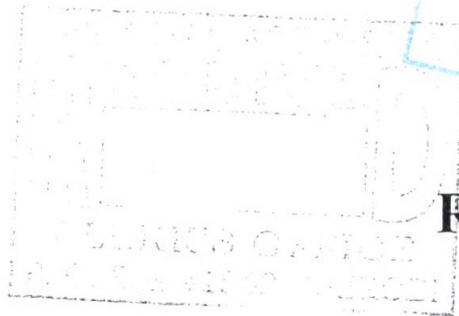


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF NATIONAL
AUTHORITY FOR THE CAMPAIGN AGAINST
ALCOHOL AND DRUG ABUSE**

**FOR THE YEAR ENDED
30 JUNE 2014**



NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

Corporate establishment

The history of NACADA commences in 1996 when the Inter-Ministerial Drugs Coordinating Committee was constituted. The Committee was chaired by the Solicitor General while the Attorney General's office provided the Secretariat.

Later in April 2001 through a Gazette Notice, the National Agency for the Campaign Against Drug Abuse (NACADA) was formed. Its primary function was to initiate a public education and awareness campaign against drug abuse especially among youth in schools and other learning institutions. This was in response to a wave of violent student unrest and suspicion of devil worship, part of which was blamed on drug abuse.

The Agency operated as such until May 2006 when the President established an Advisory Board and appointed its Chairman vide Kenya Gazette Notice No. 3749 of 19th May 2006.

In 2007, through Legal Notice No. 140 published in the Kenya Gazette Supplement No. 70 of 29th June 2007, the Agency was transformed into the National Campaign Against Drug Abuse Authority (NACADA Authority) under the State Corporations Act (Cap 446 of the Laws of Kenya). It was placed in the Office of the President under the Ministry of State for Provincial Administration & Internal Security. The 2007 mandate enabled NACADA to coordinate a multi-sectoral campaign to prevent, control and mitigate the impacts of alcohol and drug abuse in the country.

In August 2010, the Authority's mandate was expanded to include facilitating implementation of the Alcoholic Drinks Control Act, 2010.

In July 2012, President Kibaki assented to the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012 thereby establishing NACADA under an Act of Parliament.

Vision:

A Nation free from the negative effects of alcohol and drug abuse.

Mission:

To provide leadership on policy development, education, regulation, management, programme implementation and research coordination on matters pertaining to drug and substance abuse in Kenya.

(b) Principal Activities

The specific functions of NACADA as set out in the NACADA Act, 2012 are to:

- (i) Carry out public education on alcohol and drug abuse directly and in collaboration with other public or private bodies and institutions;
- (ii) Coordinate and facilitate public participation in the control of alcohol and drug abuse;
- (iii) Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol and drug-demand reduction;
- (iv) In collaboration with other lead agencies, facilitate and promote the monitoring and surveillance of national and international emerging trends and patterns in the production, manufacture, sale, consumption, trafficking and promotion of alcohol and drugs prone to abuse;
- (v) In collaboration with other lead agencies, provide and facilitate the development and operation of rehabilitation facilities, programmes and standards for persons suffering from substance use disorders;
- (vi) Subject to any other written law, license and regulate operations of rehabilitation facilities for persons suffering from substance use disorders;

- (vii) Coordinate and facilitate, in collaboration with other lead agencies and non-State actors, the formulation of national policies, laws and plans of action on control of alcohol and drug abuse and facilitate their implementation, enforcement, continuous review, monitoring and evaluation;
- (viii) Develop and maintain proactive co-operation with regional and, international institutions in areas relevant to achieving the Authority's objectives;
- (ix) In collaboration with other public and private agencies, facilitate, conduct, promote and coordinate research and dissemination of findings on data on alcohol and drug abuse and serve as the repository of such data;
- (x) In collaboration with other lead agencies, prepare, publish and submit an alcohol and drug abuse control status report bi-annually to both Houses of Parliament through the Cabinet Secretary;
- (xi) Assist and support County governments in developing and implementing policies, laws and plans of action on control of drug abuse; and
- (xii) Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other functions as may from time to time, be assigned by the Cabinet Secretary.

(c) The Board Of Directors

1. Hon. John Mututho- Chairman
2. Dr. Frank Njenga Chairman (Retired 24th August 2013)
3. Dr. William Okedi-Chief Executive Officer
4. Ms. Anne Mugo, MBS (Representing PS. Treasury)
5. Dr. Kepha Ombacho (Representing PS. Health)
6. Mr. Mathias Wanyela (Representing Kenya Youth)
7. Mr. Fazul Mahamed
8. Dr. Sam Wanjihia (Retired 3rd October 2013)
9. Mr. Sheik Juma Ngao (Retired 3rd October 2013)
10. Hon. George Achola (Retired 9th December 2013)
11. Rev Wilfred Kogo (Retired 3rd October 2013)
12. Prof. Clara Momanyi (Retired 9th Dec 2013)
13. Mr. Mohammed Mwinyipembe (Alt to PS Education)
14. Mr. Mohammed Barre (Alt. to Ps Interior)
15. Mr. Hamisi Massa (Officer in charge Anti-Narcotic Police Unit)

(d) Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

1. Dr. William N. Okedi - Chief Executive officer
2. Mr. Enoch N. Onchwari- Director, Finance & Administration
3. Mr. John Muturi - Manager, Public Education and Advocacy
4. Ms Jane W. Githinji - Legal Manager
5. Mrs Grace Otieno - Manager, Policy & Planning
6. Mr. Thomas Obulutsa - Manager, Treatment & Rehabilitation
7. Mr. George Murimi - Manager, Regulatory Services
8. Mr. Zeka Wekesa - Manager Communication & Documentation
9. Ms Jane W. Githinji (Legal Manager)

