour to perform its functions. Though NECC recognizes that resources are never enough, its resources are low and barely sufficient to carry out its mandate bearing in mind that NECC has to investigate complaints from all the counties. This affects its ability to hire staff and provide area specific training for Committee Members and staff.

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

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



DR. JUSTRY NYABERI
CHAIRMAN

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

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

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

During this report period, NECC has managed to conduct investigations in 27 counties, being Nairobi, Machakos, Kiambu, Kajiado, Narok, Nakuru, Laikipia, Nyandarua, Isiolo, West Pokot, Trans Nzoia, Turkana, Kisumu, Homa Bay, Siaya, Migori, Vihiga, Bungoma, Makeni, Mombasa, Kwale, Kilifi, Baringo, Embu, Kitui, Meru and Kakamega These are the counties where physical field investigations were conducted, with other complaints from other counties addressed administratively.

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


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

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

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

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



**DR. JOHN K. CHUMO
COMMITTEE SECRETARY**

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VI. MANAGEMENT DISCUSSION AND ANALYSIS

The following is our management discussions and analysis:

From 21st to 23rd July 2020, NECC held a planning retreat in Machakos County. The retreat consisted of the NECC Committee members and senior management and was aimed at reviewing the progress of the Committee and planning for the activities of the 2020/21 Financial Year.

From 23rd to 29th August 2020, NECC held a session to finalize the investigated complaints. A total of 50 reports were presented and the recommendations signed, ready for dispatch to relevant stakeholders.

From 31st August to 3rd September, NECC conducted investigation regarding the diversion of River Kisamis from its natural course to a different area in Oldorko swamp, to prevent siltation of Lake Magadi. The siltation affected the quality of soda ash from the lake from the discoloration. Area residents lacked water for their livelihood. This siltation was linked to poor land use and land use changes upstream from areas as far as Narok County. During the same period, the team also conducted field investigations into blasting activities in quarries at Kenanie, Katani in Machakos County, leading to destruction of property, air and noise pollution

From 3rd to 6th September 2020, NECC investigated a complaint regarding the proposed construction of a road through a community forest in Loita area, Narok County. The proposed road was rejected by area residents as it would open up access to Loita forest. This, as has been experienced elsewhere, is likely to lead to the degradation of the forest.

From 8th to 18th September 2020, NECC conducted field investigations in Laikipia, Isiolo, Nakuru and Nyandarua counties as shown in the table below:

Table 1: complaints investigated in Laikipia, Isiolo, Nakuru and Nyandarua counties

No.	Date received	Complainant/ Respondent	Location	Nature of complaint
Isiolo County				
1.	17/12/2018 STD	Residents Vs WRA	River Ewaso Nyiro, Laikipia and Isiolo Counties	Reduction in water levels of Ewaso Nyiro river due to over abstraction and sand harvesting
2.	16/10/2017	NECC Vs. KFS	Isiolo town, Isiolo County	Unsustainable charcoal production from acacia tree
3.	31/08/2020 Letter	Nakuprat-Gotu Community Wildlife Conservancy Vs NEMA	Qone Sukuku site, Isiolo County	Construction of a dam without following due procedure
4.	21/02/2020	NECC Vs. County Government of Isiolo	Isiolo town, Isiolo County	Poor solid waste management

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5.	21/02/2020	NECC Vs. County Government of Isiolo	Isiolo town, Isiolo County	Poor effluent managent
Laikipia County				
6.	05/12/2019	Residents of Doldol Vs County Government of Laikipia	Doldol, Laikipia County	Unsustainable sand harvesting
7.	17/07/2019	Residents of Nanyuki Vs Nanyuki Water and Sanitation Company	Nanyuki Laikipia County	Discharge of effluent into the Environment by hotels, flower farms, slaughter houses
8.	11/12/2019	Residents of Nyahururu Vs County Government of Laikipia	Kiamaina, Nyahururu, Laikipia County	Encroachment of Gathara/Silale wetland in Kiamaina, Nyahururu
9.	12/03/2019 CF	Joseph Ndungu Vs Horticultural Farms	Rumuruti, Laikipia County	Over abstraction of water by flower farms
10.	14/03/2019 CF	Harry George Jennings Vs Kisiriri Community	Rumuruti, Laikipia County	Encroachment of a wetland
Nyandarua County				
11.	24/7/2020 Newspaper	NECC Vs Nyandarua County Government	Lake Olbossat, Nyandarua County	Encroachment of Lake Olbossat
12.	10/7/2020	East Africa Wildlife Society Vs County Government of Nyandarua	Aberdare Forest	Lack of public participation in a bid to expand Ndaragwa Township
13.	6/8/2020 Newspaper	NECC Vs KFS	Satima Escarpment, Nyandarua County	Encroachment of Forest land in the Satima Escarpment
Nakuru County				
14.	02/7/2020 Letter	Milimani Residents Welfare Association and Kipepeo Foundation Vs KFS	Menengai forest, Nakuru County	Destruction of Menengai forest and settlement in the forest
15.	30/5/2020 Email	Joseph Motari Vs County Government of Nakuru	Downsonville Estate, Nakuru	Poor Solid Waste Management
16.	6/8/2020 Newspaper	NECC Vs County Government of Nakuru	Lake Naivasha	Encroachment of animal Corindor leading to Lake Naivasha
17.	4/8/2020	Nature Kenya Vs KETRACO	Lake Elementaita, Nakuru County	Construction of power pylons across the bird flyways
18.	4/8/2020	NECC vs WRA and NEMA	Lake Elementaita, Nakuru County	Encroachment of Lake Elementaita by the upcoming Hotels

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19.	4/8/2020	NECC Vs Mega Spin Factory	Industrial Area, Nakuru Town, Nakuru County	The textile factory in Nakuru industrial area is discharging effluent in the open environment. Samples taken by the standard revealed presence of heavy metals
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On 16th September 2020, an investigations team carried out field investigations in Kiambu County, regarding effluent disposal from a residential building into the open environment at Kiringiti. The team also investigated the discharge of medical waste from St. Teresa hospital at Thindigua area in Kiambu County

From 22nd to 24th September 2020, NECC held investigations in Kitengela and Namanga in Kajiado County and in Mai Mahiu in Nakuru County to investigate the following complaints;

Table 2: Complaints investigated in Kitengela and Namanga in Kajiado County and in Mai Mahiu in Nakuru County

