



Enhancing Accountability

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PARLIAMENT
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LIBRARY

THE AUDITOR-GENERAL

ON

**NATIONAL AUTHORITY FOR CAMPAIGN
AGAINST ALCOHOL AND DRUG ABUSE**

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



NACADA

FOR A NATION FREE FROM ALCOHOL AND DRUG ABUSE

OFFICE OF THE AUDITOR GENERAL
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THE NATIONAL ASSEMBLY
PAPERS LAID
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**NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND
DRUG ABUSE (NACADA)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



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I. KEY ENTITY 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 public education and awareness campaigns against drug abuse especially among youth in schools and other learning institutions. This was in response to a wave of violent student unrests 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) 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 and 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, the then President HE Mwai Kibaki assented to the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012 thereby establishing NACADA under an Act of Parliament.

(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) Key Management

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

- Board of Directors
- Chief Accounting Officer/ Chief Executive Officer
- Management

(d) Fiduciary Management

- | | | |
|---------------------------|---|--|
| 1. Mr. Victor Okioma, EBS | - | Chief Executive Officer |
| 2. Mr. Patrick Obura | - | Director, Corporate Services |
| 3. Prof. John Muteti | - | Director, Research and Policy Development |
| 4. Mrs. Grace Otieno | - | Manager, Policy and Planning |
| 5. Ms. Joyce Lisanza | - | Manager, Human Resource and Administration |
| 6. Mr. Samwel Makini | - | Manager, Finance and Accounts |
| 7. Ms. Judith Twala | - | Manager, Counseling and Rehabilitation |
| 8. Mr. Daniel Konyango | - | Corporation Secretary and Legal Services Manager |
| 9. Ms. Susan Maua | - | Acting Manager, Public Education and Advocacy |
| 10. Ms. Medina Ibrahim | - | Acting Manager, Corporate Communications |

i. Fiduciary Oversight Arrangements

Finance Board Committee

- | | | |
|---------------------------|---|-------------|
| 1. Mr. George Ogalo | - | Chairperson |
| 2. Mr. Shem Nyakutu | - | Member |
| 3. Ms. Margaret Moitallel | - | Member |
| 4. Mr. Andrew G. Rukaria | - | Member |
| 5. Mr. Moses Ochieng | - | Member |

Staff and Welfare Committee

- | | | |
|---------------------------|---|-------------|
| 1. Ms. Margaret Moitallel | - | Chairperson |
| 1. Mr. George Ogalo | - | Member |
| 2. Dr. Kepha Ombacho, MBS | - | Member |
| 3. Dr. Salwa Haithar | - | Member |
| 4. Mr. Moses Ochieng | - | Member |
| 5. Mr. Shem Nyakutu | - | Member |

Technical Board Committee

- | | | |
|---------------------------|---|-------------|
| 1. Ms. Farida Rashid, OGW | - | Chairperson |
| 2. Ms. Susan Njau | - | Member |
| 3. Mr. Vincent Muasya | - | Member |
| 4. Dr. Kepha Ombacho, MBS | - | Member |
| 5. Dr. Hamisi Massa | - | Member |
| 6. Mr. Andrew G. Rukaria | - | Member |
| 7. Dr. Salwa Haithar | - | Member |
| 8. Mr. Peterson Mwai | - | Member |

Audit Board Committee

1. Mr. Peterson Mwai - Chairperson
2. Dr. Hamisi Massa - Member
3. Ms. Farida Rashid, OGW - Member
4. Ms. Susan Njau - Member
5. Mr. Vincent Muasya - Member

NACADA Headquarters

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

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Website: www.nacada.go.ke
Helpline: 1192
Facebook: NACADA Kenya
Twitter: @NACADAKenya

NACADA Bankers

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

Co-operative Bank of Kenya Limited
Ukulima Branch
P. O. Box 74956 - 00200
Nairobi, Kenya

Equity Bank of Kenya Limited
Community Corporates Branch
P.O. Box 75104 - 00200
Nairobi, Kenya

Housing Finance Limited
Rehani House Branch
P.O. Box 30088- 00100
Nairobi, Kenya

Independent Auditors

Auditor General
Office of The Auditor General
P.O. Box 30084-00100 GPO
Nairobi, Kenya

Principal Legal Adviser

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

a) Board Members



Lt. Col. (Rtd.) Julius A. Githiri
Board Chairman

Mr. Githiri is a retired military officer with training in security and management and has over 35 years' experience in local and international security risk management, training and consultancy.