(e) Fiduciary Oversight Arrangements

Audit Board Committee

1. Mr. Fazul Mahamed-Chairman
2. Dr. Kepha Ombacho, MBS
3. Dr. Hamisi Massa

Finance Board Committee

1. Ms. Anne Mugo, MBS-Chairperson
2. Mr. Mathias Wanyela, OGW
3. Mr. Barre Mohammed

Staff & Welfare Committee

1. Mr. Mathias Wanyela, OGW –Chairman
2. Ms Anne Mugo, MBS
3. Mr. Mohammed Barre

Technical Board Committee

1. Dr. Kepha Ombacho, MBS-Chairperson
2. Dr. Hamisi Massa
3. Mr. Fazul Mahamed
4. Mr. Mohammed Mwinyipembe

(f) Entity Headquarters

NSSF Building Block A
Eastern Wing, 18th Floor
P.O. Box 10774-00100
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 0202 2721994
E-mail: info@nacada.go.ke
Website: www.nacada.go.ke
Helpline: 1192
Facebook: NACADA
Twitter: @NACADAKenya

(h) Entity Bankers

Kenya Commercial Bank Ltd
P.O. Box 60000
Milimani Branch
Nairobi, Kenya

Kenya Co-operative of Bank Ltd
Ukulima Branch

Equity Bank of Kenya Ltd
Corporate Branch

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. CHAIRMAN'S STATEMENT

The National Authority for the Campaign Against Alcohol and Drug Abuse Act 2012 requires the Board of Directors to ensure that proper books and other records of accounts of income, expenditure, assets and liabilities of the Authority are kept. This calls for preparation of Financial Statements.

The Board accepts this responsibility and therefore has prepared the attached Financial Statements as at 30th June 2014 based on prudence in judgement in accordance with the International Financial Reporting Standards (IFRS).

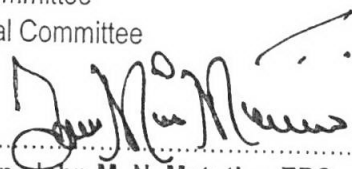
In the opinion of the Board, nothing has come to the attention that the Authority will not remain a going concern for at least twelve months from the date of this statement. The Authority is preparing its Strategic Plan for the period 2014-19 that will provide a strategic direction in the campaign against alcohol and drug abuse in Kenya taking into consideration national government policy provisions, devolved governance structures, as well as emerging alcohol and drug consumption trends.

However, recommendations by the Task Force on Parastatal Sector Reforms may have a bearing on the operations of the Authority.

Committees of the Board

- Finance Committee
- Staff and Welfare Committee
- Audit Committee
- Technical Committee

Chairman:.....


Hon. John M. N. Mututho, EBS

Date:.....

1st. Dec. 2014.

III. REPORT OF THE CHIEF EXECUTIVE OFFICER

NACADA implements activities geared towards fulfilling its mandate as provided for under the NACADA Act (2012) through the following six strategic objectives as set out in the Strategic Plan 2009-2014:

- (i) Strengthen the capacity to coordinate the campaign against ADA in Kenya
- (ii) Develop a comprehensive prevention program so as to reduce demand for alcohol and drugs of abuse
- (iii) Strengthen control measures for alcohol and drug abuse supply suppression
- (iv) Ensure quality treatment and rehabilitation for persons with Substance Use Disorders (SUDs)
- (v) Undertake quality research on alcohol and drug abuse in Kenya in order to guide policy and programmes
- (vi) Strengthen inter-sectoral coordination and collaboration amongst stakeholders

1.1 Strengthen capacity to coordinate the campaign against ADA in Kenya

With the devolved governance system, NACADA has prioritized partnership with County Governments, providing them with the necessary technical support towards smooth devolvement of liquor licensing and drug control functions. This support is provided through five regional offices located in Nairobi, Kisumu, Nyeri, Mombasa and Eldoret. The regional office in Eldoret was operationalized during the reporting period.

Towards development of NACADA 2014-2018 Strategic Plan, the Authority procured the services of the University of Nairobi, School of Business to facilitate the process. The Plan is scheduled to be completed in the FY2014/15.

In order to provide high quality one stop ADA information materials, the Authority has an ongoing partnership with the Kenya National Library Service (KNLS). This partnership has facilitated the improvement of the resource center at NACADA headquarters. Further, the Authority has provided ADA information materials to all KNLS branches countywide as well as uploaded resource materials in the Authority website. This resource center and website serves policymakers, scholars and other members of the public.

The Authority continued to partner with the United Nations Office on Drugs and Crime (UNODC) and the Ministry of Interior and Coordination of National Government to strengthen the National Drug Observatory (NDO). The national drug information system facilitates determination of trends in ADA which consequently informs interventions and reporting. In order to enhance the quality and accuracy of data, the Authority facilitated trainings targeting data officers at the county level. Participants were drawn from the County Commissioner; County Administration Police Commandant; County Police Commandant and the County Governments.

1.2 Develop a comprehensive prevention program so as to reduce demand for ADA

(i) *Youth and children ADA prevention programs*

In enhancing public education and awareness targeting the youth and children in ADA prevention, the Authority continued to partner with the Ministry of Education. During the reporting period, the Authority remitted Kshs. 4,000,000 to the Kenya Music Festival Foundation and Kshs. 4,005,000 to the Kenya Drama Festival Foundation towards sponsoring the anti-ADA category in 2014.

The National Drama Festival was held in Nyeri and five (5) institutions emerged winners in the ADA category. These schools were:

- Kirugoya School for the Hearing Impaired (*Humble Pie Play*),
- Thogoto TTC (*Reversal Verse*),
- Moi Nairobi Girls (*Darling Dolly Verse*),
- Highway Secondary School (*Apondi Situnya Verse*) and
- Kenya Methodist University (*Black Out Play*).

During the reporting period, the Authority held a Training of Trainers (TOTs) workshop aimed at transferring ADA management skills to the Youth Based Organizations. The training was attended by fifty seven (57) participants representing youth organizations from all the counties as well as national youth organizations

namely the Young Men Christian Association, Young Women Christian Association, Kenya Muslim Youth Alliance (KMYA), Matatu Welfare Association, The Anglican Church, Kenya Scout Trainers and the National Youth Service. During the period under review, the Authority further conducted public lectures on ADA in Kenyatta, Laikipia, Taita-Taveta, Pwani and Murang'a Universities.