No.	DATE	COMPLAINANT / RESPONDENT	LOCATION	NATURE OF COMPLAINT
1.	25/08/2020 CF	Joseph Omondi vs neighbour	Kitengela, Kajiado County	Discharge of effluent from a residential house into the open
2.	17/09/2020 CF	Hassan Dirie vs area resident	Namanga, Kajiado County	Fencing of a plot extending into Namanga River
3.	17/09/2020 CF	Johana M. Kang'ang'i vs NEMA and County Government of Nakuru	Mai Mahiu area, Naivasha Sub-county	<ul style="list-style-type: none"> • Sand harvesting • Quarrying in a river, and • Land degradation

From 27th September to 9th October 2020, NECC conducted investigations in Turkana, West Pokot, Trans Nzoia, Kakamega, Bungoma, Siaya, Busia and Kisumu counties as Indicated in the table below;

Table 3: Complaints investigated in Turkana, West Pokot, Trans Nzoia, Kakamega, Bungoma, Siaya, Busia and Kisumu counties

No.	Date Received	Complainant/ Respondent	Location of Complaint	Nature of Complaint
1.	4/8/2020 Newspaper	NECC VS Kerio Valley Development Authority	Turkwel dam, Lodwar town	Heavy rainfall increasing risks of overflow of Turkwel Dam
2.	15/09/2020	NECC vs KFS	Turkana County	Rampant charcoal burning activities across Turkana County
3.	11/09/2020	NECC vs Tullow Oil	Turkana County	Anticipated environmental degradation resulting from oil exploration and production including contamination of underground and surface water such as sand dams, air pollution and land degradation

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4.	15/09/2020	NECC vs County government of West Pokot	Kanyarkwal and Mutembur areas, West Pokot County	Rampant sand harvesting activities in Kanyarkwal and Mutembur areas
5.	24/06/2020	NECC vs Kenya Forest Service	Chepnyal, Kamatira, Lolrusuk and Kalapata areas, West Pokot County	Forest encroachment by human settlements, illegal logging, farming activities, livestock grazing and charcoal burning in Chepnyal, Cheptiram, Kamatira, Palua forest blocks and Lolrusuk and Kalapata Hills
6.	24/06/2020	NECC vs Kenya Forest Service	Chebwek, Cheptais and Chebombai locations, Trans Nzoia County	Encroachment of Mt. Elgon forest by human activities including settlement and farming activities
7.	24/06/2020	NECC vs KFS	Cherangany, Trans Nzoia County	Rampant charcoal burning and animal grazing activities in Cherangany Forest
8.	22/04/2020 The Standard	NECC vs County Government of West Pokot	Chesogon, Parua, Nyarkulian and Muino areas, West Pokot County	Mudslides as a result of human activities on slopes in Chesogon, Kipchumwa, Cheptulel, Parua, Nyarkulian and Muino areas
9.	15/09/2020	NECC vs WRA and County Government of West Pokot	Kerio Valley, West Pokot County	Sand harvesting activities along the Kerio River
10.		NECC VS Kakamega County Government	Milimani estate, Kakamega County	Contamination of a stream used by locals at Milimani estate as a source of water
11.	06.08.2020	Dennis Ndiwa VS Kenya Forest Service	Kamuneru location, Kapsokwony division, Bungoma County	Illegal felling of indigenous trees within Mt. Elgon area
12.	05.08.2020	Getrude Mungoma VS NEMA,	Khuluanda, Matunga sub-county, Kakamega County	Environmental degradation due to unregulated quarrying (follow up case)
13.	14.02.2019	Area residents VS Kibabii University	Chwele, Kimilili in Bungoma County	Improper discharge of effluent into the open environment by Kibabii University
14.	30.04.2020	Area Residents Vs	Osipata Village,	Rampant sand harvesting in Osipata village

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		County Government of Busia	Teso South	resulting to deep gullies
15.	7.07.2020	Abidha & company Advocates VS County Government of Siaya	Ramba Area ,North Rarieda	Environmental degradation due to unregulated Mining activities
16.	28.07.2020	Necc VS Kisumu County Government	Mayenya Village, Chiga, Kisumu East	Uncontrolled sand harvesting
17.	7.20.2020	Mr. Samson Onditi VS Kisumu County Government	Kisumu town, kisumu County	Continous pollution of Auji River
18.	03.08.2020	Evan Rayolah	Kisumu, Sondu Market	Dumpsite causing both water and air pollution
19.	11.12.2020	Bungoma High Court Vs County Government of Bungoma	Lumoro village, Bungoma County	Relocation/closing down of a dumpsite that has become a health hazard

From 27th September to 9th October 2020, the research team was involved in investigations in the Northern Rift Valley, Western Kenya and Nyanza regions. Investigations were conducted in Turkana, West Pokot, Trans Nzoia, Kakamega, Kisumu, Busia, Bungoma and Siaya counties as shown in table 4 below.

Table 4: List of investigated complaints in Northern Rift Valley, Western Kenya and Nyanza region

No.	Date Received	Complainant/ Respondent	Location	Nature of Complaint
North Rift Region				
1.	4/8/2020 Newspaper	NECC VS Kerio Valley Development Authority	Turkwel dam, Lodwar town	Heavy rainfall increasing risks of overflow of Turkwel Dam
2.	15/09/2020 CF	NECC vs KFS	Turkana County	Rampant charcoal burning actvties across Turkana County
3.	11/09/2020 CF	NECC vs Tullow OIL	Turkana County	Anticipated environmental degradation resulting from oil exploration and production including contamination of underground and surface water such as sand dams, air pollution and land degradation
4.	15/09/2020 CF	NECC vs County government of West Pokot	Kanyarkwal and Mutembur areas, West Pokot County	Rampant sand harvesting activities in Kanyarkwal and Mutembur areas