Ms. Margret Moitallel
Vice Chairperson

Ms. Moitallel holds a Diploma in Nursing and has previously worked with the Ministry of Health. Currently, she is a Health Director at My Chosen Vessels Organisation. She is an Independent Director at the Board.



Farida Rashid
Board Member

Ms. Rashid is a renowned Coast Anti-Drugs Activist for the last two decades. She is also the Chairlady of Kenya Muslim Women Alliance and has previously served as a Treasurer of Maendeleo ya Wanawake (Coast region). Currently, she heads the Coast Community Anti-Drug Coalition.



Dr. Salwa Haithar
Board Member

Ms. Haidhar holds Master of Medicine, Psychiatry (MMED Psych) and a Bachelor of Medicine and Bachelor of Surgery (MBChB) both from the University of Nairobi. A professional member of Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPDU), East African Young Psychiatric Association, Kenya Psychiatrists Association and Kenya Medical Association (KMA), Ms. Haidhar has worked at Mathari National Referral and Teaching Hospital as Registrar in Psychiatry and the Aga Khan University Hospital as a Senior House Officer in the Paediatric Unit. She represents the Kenya Medical Practitioners and Dentist Board at the Board.



**Mr. George Ogalo
Board Member**

Mr. Ogalo is currently the National Coordinator of Fellowship of Christian Unions (Focus-Kenya). He holds a Bachelor of Education (Arts), Masters of Divinity, Biblical Studies and is currently a PhD candidate in the same field. He is a Teaching Fellow at Africa International University teaching undergraduate student and offering tutorials to students (Hebrew language). Mr. Ogalo is also a Board Member in many institutions and has a wealth of experience in leadership and strategic management. He represents the National Council of Churches of Kenya at the Board.



**Vincent Muasya Mutua
Board Member**

Mr. Muasya is an Artist with passion in community outreach programmes targeting the youth in and out of learning institutions to inculcate behaviour change and mentorship. He is the presenter of a Youth Program at a local television channel - Ebru TV. He represents the Youth at the NACADA Board.



**Moses Danda
Board Member**

Mr. Danda was born in 1965. He is a University graduate whose speciality is Education Administration. He is the National Executive Commissioner at Kenya Scouts Association and represents the Kenya Scouts Association.



**Peterson Mwai
Board Member**

Mr. Mwai is an Independent Director at the Board and has wide experience in corporate governance and insurance industry.



Dr. Hamisi Salim Massa
Board Member

Dr. Hamisi holds a Bachelor of Science Degree in Veterinary Medicine and Surgery from the University of Nairobi and has attended several police and leadership development trainings both locally and abroad. He is the current Officer In-Charge at the Anti-Narcotics Unit. Has previously served as Commandant, Kenya Police Dog Unit and has over 20 years' experience in the Civil Service. He represents the National Police Service at the Board.



Dr. Kepha Ombacho
Board Member

Dr. Ombacho is the current Director, Public Health at the Ministry of Health as well as the Alternate Director to Permanent Secretary in the Ministry of Health. He represents the ministry at the Board.



Andrew G. Rukaria
Board Member

He is currently the Director Administration in the State Department of Early Learning and Basic Education in the Ministry of Education. He is the Alternate Director to Permanent Secretary in the Ministry of Education, Science and Technology and represents the ministry at the Board.



Ms. Susan Njau
Board Member

She is the Director, Youth Development in the State Department of Public Service, Youth and Gender. She is the Alternate Director in the Ministry of Public Service, Youth and Gender Affairs and represents the ministry at the Board.



Mr. Victor Okioma, EBS
Chief Executive Officer

Mr. Victor Okioma was born in 1959. He has a Master’s Degree in International Studies and a Bachelor’s Degree in Economics and Government.

He is the Secretary to the Board in his capacity as the Chief Executive Officer of the Authority. He has worked as a Senior Officer at the Ministry of Interior and Coordination of National Government having risen to the rank of Secretary, in charge of Rehabilitation and Integration.

b) Key Management

Name	Academic and Professional Qualifications	Key Responsibilities
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Mr. Victor Okioma
Chief Executive Officer

Master of Arts in International Studies and a Bachelor’s Degree in Economics and Government.

In charge of overall leadership and management of the Authority’s operations.



CPA Patrick Obura
Director, Corporate Services

MBA Finance
CPA (K)

In charge of overseeing overall operations in the Directorate of Corporates services including Finance, Accounts, Human Resources, ICT and Administration Departments.