Towards outreach, youth from various organizations and institutions were sensitized as shown:

Summary of sensitized youth organizations and institutions

Youth Organizations and Institutions	Location
Bungoma County National Youth Council	Bungoma
Butere Girls High School	Butere
Daystar University	Athi River
Founders & Foundree Day By Kenya Scouts Association	Nyeri
Jaramogi Oginga Odinga University Of Science & Technology	Bondo, Kisumu
Kenyan Teachers Training College	Kenyan District
Lamu Youth	Lamu
National Youth Council- Murang'a County	Murang'a
Sanctuary Youth Group	Naivasha Town.
Shimo La-Tewa Boys High School	Mombasa
St. Francis Girls Youth and Children	Mang'u,
Tabasamu La Kilifi	Mtwapa Town Kilifi County
Taita-Taveta Yes Youth Can (Y.Y.C.)	Mwatate Taita-Taveta County
University of Nairobi Students	Chiromo And Main Campuses.

Further, existing ADA resource persons were supported to implement sensitization and life skills programs mostly in primary and secondary schools in their respective catchment areas as well as dissemination of IEC materials.

(ii) *Implement a coordinated IEC strategy*

The Authority engaged various TV stations to disseminate December holiday's goodwill anti ADA message to the public as follows:

- Citizen TV: December 27-31, 2013
- NTV: December 27-31, 2013
- KTN: December 27 -31, 2013
- KBC Channel 1 TV: December 25th -31, 2013
- K24 TV: December 25th -31, 2013

Further the Authority engaged Biblia Husema FM, KBC Radio Taifa, Kass FM, Ramogi FM, Radio Jambo, Musyi FM and West FM to disseminate various anti ADA messages. Further, during the reporting period media interviews on ADA were conducted on various dates as follows:

- a) West FM on December 27, 2013
- b) Kass FM on December 23, 2013
- c) Radio Jambo on December 24, 2013.
- d) Kass FM on December 23, 2013.
- e) Star FM on December 24, 2013
- f) Ramogi FM on December 24, 2013.
- g) Musyi FM on Friday 27 December, 2013.
- h) KBC Radio Taifa on December 27, 2013

In recognition of national anti-ADA champions, the Authority partnered with the Kenya Alliance of Resident Associations (KARA) to facilitate the 2013 Media Excellence Award. The final Gala was held on 11th December 2013 at Sarova Panafric Hotel. The winners of the ADA category were Ms. Angel Katusya of KTN and Ms. Sarah Wafula of Daily Nation. They both received awards of excellence in anti-drug abuse category.

In order to improve the public outreach on alcohol and drugs abuse messages, the Authority purchased and equipped a Road Show Truck. Cluster County roadshows were undertaken in Central, Nairobi, Coast and Nyanza regions in partnership with the County Governments, Civil Society and Faith Based Organizations. These enhanced the dissemination of Information, Education and Communication (IEC) materials. In addition, the Authority's website (www.nacada.go.ke) continued to serve as the major platform for dissemination of all ADA resource materials.

(iii) Partnerships for ADA training

During the period under review, the Authority organized an open forum for stakeholders in the education sector to deliberate inclusion of ADA in the school curricula. Further, the Authority developed and disseminated the County Government's guide on ADA management to all Counties.

(iv) Develop and enhance community driven prevention initiatives on ADA

In order to enhance public awareness on the dangers of alcohol, the Authority participates in National Trade Fairs and ASK shows. During the period under review, the Authority exhibited in Mombasa International Show, Kisii ASK Show, Nyeri ASK Show, Eldoret and Garissa ASK Shows. Further, the Authority participated in Public Barazas organized by the Parent Ministry to facilitate communities' discussion on alcohol and drug abuse issues in their communities, identify local interventions and develop action plans. During the reporting period, the Authority addressed Public Barazas in Makadara, Borabu, Mukurweini and Kilifi North Sub-Counties. The Authority also participated in the Kwale County Stakeholders forum.

The Authority continued to partner with Faith Based Organizations (FBOs) to enhance their participation in the campaign against alcohol and drug abuse. In this regard, a training on ADA mainstreaming was held for Youth religious leaders from the mainstream churches in Kenya namely the Anglican Church, Full Gospel Church, Presbyterian Church of East Africa, Africa Inland Church, Methodist Church and Baptist Church.

One of the Authority's campaign strategy is mainstreaming implementation of activities aimed at reducing the prevalence and minimizing the negative effects of alcohol and drug abuse in the public sector. In support for public sector institutions, priority was geared towards studies to establish the prevalence of ADA in the institutions, development of workplace policy on prevention of ADA and strengthening of the institutional capacity to implement prevention, early detection and support programs for staff with substance use disorder (SUD). In order to increase the uptake of the program, the Authority facilitated a five day training workshop on mainstreaming workplace alcohol and drug abuse prevention program for sixty two (62) public sector institutions drawn from ministries, state departments/agencies and continued to mentor implementing institutions.

1.3 Strengthen control measures for ADA supply suppression

The Authority through the National Technical Committee on Drug Trafficking and Abuse (NTC) continues to forge collaboration with agencies involved in the implementation of policy and legislation against alcohol and drug abuse in Kenya. During the period under review, the National Drug Master Plan and National Strategy for the Prevention, Control and Mitigation of Alcohol and Drug Abuse 2013-2017 were drafted to provide specific interventions to address all aspects of the alcohol and drug abuse in the country. The Authority further initiated stakeholders' deliberations to align the Alcoholic Drinks Control Act, 2010 with the constitution and addressed the gaps faced during implementation. The Alcoholic Drinks Control amendment Bill, 2014 is before Senate.

The Fourth Schedule of the Constitution of Kenya 2010 assigned the alcohol licensing function to the County Governments. In light of this, a Model County Alcoholic Drinks Control Bill, 2013 was developed to aid County Governments in developing their legislations on Liquor Licensing.

1.4 Ensure quality treatment and rehabilitation for persons with Substance Use Disorders (SUDs)

Substance use disorders include the misuse, dependence, and addiction to alcohol and drugs. Substance use disorders from problem use to dependence and addiction.