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5.	24/06/2020 CF	NECC vs Kenya Forest Service	Chepnyal, Kamatira, Lolrsuk and Kalapata areas, West Pokot County	Forest encroachment by human settlements, illegal logging, farming activities, livestock grazing and charcoal burning in Chepnyal, Cheptiram, Kamatira, Palua forest blocks and Lolrsuk and Kalapata Hills
6.	24/06/2020 CF	NECC vs Kenya Forest Service	Chebwek, Cheptais and Chebombai locations, Trans Nzoia County	Encroachment of Mt. Elgon forest by human activities including settlement and farming activities
7.	24/06/2020 CF	NECC vs KFS	Cherangany, Trans Nzoia County	Rampant charcoal burning and animal grazing activities in Cherangany Forest
8.	22/04/2020 The Standard	NECC vs County Government of West Pokot	Chesogon, Parua, Nyarkulian and Muino areas, West Pokot County	Mudslides as a result of human activities on slopes in Chesogon, Kipchumwa, Cheptulel, Parua, Nyarkulian and Muino areas
9.	24/06/2020 CF	NECC vs Trans Nzoia County	Kilima Geserate farm, Kapkoi Location, Trans Nzoia County	Unsustainable sand harvesting activities
10.	28/09/2020 CF	NECC vs Trans Nzoia County	Bondeni, Trans Nzoia County	Landslides resulting from human activities and settlement on steep hills
11.	06.08.2020 CF	NECC vs Trans Nzoia County	Kitale Town, Trans Nzoia County	Poor Waste management at Machinjoni dumpsite
Western Region				
12.	06.08.2020 CF	NECC VS Kakamega County Government	Milimani estate, Kakamega County	Contamination of a stream used by locals at Milimani estate as a source of water
13.	06.08.2020 CF	Dennis Ndiwa VS Kenya Forest Service	Kamuneru location, Kapsokwony division, Bungoma County	Illegal felling of indigenous trees within Mt. Elgon area
14.	05.08.2020 CF	Getrude Mungoma VS NEMA,	Khuluanda, Matunga sub- county, Kakamega County	Environmental degradation due to unregulated quarrying (follow up case)
15.	14.02.2019 CF	Area residents VS Kibabii University	Chwele, Kimilili in Bungoma County	Improper discharge of effluent into the open environment by Kibabii University
16.	30.04.2020 CF	Area Residents Vs County Government of Busia	Osipata Village, Teso South	Rampant sand harvesting in Osipata village resulting to deep gullies
17.	7.07.2020	Abidha & company	Ramba Area ,North	Environmental degradation due to

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	CF	Advocates VS County Government of Siaya	Rarieda	unregulated Mining activities
18.	28.07.2020 CF	Necc VS Kisumu County Government	Mayenya Village, Chiga, Kisumu East	Uncontrolled sand harvesting
19.	7.20.2020 CF	Mr. Samson Onditi VS Kisumu County Government	Kisumu town, kisumu County	Continous pollution of Auji River
20.	03.08.2020 CF	Evan Rayolah	Kisumu, Sondu Market	Dumpsite causing both water and air pollution
21.	11.12.2020 CF	Bungoma High Court Vs County Government of Bungoma	Lumoro village, Bungoma County	Relocation/closing down of a dumpsite that has become a health hazard

The research team held a prefinalization session from the complaints that were investigated from the two previous field trips above. A total of 39 complaints were pre-finalized and will be among the complaints brought to the committee during finalization

From 15th to 21st November 2020, the research team held field investigations in Kajiado County and the Coast region. A total of 16 complaints were investigated as shown in table 4 below;

Table 5: Investigated complaints in Kajiado, Mombasa, Kilifi and Kwale counties

No.	Date received	Complainant/ Respondent	Location	Nature of complaint
Kajiado County				
1.	23/7/2020 Daily Nation	NECC Vs Kajiado County Government	Kyangombe and New Valley Estate, Kitengela	Discharge of sewage from the estate into the open environment (roads)
2.	02/11/2020 CF	Cecilia W. Thuo Vs Kajiado County Government	Tropicana Road, Kitengela	Release of waste water from a building under construction into the roads
3.	26/10/2020 CF	NECC Vs KiliAvo Fresh Limited	Next to Amboseli National Park, Loitoktok	Agricultural activities on wildlife migratory routes leading to human- wildlife conflicts No public participation before establishing the farm
4.	17/10/2020 CF	NECC Vs Kajiado County Government	Kibiku Road and Lemiso Road Ngong, Kajiado County	Dumping of solid waste along the roads

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5.	5/9/2020 CF	Mr. Emmanuel Cool vs. Kajiado County Government	Interways Birika Town, along Kiserian-Isinya Road	Air pollution from the activities of Interways; a road construction company
6.	29/7/2020 CF	Joseph Rakita vs WRA and Kajiado County Government	Kiserian	Poor management of waste from slaughter houses leading to pollution
7.	6/6/2019 CF	NECC vs KWS	Mashuru Sub-County, Kajiado County	Human wildlife conflicts
8.	29/7/2020 CF	NECC Vs Kajiado County Government	Olkeriai and Toroka Rivers, Kajiado West	Unsustainable sand harvesting activities in the river beds
9.	23/10/2020 CF	NECC vs Kajiado County Government	Exciting Area, Ongata Rongai	Dicharge of effluent into the open environment
Coast Region				
10.	3/04/2018 Email	Suleiman Sanare Vs County Government of Mombasa	Bamburi, Mombasa County	Noise pollution from several bars in the area
11.	25/06/2018 DN	NECC Vs County Government of Mombasa	Maweni, Nyali constituency, Mombasa County	Environmental degradation due poor waste management
12.	27/07/2019 Letter	Chiti Tsuma and Nelly Mbeyu Tsuma Vs Kilifi County Government	Mariakani, Kilifi County	Environmental degradation(air pollution, effluent discharge and noise pollution)from Mabati Rolliing Mills
13.	30/10/2020 Letter	NECC Vs. M/s SBNP Ventures Limited	Kwale County	Release of harzadous waste without following due procedure
14.	9/07/2020 DN	NECC Vs. Private Developers	Kwale County	Destruction of Kaya Tiwi forests
15.	24/10/2020 The Star	NECC Vs. Mzuri Sweets	Kikambala, Mombasa-Malindi road Kilifi County	Construction of Mzuri Sweets within a riparian reserve
16.	9/11/2020 Letter	Stephan Macharia Kimani Vs.	Mombasa County	Development on a plot without following due procedure

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

		Omar Sheikh		
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The Research Office also conducted investigation into the degradation of Akara Hills in Alego Usonga, Siaya County as directed by the office of the Cabinet Secretary, Ministry of Environment and Forestry and the compiled report is ready for submission.

NECC has also been involved in tree planting in Masai Mau forest to commemorate one year after rehabilitation efforts took off. Additionally, there is an NECC team currently involved in tree planting at Marsabit County during the short rains period.

From 30th November to 4th December 2020, NECC held a workshop to conduct a mid-term review of its Strategic Plan, 2018-2022. The forum also included a review of its Performance Contract obligations, including training on;

1. Prevention of HIV infections
2. Disability mainstreaming
3. Gender mainstreaming
4. Competence development
5. Youth Internships/industrial attachments/apprenticeships
6. Prevention of alcohol and drug abuse
7. NECC's Communication Strategy
8. Safety and Security Measures
9. National Cohesion and values
10. Road Safety Mainstreaming
11. Corruption Prevention

From 7th to 11th December 2020, NECC is involved in investigations in Makueni County as shown in table 6 below;

Table 6: Complaints under investigations in Makueni County

No.	Date Received	Complainant/ Respondent	Location	Nature of Complaint
1.	18/11/2020 CF	Ms. Florence Kiio VS Kenya Railways Corporation	Kambu River, Kamulalani / Kilimani Village, Makueni County	Contamination by oil spillage from a cargo train accident
2.	02/12/2020 Letter	Residents of Kalawa area Vs Dam Contractors	Thwake Dam, Kalawa Ward, Makueni County	Noise and air pollution as well as excessive vibrations from on-gong construction activities at the dam

From the 10th to 14th January 2021, NECC investigated 12 complaints in Nairobi and Nyeri counties as shown in the table below;

Table 7: Complaints investigated in Nairobi and Nyeri counties

No.	Complainant/ Respondent	Location	Nature of Complaint
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1.	Greg Olsen on behalf of Muthaiga North Residents Association Vs Neighbour, Mr. George Maara	Ridgeway's Lane, Ridgeway, Nairobi County	Illegal burning of waste
2.	NECC Vs County Government of Nyeri	Gikeu dumpsite, Nyeri County	Poor waste management at Gikeu dumpsite
3.	Residents of Southlands Estate Vs Neighbour	Southlands Estate, Nairobi County	Noise pollution from a neighbour's chickens
4.	South Residents Association Vs.	Hamayun Estate, South C, Nairobi County	Opposition to an upcoming poultry farm without public participation
5.	NECC Vs Palak Industries	Lari, Kiambu County	Air and noise pollution from activities of Palak industries
6.	Mustafa Dossajee Vs. a neighboring restaurant	Kileleshwa, Nairobi county	Noise pollution from a restaurant
7.	Dr. Saade Abdalla Vs. Sufra Garden Restaurant	East church road, Westlands	Noise pollution from the restaurant
8.	E. Kibande Vs WRA and County Government of Nairobi	Kabarsiran Avenue, Off James Gichuru Road, Nairobi County	Pollution of Nairobi River leading to a foul smell emanating from it
9.	David Baburam Vs WRA and County Government of Nairobi	Muthangari Drive, Lavington, Nairobi County	Pollution of Nairobi River leading to a foul smell emanating from it
10.	Sahil Javer Vs. County Government of Nairobi	Ring Road, Westlands, Nairobi County	Sewage system blockage at Oshwa community center
11.	Mukaye Lidya Vs a mosque	Donholm Phase 8, Nairobi County	Noise pollution from a mosque
12.	KENHUT co-operative Housing Society Limited Vs. NEMA, Nairobi Metropolitan Services, Nairobi City County Government	Hunters Area, Kasarani, Nairobi County	Opposition to change of user

In a bid to implement the Economic Stimulus Programme (ESP) that was rolled out by the Ministry of Environment and Forestry, a team from NECC conducted site preparations and youth groups identification for provision of tree seedlings at different ecosystems in Kajiado and Homabay counties. The activities included;

- a) Identification of sites for tree planting and identification of youth groups with tree nurseries
- b) Training of youth groups in conservation and tree growing
- c) Procurement of nursery equipment to support nurseries
- d) Engagement of youth to plant the required seedlings

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The NECC team participated in a finalization session held at the DRSRS board room from 25th to 29th January 2021. A total of 30 complaints were finalized and brought for signing by the Committee members. Thereafter, they were printed and dispatched to parties and stakeholders for implementation.

On the 27th January 2021, NECC held a partnership meeting between NECC and Greensave International. Ecosave and Rubicon had a representative in the meeting. Greensave International has a project on waste management. It was agreed that this would go a long way in resolving the persistent complaints on poor waste management across the country and NECC would play a role in ensuring that the idea was disseminated to the stakeholders at the county government level. Minutes of the meeting are attached.

NECC participated in the World Wetlands Day activities in Malindi from 30th to 2nd February 2021. The theme of this year's event was "Wetlands and Water" and Kenya adopted the slogan "Conserve Wetlands for Better Health". The event was celebrated on Monday, 2nd February 2021 at the Sabaki Estuary in Kilifi County. NECC participated in the National Planning Committee and gave support to the event amounting to Kshs. 100,000.00. Additionally, NECC participated in several build up activities, including environmental clean-ups and planting of mangroves at Mida Creek and at the estuary.

From the 3rd to 5th February 2021 the following 8 complaints from Mombasa County were investigated;

Table 8: Complaints investigated in Mombasa County

No.	Date Received	Complainant/ Respondent	Location	Nature of Complaint
1.	26/01/2021 Email	Dr. Edwin Muinga Chokwe vs County Government of Mombasa	VoK area in Nyali and Mwakirunge	Poor solid waste management
2.	26/01/2021 Email	Dr. Edwin Muinga Chokwe vs County Government of Mombasa	Tudor, Mombasa County	Pollution and grabbing of Tudor public beach
3.	16/11/2020 Letter	Valentine Education Limited Vs Ganjoni Primary	Ganjoni, Mombasa County	Air and noise pollution from the school
4.	23/11/2020 Email	Residents of Ganjoni Vs County Government of Mombasa	Sauti ya Kenya Road, Ganjoni, Mombasa County	Construction without the requisite approvals
5.	26/01/2021 Email	Nathaniel Mudukitsa vs churches in Bamburi	Lake View Estate, phase 4 in Bamburi, Mombasa County	Noise pollution

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6.	27/11/2020 Email	Residents of shree Enclave Vs County Government of Mombasa	Nyali, Mombasa County	Abandoned quarry within residential area
7.	02/12/2020 Email	Nathaniel Vs Healing Embassy Church	Nyali, Mombasa County	Noise pollution from a church
8.	25/11/2020 CF	Said Hamisi Vs Northcoast Development Company Limited	Madubaha Beach, Mombasa County	Construction on the beach

From 25th February to 1st March, NECC conducted field investigations in Kwale and Kilifi counties. These eleven (11) complaints had been raised during the world wetlands day in Kilifi and they included;

1. Sand harvesting on the sand dunes near the Sabaki estuary
2. Poor solid Waste Management at the dumpsite in Malindi
3. Environmental degradation caused by the extensive Salt works in Magarini
4. Encroachment into residential areas and wetlands
5. Harsh enforcement of the Forest Act 2016
6. Increased salinity of community freshwater sources
7. NEMA capacity problems

The complaints in Kwale included;

1. Anticipated environmental degradation from the proposed construction of a fishing port at Shimoni
2. Encroachment onto the Diani public beach
3. Illegal quarrying activities at Tiwi
4. Environmental degradation from the activities of Kwale International Sugar Company