NACADA is mandated in collaboration with other lead agencies to provide and facilitate the development and operation of rehabilitation facilities, programmes and standards for persons suffering from Substance Use Disorders as well as license and regulate operations of these facilities in the country. Towards increased access to treatment and rehabilitation for persons with Substance Use Disorders, the Authority continues to operate the 24 hour helpline. During the period under review 32,782 calls were attended.

Through partnership with the Ministry of Health and stakeholders, the National Standards for treatment and rehabilitation services were developed and implemented. Licensing regulations for treatment and rehabilitation centers were developed, validated and forwarded to the Ministry of Interior and Coordination of National Government for gazette. Further fifty seven (57) registered treatment and rehabilitation facilities were sensitized on the draft licensing regulations. Towards addressing the shortage of trained personnel in alcohol and drugs addiction prevention and management, the Authority conducted phases 2 and 3 of National Certification Education Training Programme for Addiction Professionals in Eldoret, Mombasa and Nairobi. 117 persons were trained. In regard to development of curriculum for professionalizing ADA field, the Authority held a sensitization workshop for ten (10) training institutions on ADA accreditation policy.

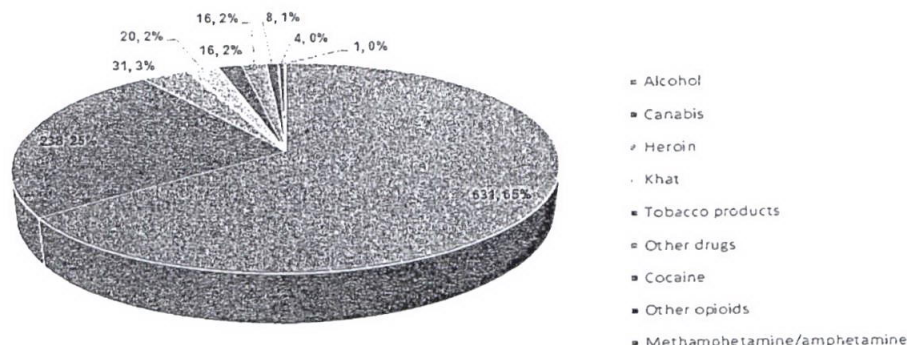
Towards technical/infrastructural support to public treatment and rehabilitation facilities, Kshs. 3,247,155 was disbursed to the Moi Teaching and Referral Hospital towards on-going treatment and rehabilitation construction project. Further Kshs. 3,935,000 was set aside towards renovation of a female addiction rehabilitation centre at the Coast Provincial General Hospital. NACADA continued to monitor renovation of a female addiction rehabilitation center at the Coast Provincial General Hospital and extension of the rehabilitation unit at the Moi Teaching and Referral Hospital. Kakamega Hospital and Kenyatta National Hospital have also been identified for support and discussions with the respective County Governments have been initiated. The Authority continued to support the operations of the certification council by facilitating meetings to develop the Certification Policy and Procedure manual. Further, 47 officers drawn from the Kenya Prison Service, Probation and Children departments were trained on alcohol and drug abuse prevention and management.

The alcohol and drugs abuse treatment admissions statistics are based on data from 19 treatment centers that submitted reports of which, one (1) is public and 18 are private. During the period under review, the treatment and rehabilitation centers reported 965 clients that accessed structured treatment. Most of the treated persons were male (92.7%). Majority of the clients on treatment (38.2%) were aged between 25 – 35 years.

Age and Gender of Clients in Treatment (July 2013 – Mar 2014)

Age structure	Male	%	Female	%	Total
15-24years	156	17.4	13	18.6	169
25-34years	342	38.2	27	38.6	369
35-44years	228	25.5	16	22.9	244
45-54years	100	11.2	7	10.0	107
55-64years	22	2.5	4	5.7	26
Not declared	47	5.3	3	4.3	50
Total	895	92.7	70	7.3	965

The distribution of primary drug use (the substance that brought the client into treatment at the point of initial assessment) of clients. 65% of clients were alcohol users. The majority of remaining drug users were in treatment for problems related to the use of cannabis (25%) and other drugs.



Disaggregation of the admission data by gender shows that male represented the majority of clients. Most females had sort treatment for problems related alcohol or cannabis.

Gender and admissions (July 2013 – Mar 2014)

Main Drug Problem	Male	%	Female	%	Total
Alcohol	578	92	53	8	631
Cannabis	231	97	7	3	238
Heroin	30	97	1	3	31
Khat	20	100	0	-	20
Other	12	75	4	25	16
Tobacco products	14	88	2	13	16
Cocaine	7	88	1	13	8
Other opioids	2	50	2	50	4
Methamphetamine/amphetamine	1	100	0	-	1
Total	895		70		965

1.5 Undertake quality research on ADA in order to guide policy and programmes

During the period under review, the Authority commissioned a study on *shisha and kuber* in partnership with the Government Chemist Department. The analysis of the samples facilitated banning of 19 shisha flavors found to contain narcotics. This was done in conjunction with the Ministry of Health. In furtherance of support to academic research studies on ADA, the Authority has funded four (4) PhD and six (6) Masters students undertaking ADA research during the reporting period. The summary of academic research studies funded is as shown below.

Summary of successful Ph.D. Proposals

No.		PROPOSAL TITLE	AFFILIATION
1.	Ph.D. Proposal	Prevalence, Patterns, Effects and Counseling Interventions of Alcohol Use among Students in Private Christian Based and Public Universities in Kenya	Egerton University
2.	Ph.D. Proposal	Substance Abuse and Risky Sexual Behavior among Universities Students in Coastal Region Kenya	JKUAT
3.	Ph.D. Proposal	Substance Abuse And HIV/STI Risky Sexual Related Behavior among Students in Selected Kenyan Public Universities	JKUAT
4.	Ph.D. Proposal	Gender Perspective and Cultural Epistemology of Alcohol Abuse Interventions Among the Agikuyu Central Region, Kenya	Kenyatta University
5.	M.A./M.Sc. Proposal	The Effects of Perceptions on Compliance with the Kenya Alcoholic Drinks Control Act, 2010; A Case of Kwa-Rhoda Estate, Nakuru County, Kenya	Kenyatta University
6.	M.A./M.Sc. Proposal	Magnitude and Social Economic Effects of Drugs and Substance Abuse among Youth in Samburu County	Kenyatta University

No.		PROPOSAL TITLE	AFFILIATION
7.	M.A./M.Sc. Proposal	Assessment of Substance Abuse by Students in Medical Training Colleges in South Nyanza Region, Kenya	Maseno University
8.	M.A./M.Sc. Proposal	An Assessment of Social Economic and Health Impacts of Alcohol and Drug Abuse in Thika Sub-County	Maseno University
9.	M.A./M.Sc. Proposal	Substance abuse among Secondary School Students in Trans-Nzoia County, Western Kenya	Moi University
10.	M.A./M.Sc. Proposal	The Enforcement and Compliance of Liquor Laws Before and after the Alcoholic Control Act 2010 in Elgeyo Marakwet, County Of Kenya	Mount Kenya University

In regard to dissemination of research findings, five (5) policy briefs were sent to policy makers for developing evidence based policy and programs. The Authority has continued to strengthen the Resource Centre to provide a one stop repository for alcohol and drug abuse resource materials in the country. The Authority further utilizes libraries and resource centres particularly in institutions of higher learning as well as the website to upload information on alcohol and drug abuse.

1.6 Strengthen inter-sectoral coordination and collaboration amongst stakeholders

Towards enhancing the local collaborations, the Authority continued to build the capacity of the Civil Society Organization (CSOs) to effectively deliver messages and improve their service delivery standards, management and reporting on activities. There was however a delay in funding of programs resulting from legislative gaps with the devolution of liquor licensing and control of drugs to the County Governments.

The National Technical Committee on Drug Trafficking and Abuse (NTC) developed a document that outlines basic infrastructural requirements at the airports and border points towards curtailing illicit drug trafficking.

Collaboration talks were initiated with the key youth institutions aimed at reaching out to the youth of this country who are hard hit by ADA. The institutions include National Youth Service, Kenya Scouts Association, Kenya Girl Guides Association, Kenya Muslim Youth Alliance, Young Men's Christian Association and Young Women Christian Association.

Further, partnerships were established with several Faith Based Organizations including the Anglican Church of Kenya, Pentecostal Church of East Africa (PCEA) and Supreme Council of Kenya Muslims (SUPKEM). The partnerships entail training key staff who would take their place as peer educators and campaigners against alcohol and drug abuse.

The Authority participated in the following international meetings where countries exchanged lessons on alcohol and drug abuse prevention and mitigation strategies:

- (i) 25th World Federation of Therapeutic Conference in Bali-Indonesia
- (ii) 23rd meeting of Heads of Law Enforcement Agencies in Addis Ababa, Ethiopia

In pursuit of additional resources and technical collaboration with international organizations, NACADA has secured the commitment by the United States Government through the International Bureau for International Narcotics and Law Enforcement Affairs (INL), to support the country's addiction professional's certification programme and curriculum development curriculum.

IV. CORPORATE GOVERNANCE STATEMENT

NACADA is a state corporation established as such vide the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012. The Authority subjects to and adheres to all the provisions and requirements of corporate governance.

The framework of the NACADA Board and Management entails rules and practices to ensure accountability, fairness and transparency in the Authority's relationships with its stakeholders. NACADA stakeholders include the parent Ministry, management, employees, public sector institutions, private sector institutions and the public.

This corporate governance framework also consists of explicit and implicit contracts between the Authority and stakeholders for distribution of responsibility and rights; procedures for reconciling conflicting interests of stakeholders in accordance with their duties, privileges and roles; and procedures for proper supervision, control and information flow to serve as a system of checks and balances.

To ensure effective implementation, the NACADA Board has undergone several trainings on corporate governance which consisted of the following modules:

- (i) Overview of NACADA Act 2012: Licensing & Certification
- (ii) The Concept & Principles of Corporate Governance
- (iii) Strategic Thinking and Vision 2030
- (iv) The relationship and Roles of the Board and Management
- (v) Communication and reporting in Boards
- (vi) Effective Boards and Committee Meetings
- (vii) Performance Management Framework.
- (viii) Performance Contracting
- (ix) Risk Management
- (x) Challenges Facing Boards in Kenya
- (xi) Ethical Issues facing Boards
- (xii) Practicum: Code of Conduct/Best practices
- (xiii) Action Planning, Evaluation and closure

Through this training, the Board has been even more empowered to ensure that NACADA's operations are geared towards application of principles and practices which are in the best interest of the population of Kenya. The Board has also become more proactive in promoting issues of corporate fairness, transparency and accountability in the internal and external operations of the Authority. In order to ensure continual advancement towards the goal of a Drug Free Nation, training on Corporate Governance has been incorporated as a priority activity for the Board in the Authority's Strategic Plan 2014-2018.

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility (CSR) refers to a business or organization practice that involves participating in initiatives that benefit society. As customers' awareness about global social issues continues to grow, so does the importance these customers place on CSR when choosing where to shop or engage.

NACADA Corporate Social Responsibility Vision Statement

"To build strong, resilient and sustainable communities free from alcohol and drug abuse."

NACADA Corporate Social Responsibility Mission Statement

"We believe in a society free from drugs and substance abuse. We exist not only to serve the community, but also to give back to our community by serving as a catalyst for psychological and physiological wellbeing."

CSR Commitments

Through our commitment to CSR, NACADA will act with integrity to improve the quality of life of our employees and the communities we serve. We will take the steps necessary to have a positive impact on our communities by actively encouraging our staff to recognize and behave in a responsible manner by setting of good examples as an important practice.

NACADA CSR Policy Statement

Policy Objective- The CSR policy objective sets out the philosophy and guiding principles for NACADA's activities and programmes.

CSR Definition- NACADA defines CSR as the integration of social and environmental considerations in how we conduct our programmes and day-to-day activities. We strive to always take our stakeholders' interests into account in our decision making.

Audience and scope- This policy is applicable to all staff and provides them with the principles required to uphold the CSR policy. This policy applies across all of the Authority's operations, and is incorporated into our management, campaign strategy, daily decisions and actions.