From 20th March 2021, NECC conducted field investigations into environmental complaints in the counties of Nyeri, Muranga, Makueni and Machakos. The investigations were carried out by two teams and the 12 complaints are as shown in the table below;

Table 9: Complaints investigated in Nyeri, Muranga, Makueni and Machakos counties

No.	Date received	Complainant/ Respondent	Location	Nature of complaint
20.	17/06/2019 CF	David Mwangangi Vs Department of Mines and Geology	Makueni County	Unrehabilitated pits left after stone extraction
21.	17/06/2019 CF	Benard Mwalimu Vs County Government of Makueni	Makindu, Makueni County	Dumping of garbage from the market to a private land
22.	17/06/2019 CF	Residents of Ikoyo Vs Makueni County	Ikoyo Market, Makueni County	Dumping of broken glass

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

		Government		bottles within the market
23.	21/07/2018 CF	NECC Vs Machakos County Government	Matungulu, Tala Town, Machakos County	Dumping waste in a dam posing health risk
24.	13/11/2020 Email	Latis Kitana Vs County Government of Machakos	Machakos	Dumping of waste
25.	30/11/2020 Letter	Wote Technical Training Institute Vs County Government of Makueni	Wote, Makueni County	Cutting of trees
26.	26/11/2018 CF	Johnson Kioko Vs Mwaniki	Masongalani, Kibwezi East, Makueni County	Destruction of Baobab trees to pave way for pasture
27.	07/10/2016 CF	Gatundu residents Vs County Government of Kiambu	Gatundu South, Kiambu	Haphazard dumping of garbage
28.	11/09/2018 Letter	Dr. Andrew Kanyi Gachii Vs Kenya Tea Development Authority	Mahiga Location, Othaya Constituency, Nyeri County	Erosion and flooding caused by hydroelectric power generation
29.	5/10/2018 CF	Anonymous Vs Pascha Food Dairies	Kagwe town, Githunguri, Kiambu County	Discharge of effluent and solid waste into the River
30.	15/01/2020 CF	Florence Maina Vs John Muhoro	Happy Valley Estate, Gatundu	Deposition of excavated soil into private land
31.	16/10/2020 CF	Alex Virginia Vs KeNHA	Githunguri, Kiambu County	Dust from construction of Ruiru-Uplands road
	06/10/2020 Email	Yvonne Wairimu Vs Wamithi	Ting'ang'a, Kiambu County	Air pollution from a factory

In summary, the complaints investigated during the report period can be summarized in the pie chart below;

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

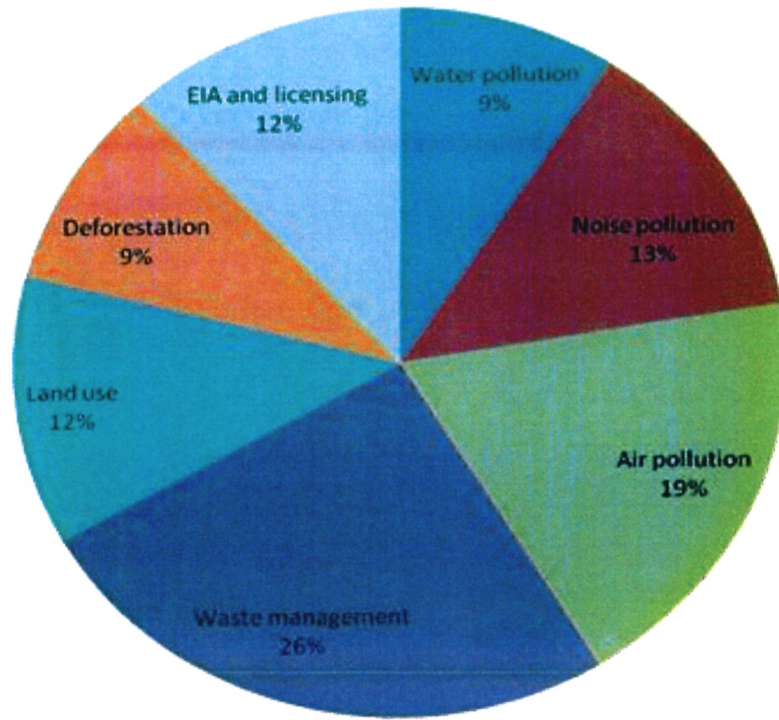


Figure 1: Pie chart indicating the complaints investigated during the reporting period

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY

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

1. Sustainability Strategy and Profile

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

2. Environmental Performance

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

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

NECC'S Role in MTP III

Flagship Project	Role of NECC
Waste management and pollution control	<ul style="list-style-type: none"> • Investigate complaints on poor waste management • Make recommendations for adoption of new waste management technologies • Carry out awareness creation to the public on the 7Rs outlined in the solid waste management strategy • Partner with the e-waste handling institutions on the disposal of E-waste • Carry out awareness creation among counties on clustering and pool their resources together for effective waste management
Promotion and piloting of green energy	<ul style="list-style-type: none"> • Carry out intensive public awareness campaigns on the importance of adoption of green energy technologies in all sectors

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Water resource management programs	<ul style="list-style-type: none"> • Collaborating with WRUAs for the purpose of conservation and protection of water resources against pollution and encroachment activities
Land reclamation	<ul style="list-style-type: none"> • Investigate complaints received and by own motion on cases of land degradation as a result of illegal sand harvesting, mining, quarrying, deforestation and farming on hilltops, wetlands among others • Make recommendations on proper land use planning, afforestation and re-afforestation, rehabilitation of quarry pits and land restoration
Rehabilitation of Urban Rivers	<ul style="list-style-type: none"> • Investigate received and own motion complaints on pollution of urban rivers and urban agriculture, and make policy recommendations • Participating in clean-up programs for urban rivers • Undertake public interest litigation on behalf of citizenry on pollution of urban rivers
The Plastic Bags initiative	<ul style="list-style-type: none"> • Investigate received complaints regarding use, manufacture and importation of plastic bags and make recommendations • Awareness creation on environmentally friendly carrier and packaging bags • Contribute in the formulation of policies on sound waste management • Ensure compliance with the plastic bags ban
Water Harvesting and Storage programme	<ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from dam construction • To ensure compliance with environmental standards and regulations • Awareness creation on water harvesting and storage methods
Integrated Regional Development Programme	<ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from the multi-purpose dam projects • Ensure compliance with the requisite legal frameworks • Advocate for environmental conservation projects in areas covering mega projects
Strengthening Environmental Governance	<ul style="list-style-type: none"> • Investigate and recommend practices that will lead to formulation of policies and legislation for best environmental governance
Forest Conservation and Management	<ul style="list-style-type: none"> • Investigating cases of illegal logging and charcoal burning activities • Carrying out tree planting activities with aim of achieving the 10% forest cover in the country • Creating awareness on forest conservation • Contributing to development of strategies of achieving the 10% forest cover • Land use planning
Irrigation and Water	<ul style="list-style-type: none"> • Make recommendations to county governments to support