GUIDING Principles

NACADA will be responsible for:

- Collaborative engagement with employees, stakeholders, and local communities in setting priorities and implementing solutions pertaining to alcohol, drugs and substance abuse.
- Developing mutually beneficial partnerships with staff and the communities we serve.
- Using its influence to encourage others to limit their negative and enhance their positive alcohol, drug and substance abuse impacts
- Leveraging its resources, expertise, services and relationships for the benefit of our staff and the communities it serves.
- Working with its community partners/stakeholders and use its public voice to advance solutions to alcohol, drug and substance abuse in our communities.

VI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of National Authority for the Campaign against Alcohol & Drug Abuse's affairs.

Principal activities

The principal activities of the entity are campaign against alcohol & drug abuse.

Results

The results of the entity for the year ended June 30, 2014 are set out on page 9-24

Directors

The members of the Board of Directors who served during the year are shown on page (ii)

Auditors

The Auditor General is responsible for the statutory audit of the *entity*

By Order of the Board



Dr. William Okedi, HSC
Secretary to Board

1/12/2014
Date

VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which give a true and fair view of the state of affairs of the National Authority for the Campaign Against Alcohol and Drug Abuse for and as at the end of the financial year (period) ended on June 30, 2014. 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 National Authority for the Campaign Against Alcohol and Drug Abuse; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements give a true and fair view of the state of National Authority for the Campaign Against Alcohol and Drug Abuse's transactions during the financial year ended June 30, 2014, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the National Authority for the Campaign Against Alcohol and Drug Abuse, which have been relied upon in the preparation of the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the National Authority for the Campaign Against Alcohol and Drug Abuse 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 *entity's* financial statements were approved by the Board on _____ 2014 and signed on its behalf by:



Dr. William Okedi, HSC
Chief Executive Officer



Ms. Anne Mugo, MBS
Board Director

REPUBLIC OF KENYA

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NAIROBI HUB
P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of NACADA set out on pages 16 to 28, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of cash flows, the 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

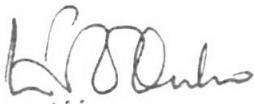
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Basis for Qualified Opinion

As reported in 2012/2013, a former National Coordinator was paid gratuity totalling Kshs.4,186,488.00 based on a basic salary of Kshs.3,201,432.00 per annum plus a house allowance of Kshs.985,056.00 following expiry of a three year contract. However, the contract agreement between the Coordinator and the Authority provided for gratuity to be calculated on the basis of 31% of the basic salary only, which therefore amounted to Kshs.3,201,432.00. There was therefore an overpayment of Kshs.985,056.00 in respect of the gratuity paid to the Coordinator. Further, additional information shows that the Coordinator was paid a top-up allowance of Kshs.920,520.00 during the same year contrary to the contract agreement. Although the matter of overpayment totalling Kshs.1,905,576.00 is before court vide Industrial Cause No. 1097 of 2014, the outcome is uncertain.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of NACADA as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 February 2015

VIII. STATEMENT OF FINANCIAL PERFORMANCE
 For the year ended 30 June 2014

	Notes	2013/2014 Ksh	2012/2013 Ksh
INCOME			
Recurrent Grants (non Exchange Transactions)		225,517,440	319,728,000
Other Income (Exchange Transactions)	3	9,807,073	20,521,575
Total income		235,324,513	340,249,575
EXPENDITURES			
Staff costs	4	93,513,335	92,344,463
Travelling costs	5	16,063,062	19,649,305
Campaign expenses	6	27,026,153	94,444,042
Administrative Expenses	7	48,884,544	49,389,381
Board expense	8	12,031,623	12,992,235
Training expenses	9	20,808,756	28,200,042
Maintenance costs	10	4,250,926	4,686,435
Audit fees provided		580,000	580,000
Depreciation charge	13	10,623,271	14,192,943
Provision for Bad debts			
Other expenses - reimbursable incomes		-	13,393,956
Total Expenditures		233,781,670	329,872,802
Surplus/Deficit		1,542,843	10,376,773

The notes set out on pages 6 to 13 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

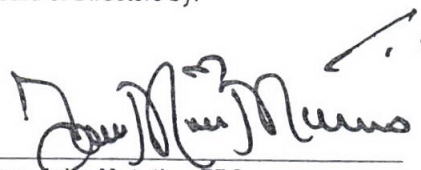
	Notes	2013/2014 Ksh	2012/2013 Ksh
ASSETS			
Assets			
Current assets			
Cash and cash equivalents	11	51,607,480	29,057,147
Receivables (Exchange Transactions)	12	7,044,445	15,025,596
		58,651,925	44,082,743
Non-current assets			
Property, plant and equipment	13	33,930,105	44,070,657
Total assets		92,582,030	88,153,400
Reserves			
Accumulated surplus		26,773,428	26,773,428
Trade and other payables (Exchange Transactions)	14	54,099,681	91,861,738
		11,708,921	9,518,234
Total net assets and liabilities		92,582,030	88,153,400

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Dr. William Okedi, HSC
Chief Executive Officer

Date: 1/12/14



Hon. John Mututho, EBS
Chairman of the Board

Date: 1st Dec. 2014

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Capital	Accumulated Reserves	Total
	(Kshs.)	(Kshs.)	(Kshs.)
Balance B/Fwd. 01.07.2012	26,773,428	42,105,315	68,878,743
Surplus for the year	-	10,376,773	12,128,859
Vat on Audit Fee Which was not Provided for		(80,000)	(80,000)
Income Double Counted ,Invoiced services never given		(540,350)	(540,350)
Balances B/Fwd .01.07.2013	26,773,428	51,861,738	78,635,166
Overstated Liability		600,600	600,600
Overstated Expenditure		94,500	94,500
Surplus for the year		1,542,843	1,542,843
Balances as at 30th June 2014	26,773,428	54,099,681	80,873,109

I. STATEMENT OF CASH FLOWS

Note	2013-2014	2012-2013
Cash flows from operating activities		
Receipts		
Recurrent Grant (non Exchange Transaction)	225,517,440	319,728,000
Other income, (Exchange Transaction)	9,807,073	20,521,575
Profit on disposal of fixed asset	-	(2,042,205)
Prior year Adjustment	695,100	(540,350)
Payments	236,019,613	337,667,020
Compensation of employees	93,513,335	9,234,4463
Travelling Cost	16,063,062	19,649,305
Campaign Cost	27,026,153	94,444,042
Administrative cost	48,884,544	49,388,832
Board Expenses	12,031,623	12,992,235
Others Expenses-Reimbursable	-	13,393,956
Audit fee	580,000	580,000
Training Expenses	20,808,756	28,200,042
Maintenance Cost	4,250,926	4,686,435
	223,158,399	315,679,310
Net cash flows from operating activities	12,861,214	21,987,710
Cash flows from investing activities		
Disposal of Fixed Asset		3,062,250
Purchase of property, plant, equipment and intangible assets	(482,719)	(6,777,834)
Net cash flows used in investing activities	(482,719)	(3,715,584)
Cash flows from financing activities		
Increase/ Decrease in Creditors	2,190,687	3,635,712
Increase/Decrease in Receivables	7,981,151	(9,096,025)
Net cash flows used in financing activities	10,171,838	(5,460,313)
Net increase/(decrease) in cash and cash equivalents		
	22,550,333	12,811,813
Cash and cash equivalents at 1 JULY	29,057,147	16,245,334
Cash and cash equivalents at 30 JUNE	51,607,480	29,057,147

II. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2013-2014	Adjustme nts 2013-2014	Final budget 2013-2014	Actual on comparable basis 2013-2014	Performance difference 2013-2014
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Government Grant	225,517,440	-	225,517,440	225,517,440	-
Other Income	37,000,000	-	37,000,000	9,807,073	(27,192,927)
Total income	262,517,440	-	262,517,440	235,324,513	(27,192,927)
Expenses					
Capital Budget					
Purchase of Furniture & Fittings	500,000	-	500,000	317,070	182,930
Purchase of Computers & IT Equip	500,000	-	500,000	165,649	334,351
Expenses					
Compensation of employees	105,691,230	-	105,691,230	93,513,335	12,177,895
Campaign Expenses	36,076,065	-	36,076,065	27,026,153	9,049,912
Travelling Cost	20,567,684	-	20,567,684	16,063,062	4,504,622
General Expenses	56,266,800	-	56,266,800	48,884,544	7,382,256
Board Expenses	13,460,000	-	13,460,000	12,031,623	1,428,377
Training Expenses	23,000,000	-	23,000,000	20,808,756	2,191,244
Maintenance Costs	5,875,661	-	5,875,661	4,250,926	1,624,735
Audit Fees	580,000	-	580,000	580,000	-
Total expenditure	262,517,440	-	262,517,440	223,641,118	38,876,322

III. NOTES TO THE FINANCIAL STATEMENTS

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

1. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – Grant from the Government

NACADA recognizes Grant from the Government when the cash is received and the Authority has control over it.

Revenue from exchange transactions

NACADA charges fees for training services on cost sharing basis to other public and private sectors entities. The revenue is recognized as income when the services is deemed to have been rendered.

b)

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

c)

All property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation on assets is calculated on a reducing balance basis to write down the cost of assets to their residual values over estimated useful life. The following depreciation rates have been applied:

- Motor Vehicle-25% per annum
- Computer and accessories-30% per annum
- Furniture and fittings-12.5% per annum
- Equipment -30% per annum.

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.

g) Employee benefits –

Retirement benefit plans

NACADA provides retirement benefits for its employees.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, Treasury Bills at Cost

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

Receivables

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Financial liabilities

Trade payables

Trade payables are current and are stated at their nominal value.

a) Credit risk management

The table below represents company's maximum exposure to credit risk as at 30th June 2014 and 2013.

At 30 June 2014				
	Fully performing	Past due	Impaired	Total
Bank balances	51,607,480	-	-	51,607,480
	=====	=====	=====	=====
At 30 June 2013				
Bank balances	29,057,147	-	-	29,057,147
	=====	=====	=====	=====

b) Liquidity risk management

The table below provides a contractual maturity analysis of the company's financial liabilities:

	1 - 6 months Shs 000	6 - 12 months Shs 000	1 – 5 years Shs 000	Total Shs 000
At 30 June 2014				
Financial liabilities				
Trade payables	11,631,054	-	-	11,631,054
	=====	=====	=====	=====
At 30 June 2013				
Financial liabilities				
Trade payables	8,938,234	-	-	8,938,234
	=====	=====	=====	=====

3. Other income	2013/2014	2012/2013
Appropriation in Aid	290,287	1,079,500
Disposal	28,000	2,162,337
Reimbursable incomes	9,488,786	17,279,738
Total income	9,807,073	20,521,575

4. Staff Costs	2013/2014	2012/2013
	Ksh	Ksh
a) Basic Salaries	50,903,701	48,371,711
b) Gratuity	7,432,247	9,616,766
c) Personal Allowances	35,177,387	34,355,986
Total	93,513,335	92,344,463

5. Travelling Costs	2013/2014	2012/2013
	Ksh	Ksh
a) Domestic Travelling and subsistence	13,969,414	16,043,361
b) Foreign Travelling and subsistence	2,093,648	3,605,944
Total	16,063,062	19,649,305

6. Campaign expenses	Ksh.	Ksh.
a) Printing and Publishing Expenses	2,599,838	4,951,406
b) Advertising and Publicity	21,842,916	83,077,951
c) Subscription fees for newspapers	854,135	1,137,891
d) Trade Shows & Exhibitions	1,333,696	4,463,682
e) Specialized materials and supplies	395,568	813,112
Total	27,026,153	94,444,042