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

Storage Programme	<p>sustainable community water projects</p> <ul style="list-style-type: none"> • Carry out ADR on areas with conflicts on water resources
The Plastic Bags initiative	<ul style="list-style-type: none"> • Investigate received complaints regarding use, manufacture and importation of plastic bags and make recommendations • Awareness creation on environmentally friendly carrier and packaging bags • Contribute in the formulation of policies on sound waste management • Ensure compliance with the plastic bags ban
Water Harvesting and Storage programme	<ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from dam construction • To ensure compliance with environmental standards and regulations • Awareness creation on water harvesting and storage methods
Integrated Regional Development Programme	<ul style="list-style-type: none"> • Investigate and make policy recommendations on complaints arising from the multi-purpose dam projects • Ensure compliance with the requisite legal frameworks • Advocate for environmental conservation projects in areas covering mega projects

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

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

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

3. Employee Welfare

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

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

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

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

4. Market Place Practices

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

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

5. Community Engagements

To support and encourage environmental conservation amongst communities, NECC has been involved in several CSR activities during the report period, including; sensitization of staff and stakeholders on Covid 19 prevention and management and promotion of sanitation in all its activities

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the Year ending on 30th June 2021.

Principal activities

The Principal activity of NECC is to investigate the degradation of the environment.

Results

The results of the NECC for the year ended 30th June 2021 are set out on page 1.

Directors

The members of the Board of Directors who served during the period are shown on page (v).

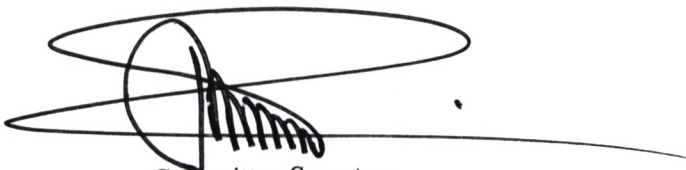
Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Or the NECC remitted Kshs zero (0). The NECC did not make any surplus during the reporting period and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the NECC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for year ended June 30th, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Audit General to appoint an auditor to audit on his behalf.

By Order of the Board



Committee Secretary

Nairobi

Date

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and EMCA Act 1999 (Amended 2015) requires the directors to prepare Financial Statement in respect of the which give a true and fair view the Committee at the end of the financial year and the operating results of the Committee for financial year ended .

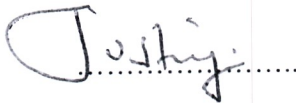
The Directors are responsible for the preparation and presentation of the NECC's financial statement which give a true and fair view of the state of affairs of the NECC for and as at the end of the financial year 2020/2021 ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of NECC; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of NECC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for NECC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and EMCA Act 1999 (Amended 2015). The Directors are of the opinion that the NECC's financial statements give a true and fair view of the state of NECC's transactions during financial year ending 30th June 2021, and of NECC financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for NECC, which have been relied upon in the preparation of the NECC's financial statements as well as the adequacy of the systems of internal financial control.

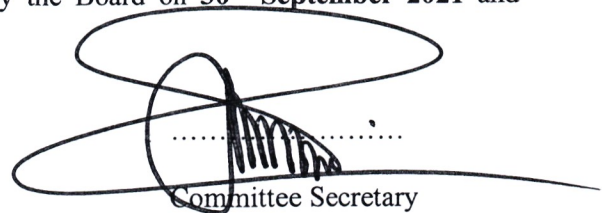
Nothing has come to the attention of the Directors to indicate that NECC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NECC's financial statements were approved by the Board on 30th September 2021 and signed on its behalf by:

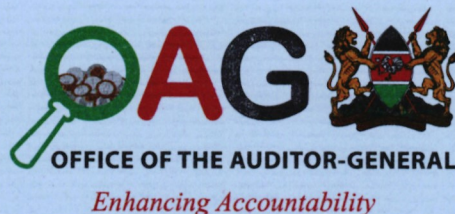


Chairman



Committee Secretary

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Environmental Complaints Committee set out on pages 1 to 27, which comprise the statement of financial

Report of the Auditor-General on National Environmental Complaints Committee for the year ended 30 June, 2021

position as at 30 June, 2021, statement of financial performance, 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 Environmental Complaints Committee as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with Environmental Management and Co-ordination (Amendment) Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Internship Programs Exceeding One Year

As previously reported, the Committee have engaged staffs under internship program since 2014. Although Management has attributed the state of affairs to lack of own staffs, the program contravenes the Public Service Commission's Human Resource Policies and Procedures Manual of May, 2016, Section H.22(3) on internship which states that

internship programs shall be guided by the relevant provisions of the Constitution, relevant professional bodies and other policy guidelines and shall not exceed one year.

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

2. Irregular Issuance of Imprests

During the year under review, interns were issued with imprests amounting to Kshs.3,245,600. This was contrary to Section 71(1) of the Public Finance Management Act, 2012 which provides that an Accounting Officer may authorize payment of cash advances to public officers to enable them make payments for the entity or in the course of their duties.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Manual Accounting System

The Management maintains its accounting records in manual form which exposes the records to errors of omissions and commissions. Management has indicated that it's in the process of procuring an accounting system.

In the circumstances, the continued use of the manual system could work to the disadvantage of the organization.

2. Lack of Risk Management Policy

The Committee had not put in place risk management policy, strategies and risk register to mitigate against risks. This is contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015 which require the Accounting Officer to ensure that the national government entity develops risk management

strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

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

3. Lack of Segregation of Duties

Information available indicates that the Finance Department is manned by only one staff, the Head of Finance who is assisted by interns. The Head of Finance processes payments, maintains cashbook, prepares bank reconciliation statements and posts the ledger.

In the circumstances, the lack of segregation of duties possess a risk of lack of oversight on accounting processes.