Administrative Expenses

	Ksh.	Ksh.
a) Communication & supplies	3,932,657	4,411,055
b) Rent	18,384,242	18,620,633
c) Subscription Fees	154,360	346,000
d) Office and general supplies services	2,466,695	4,103,042
e) Fuel Oil and Lubricants	4,449,306	3,479,326
f) Contracted Guards & Cleaning services	593,586	767,244
g) Hospitality, supplies and services	6,190,489	6,322,185
h) Medical Insurance	11,265,000	9,783,839
i) Motor Vehicle Insurance	1,238,720	1,358,241
j) Bank Charges	209,489	197,816
Total	48,884,544	49,389,381

8. Board Expenses

	2013/2014 Ksh	2012/2013 Ksh
Honoraria to Chairman	819,269	960,000
Accommodation & Conference	6,946,995	5,838,523
Sitting Allowance	4,265,359	6,190,712
Total	12,031,623	12,992,235

9. Training Expenses

	2013/2014 Ksh	2012/2013 Ksh
a) Staff Training expenses	3,116,925	2,214,664
b) Contracted professional services	10,330,359	14,148,287
c) Hire of training facility	7,361,472	11,837,091
Total	20,808,756	28,200,042

10. Maintenance Costs

	2013/2014 Ksh	2012/2013 Ksh
a) Motor Vehicles	3,808,042	3,890,726
b) Other assets	442,884	795,709
Total	4,250,926	4,686,435

11. Cash and cash equivalent

	2013/2014 Kshs	2012/2013 Kshs
Cash on hand	53,794	49,238
Bank account	51,553,686	29,007,909
Total	<u>51,607,480</u>	<u>29,057,147</u>

12. Trade and other receivables

	2013/2014 Kshs	2012/2013 Kshs
Imprest debtors	462,826	927,421
Staff Advances	324,926	-
Other receivables	1,292,361	10,626,554
Prepayments	6,004,928	4,512,217
Provision for doubtful debt	(1,040,596)	(1,040,596)
Total	<u>7,044,445</u>	<u>15,025,596</u>

13. FIXED ASSETS SCHEDULE AS AT 30 JUNE 2014

	Motor Vehicles (Kshs.)	Furniture & Fittings (Kshs.)	Computers & accessories (Kshs.)	Equipment (Kshs.)	Total (Kshs.) 2012/2013
Cost: at 1 July 2012	59,760,510	9,679,364	22,745,618	14,203,136	106,388,628
Additions:	-	2,868,020	3,142,254	767,560	6,777,834
Disposals	(2,067,375)				(2,067,375)
Cost: at 30 June 2013	57,693,135	12,547,384	25,887,872	14,970,696	111,099,087
Additions:	-	317,070	115,654	49,995	482,719
Cost: at 30 June 2014	57,693,135	12,864,454	26,003,526	15,020,691	111,581,806
Depreciation:					
At 1 July 2012	29,145,158	2,369,032	13,728,226	9,143,603	54,386,018
Adjustment	(1,550,531)				(1,550,531)
Depreciation	7,524,627	1,272,294	3,647,894	1,748,128	14,192,943
Depreciation:					
At 30 June 2013	35,119,254	3,641,326	17,376,120	10,891,730	67,028,430
Depreciation	5,643,470	1,152,891	2,588,222	1,238,688	10,623,271
Depreciation:					
At 30 June 2014	40,762,724	4,794,217	19,964,342	12,130,418	77,651,701
Net book value as At 30.06.14	16,930,411	8,070,237	6,039,184	2,890,273	33,930,105
Net book value as At 30.06.13	22,573,881	8,906,058	8,511,752	4,078,966	44,070,657

At 30 June 2014, Equipment with cost of Sh 55,184,258 (2012: Sh551,84,258) was fully depreciated. The notional depreciation charge on these assets is Sh 1,590,324 (2012: Sh. 2,069,215).

14.Accounts payables

	2013/2014	2012/2013
VAT	605,168	605,724
P.A.Y.E	421,847	123,017
Withholding Tax	-	13,400
Subscription fees	92,179	92,179
Motor vehicle repairs	162,266	162,266
Consultancy fees	615,005	106,506
Telkom (K) Ltd	36,417	39,852
Aquamist Ltd	-	25,639
UAP Insurance co.	-	2,084,088
Media Meridian International	-	58,000
Peak Vision	-	285,360
Ministry of Nairobi Metropolitan	380,600	380,600
Universal Cabs	-	68,900
British American Insurance	-	662,903
Kenya school of Law	-	936,317
Kenya Broadcasting Corporation	-	250,560
Alcoholic Drinks Control Fund	34,670	20,000
Apex Communications Ltd	1,000,000	1,000,000
People Media Group	568,400	-
The Standard Group	698,320	-
Capital FM	580,000	-
Family Media Group	440,800	-
Nation Media Group	1,957,920	156,600
Staff dues	115,561	1,553,694
Safaricom Ltd	77,867	40,504
Kenya Bureau of Standards	363,544	-
The Star	440,000	-
One Way Cleaning Services	321,067	-
NSSF	1,302,212	-
Mustek East Africa	23,374	-
Peak Destiny International	80,000	-
Edifface Enterprises	28,200	-
Kenya National Audit Office	580,000	-
Kenya Pipeline	272,125	272,125
Direct deposits	184,209	-
Africa General Entertainment	49,170	-
3 rd National Conference	278,000	-
TOTAL	11,708,921	8,938,234

Related Parties

NACADA regards Senior Management and the Board of Directors as related party as they have ability to exert controls individually or jointly, or to exercise significant influence over the Entity, or vice versa.

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties

(i) Key management compensation

Salaries and other short term employment benefits	27,654,856	27,111,227
	=====	=====

(ii) Board remuneration

Transactions with related parties	12,031,623	12,992,235
	=====	=====

(iii) Outstanding balances with related parties

GOK Grants	-	-
	=====	=====

IV. 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)

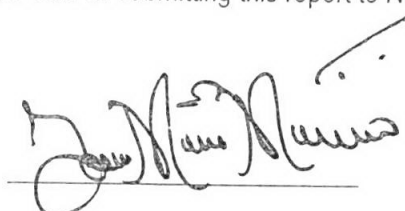
Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Dr. William Okedi, HSC
 Chief Executive Officer

Date: 11/12/14



Hon. John Mututho, EBS
 Chairman of the Board

Date: 1st Dec. 2014