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 Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 July, 2022

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

**XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
 30TH JUNE 2021**

	Note	2020-2021	2019-2020
Revenue from non-exchange transaction			
		Kshs.	Kshs.
Government Grant	5	134,500,000	125,000,000
Other grants	5	14,000,000	
Total Revenue		148,500,000	125,000,000
Expenses			
General expenses	6	39,103,565	45,668,079
Employee costs	7	4,874,277	5,247,762
Board expenses	8	6,309,375	4,620,000
Committee Operational Expenses	9	82,227,400	69,012,558
Other Grants expenses	10	13,918,970	-
Depreciation and amortization Expenses	11	809,945	702,717
Repair and Maintenance	12	1,321,404	1,971,842
Total expenses		148,564,936	125,222,958
Deficit for the period		(64,936)	(222,958)

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

XII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021


	Note	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	361,355	439,046
Receivables from Non-Exchange Transactions			
Total Current Assets		361,355	439,046
Non-Current Assets			
Property, Plants & Equipment	14	2,711,451	2,698,696
Total Assets		3,072,806	3,137,742
Current Liabilities			
Trade Payables	15	604,000	604,000
Total Current Liabilities		604,000	604,000
Represented by;			
Revenue Reserves	16	2,468,806	2,533,742
Total Net Assets & Liabilities		3,072,806	3,137,742

The Notes set on pages 6 to 26 form an integral part of the Financial Statements.

Head of Finance
Duncan M. Kombo

Sign.....

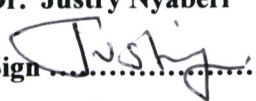
Date.....


 22/05/2021

Chairman of the Board
Dr. Justry Nyaberi

Sign.....

Date.....


 22-05-2021

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE YEAR ENDING 30th JUNE 2021

**XIII STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30
JUNE 2021**

	Revenue Reserves	Total
	Kshs	Kshs
Balance as at 01 July 2019	3,695,692	3,695,692
Deficit for the period	(938,992)	(938,992)
Balance as at 30 June 2019	2,756,700	2,756,700
Deficit for 2019/2020	(222,958)	(222,958)
Accumulated at 30 June 2020	2,533,742	2,533,742
Deficit for year 2020/21	(64,936)	(64,936)
Accumulated at 30 June 2021	2,468,806	2,468,806

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

XIV STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

		2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	5	134,500,000	125,000,000
Other grants		14,000,000	
Total Receipts		148,500,000	125,000,000
Payments			
Use of goods and service	6	39,103,565	45,378,079
Employees costs	7	4,874,277	5,247,762
Board Expenses	8	6,309,375	4,620,000
Committee Operational Expenses	9	82,227,400	67,012,558
Other grants expenses	10	13,918,970	-
Repairs and Maintenance	12	1,321,404	1,971,842
Total Payments		147,754,991	124,230,241
Net cash flows from operating activities	17	745,009	769,759
Cash flows from investing activities			
Purchase of property, plant, equipment		(822,700)	(336,800)
Net cash flows used in investing activities		(822,700)	(336,800)
Net increase/decrease in cash and cash equivalent		(77,691)	432,959
Net cash flows used in financing activities			
Cash and cash equivalents as at 1st July		439,046	6,087
Cash and cash equivalents as at 30th June	13	361,355	439,046

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
 FINANCIAL STATEMENTS FOR THE YEAR ENDING 30th JUNE 2021

XV STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments /supplementar y	Final budget	Actual on comparable basis	Performance difference	% change
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Government grants and subsidies	148,500,000		148,500,000	148,500,000	-	
Total in come	148,500,000	-	148,500,000	148,500,000	-	
Expenses						
Goods and services	143,500,000		143,500,000	142,880,714	(619,286)	(0.004%)
Compensation of employees	5,000,000		5,000,000	4,874,277	125,723	2.5%
Total expenditure	148,500,000	-	148,500,000	147,754,991		
Provision for depreciation				809,945		
Deficit for the period	-	-	-	(64,936)		

Explanation for significant variance.

1. Not material change.
2. 2.5% change was due to non-employment of envisioned staff.

XVI NOTES TO THE FINANCIAL STATEMENTS

1. General Information

National Environmental Complaints is established by and derives its authority and accountability from EMCA Act 1999. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is with the mandate of investigating allegations or complaints regarding the condition of the environment in Kenya, or on its own motion, suspected cases of environmental degradation and also Public Interest Litigation. According to the Act, every person is entitled to a clean and healthy environment.

2. Statement of compliance and basis of preparation - IPSAS 1

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2. (r,i)&ii).

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact:
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

Standard	Effective date and impact:
	(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. *Early adoption of standards*

The entity did not early – adopt any new or amended standards in year 2020/2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Pronouncements from the Public Sector Accounting Standards Board (PSASB)

The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazetted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-commercial entities, the Institute has adopted the pronouncements made by the IPSAS board in preparation of its current year financial statements. The Financial Statements have therefore been prepared in accordance with the Accrual basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Conti...

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

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.

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 probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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.

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on 15th June, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by NECC upon receiving the respective approvals in order to conclude the final budget. Accordingly, NECC recorded

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

additional appropriations of 15th June, 2020 on the 2020-2021 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 1 of these financial statements.

c) Taxes

NECC is not subject to government taxes

d) Property, plant and equipment

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

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.

f) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

g) Research and development costs (continue)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Inventories

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources

embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent liabilities

The Entity 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 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 has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f) Nature and purpose of reserves

The NECC creates and maintains reserves in terms of specific requirements. Reserves which are retained earnings by NECC

g) Changes in accounting policies and estimates

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

h) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. 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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

i) Related parties

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

j) Cash and cash equivalents

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

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

k) Comparative figures

The 2019/2020 comparative figures on Employee Costs and Board expenses have been reclassified under Committee Expenses.

l) Subsequent events

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, 2021.

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Transfers from other governments

Description	2020-2021	2019-2020
	Kshs.	KShs
Unconditional grants		
Operational grant	134,500,000	125,000,000
Conditional grants		
Covid 19 stimulus	14,000,000	-
Total government grants and subsidies	148,500,000	125,000,000

6. General Expenses

Description	2020-2021	2019-2020
	Kshs	KShs
Air travel	578,205	2,991,331
Conferences and delegations	15,021,710	15,281,985
Hospitality	17,060,136	16,211,604
Fuel, oil and Lubricants	500,000	1,034,500
Insurance	222,788	237,936
Supplies/Stores	1,505,419	410,610
Training	1,610,000	5,686,200
Audit Fee	290,000	290,000
Other expenses	2,315,307	1,523,913
Total	39,103,565	43,668,079

NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30th JUNE 2021

7. Employee costs

	2020-2021	2019-2020
	Kshs.	Kshs
Casuals payment	655,430	808,929
Interns Stipend	3,723,837	3,930,130
NHIF	139,000	139,750
NSSF	70,000	72,800
PAYE	286,010	296,153
Total	4,874,277	5,247,762

8. Board Expenses

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Sitting	153,750	692,500
Other Board Expenses	6,155,625	3,927,500
Total	6,309,375	4,620,000

9. Committee Operational Expenses

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Travelling and accommodation	56,521,200	47,915,658
Other Expenses	25,706,200	21,096,900
Total	82,227,400	69,012,558

10. Other Grants Expenses

Particulars	Amount
	2020/2021
Training Youth	6,818,450
Nursery Materials	4,100,520
Seedlings	3,000,000
TOTAL	13,918,970

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11. Depreciation and amortization expense

Description	2020/2021	2019-2020
	Kshs.	Kshs
Property, Plant and Equipment	809,945	702,717
Total depreciation and amortization	809,945	702,717

12. Repairs and maintenance

Description	2020-2021	2019-2020
	Kshs.	KShs
Vehicles/Buildings/Equipment	1,321,404	1,971,842
Total repairs and maintenance	1,321,404	1,971,842

13. Cash and cash equivalents

Description	2020-2021	2019-2020
	Kshs	KShs
Cash book balance	361,356	439,046
Adjusted for - depreciation	-	-
Total cash and cash equivalents	361,356	439,046

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

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13. Detailed analysis of the cash and cash equivalents

		2020-2021	2019-2020
Financial institution	Account number	KShs	kshs
a) Current account			
Kenya Commercial bank	1103172972	361,356	439,046
Sub- total		--	
COMMUNITY BRANCH			
b) On – call deposits			
Sub- total			
c) Fixed deposits account			
Sub- total			
d) Staff car loan/ mortgage			
Sub- total			
e) Others(specify)			
cash in hand		-	
Sub- total		-	
Grand total		361,356	439,046

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14 A: Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Total
Property, plant and equipment		25%	12.50%	33.30%	
Cost	Shs	Shs	Shs	Shs	
At 1 July 2020	-	7,830,843	3,517,439	3,094,714	14,442,996
Addition 2020/2021				822,700	822,700
At 30th June 2021	-	7,830,843	3,517,439	3,917,414	15,265,696
Depreciation and impairment					
As at 01 July 2020	-	6,841,349	2,168,634	2,734,317	11,744,300
Charge for the year	-	247,374	168,601	393,971	809,945
Accumulated as at 30 June 2021	-	7,088,723	2,337,235	3,128,288	12,544,245
	-	-	-	-	-
Net book values					
At 30 th June 2021	-	742,121	1,180,204	789,126	2,711,451
At 30 June 2020	-	989,494	1,348,805	360,397	2,698,696

14B: Depreciation Computation for Yea2020-2021

	Motor Vehicles	Furniture and fittings	Computers	Total
Cost at June 2020	7,830,843	3,517,439	3,094,714	14,442,996
Depreciation to June 2020	6,841,349	2,168,634	2,734,317	11,744,300
NBV 2020	989,494	1,348,805	360,397	2,698,696
Addition 2021			822,700	822,700
Total 2021	989,494	1,348,805	1,183,097	3,521,396
Rate	25%	12.50%	33,30%	
Depreciation Charge	247,374	168,601	393,971	809,945

15. Trade and other payable

	2020-2021	2019-2020
	KShs	KShs
NEMA	24,000	24,000
Audit Fees	580,000	580,000
Total	604,000	604,000

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

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16. Revenue reserve

	Revenue Reserves	Total
	Kshs	Kshs
Balance as at 01 July 2019	3,695,692	3,695,692
Deficit for the period	(938,992)	(938,992)
Balance as at 30 June 2020	2,756,700	2,756,700
Deficit for 2019/2020	(222,958)	(222,958)
Accumulated at 30 June 2020	2,533,742	2,533,742
Deficit for year 2020/21	(64,936)	(64,936)
Accumulated at 30 June 2021	2,468,806	2,468,806

17. Cash Generated from Operations

	2020-2021	2019-2020
	Kshs.	Kshs.
Deficit for the period	(64,936)	(222,958)
Adjusted for – depreciation	809,945	702,717
Provision for audit fee		290,000
Working capital		-
Decrease in receivables		-
Net cash flow from operating activities	745,009	769,759

18. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

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

	2020-2021		2019-2020
	Kshs		Kshs
Revaluation reserve	-	-	-
Retained earnings	2,468,806	-	2,523,086
Capital reserve		-	
Total funds	2,468,806	-	2,523,086
Total borrowings		-	
Less: cash and bank balances	361,356	-	439,046
Net debt/(excess cash and cash equivalents)	361,356	-	439,046
Gearing	2,830,162	-	2,084,040

19. EVENTS AFTER THE REPORTING PERIOD

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

20. ULTIMATE AND HOLDING NECC

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

21. CURRENCY

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

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XVII Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR
RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/observations from Auditor	Management comments	Focal point person to resolve the issue (Name and designation)	Status: (Resolved/Not Resolved)	Timeframe: (put a date when you expect the issue to be resolved).
Audit Report 2018/2019	Lack of Draft IT Strategic Plan	done	Admin	Done	Nil
Audit Report 2019/2020	Lack of Staff	1. Done cabinet memo to make NECC body corporate under the proposes name National Environment Ombudsman (NEO) 2. Amend EMCA see Committee minutes	- Cabinet Secretary - Chairman	On-going/parliament level	Awaiting approval
Audit Report 2018/2019	Head of Administration	Resolved	Nil	Nil	Nil
Audit Report 2018/2019	Lack Chairman	Resolved	Nil	Nil	Nil

Dr. Justry P. L. Nyaberi
Chairman

Date


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XVIII Appendix II: INTER-ENTITY TRANSFERS

ENTITY NAME: NATIONAL ENVIRONMENT COMPLAINTS COMMITTEE			
Break down of Transfers from the MINISTRY OF ENVIRONMENT & FORESTRY			
FY 2020/2021			
A	Recurrent Grants		
	RECEIPTS	Bank Statement Date	Amount (KShs)
		06/08/2020	33,625,000
		09/11/2020	33,625,000
		22/01/2021	33,625,000
		03/05/2021	33,625,000
		Total	134,500,000
b.	Conditional Grants	-	-
		07/11/2020	9,000,000
		05/05/2021	5,000,000
	Direct Payments		
		Total	14,000,000-
		-	
d.	Donor Receipts	-	
		Total	148,500,000

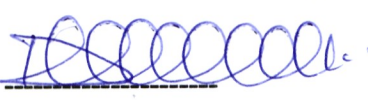
The above amounts have been communicated to and reconciled with the parent Ministry Finance Manager
 ME&F

Head of accounting Unit
 Ministry of Environment & Forestry

Sign 

Date 27/6/2022

Head of Accounts
 National Environmental Complaints Committee

Sign 

Date 27/06/2021