Doctorate in Strategic Management; Masters in Economic and Social studies and Postgraduate Certificate in Project Planning, Appraisal and Financing; Post Graduate Diploma in Agri. Economics

In charge of overseeing operations in the following department: Research, Regulatory, Policy and Planning, Monitoring and evaluation.

Prof. John Muteti
**Director, Research, Policy and
Planning**



Ms. Grace Otieno
Manager, Policy and Planning

Master of Arts in Economics.
Postgraduate Diploma in
International Law; Postgraduate
Diploma in Integrated Rural
Regional Development Planning

In charge of Policy and
Planning department in the
Authority operations



Ms. Joyce Lisanza
**Manager, Human Resource and
Administration**

MBA (Corporate Management)
Bachelor of Commerce in Human
Resource Management; CPS Part I
Diploma in Human Resource
Management

In charge of the Human
Resource and Administration
Department overseeing
recruitment, succession
planning, training and
development, employee
compensation, development of
HR policies and procedures,
department workplans and
general administration.



Mr. Samuel Makini
Manager, Finance and Accounts

MBA in Finance and Strategic
Management
CPA(K)
CPS (K)

In charge of overseeing
operations in the Accounts,
Finance and Administration
departments



Ms. Judith Twala
Manager, Counselling and Rehabilitation

Master of Arts in Counselling In charge of Counselling and Psychology; Bachelors of Arts- Rehabilitation department
Theology



Ms. Susan Maua
Ag. Manager, Public Education and Awareness

Master of Arts in Counselling In charge of overseeing operations in the Public Psychology, Bachelor of Education and Advocacy
Psychology-Counselling department
PG Diploma in Education



Ms. Medina Ibrahim
Ag. Manager, Corporate Communications

Master in Communication In charge of overseeing operations in the Corporate Studies, Bachelors of Arts-Design, Communications department
Postgraduate Diploma in Management of NGO's

II. CHAIRMAN'S STATEMENT

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for year ended 30 June, 2019. The National Authority for the Campaign Against Alcohol and Drug Abuse Act of 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 therefore calls for preparation of Financial Statements.

The Board accepts this responsibility and has prepared the attached Financial Statements as at 30th June, 2019 based on prudence in judgement in accordance with the International Public Sector Accounting Standards (IPSAS).

During this financial year, the Authority accomplished significant success in the area of research and engagement with partners in furtherance of its mandate. Key achievements during the period under review include: - Release of a *National Survey on the Status of Alcohol and Drug Abuse in Kenya*, development of various county-specific policies and statutes as well as a surveys highlighting the *Status of Alcohol and Drug Abuse among Secondary School students in Kenya* and *Survey Report on Status of Drugs and Substance Abuse among Primary Schools in Kenya, 2019*.

The Board takes cognisance of the significant challenges that impede the effective implementation of its mandate. These include emerging trends in the manufacture, use and trade in alcohol and other psychotropic substances; devolution of the licensing function from the Authority to county governments which has resulted in reduced income for the Authority; as well as the proliferation of alcohol selling outlets as counties are yet to set up control mechanisms. This has greatly eroded the gains made by the Authority in curbing the menace.

The Authority has identified several gaps in implementation of the Alcoholic Drinks Control Act, 2010 and the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012. If these gaps are addressed, enforcement challenges in implementation of the two laws will be resolved. Currently, review of the two laws is ongoing.

The Authority is on course towards the launch and implementation of its new strategic direction that largely focuses on prevention, treatment and rehabilitation. Consequently, the Authority is collaborating with county governments, non-state actors such as civil society organizations, community-based organizations, religious institutions as well as youth and women groups. We are confident that the gains eroded over the years because of drug use and abuse will be reversed with implementation of these evidence-based prevention interventions.

The Authority's Strategic Plan for the period 2019-22 provides the 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.

On behalf of the Board, I wish to thank the Board Members, Management and staff for their dedication in continuously championing the fight against Alcohol and Drug Abuse (ADA) in Kenya.

Chairman:

Date: 30/9/19

III. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the reporting period, the Authority implemented activities geared towards fulfilling its mandate as provided for under the NACADA Act 2012 and the strategic objectives set out in the Strategic Plan 2015-2019. These are;

- (i) Strengthen the legal and institutional framework at all levels of government;
- (ii) Facilitate implementation of evidence-based ADA intervention programmes with focus on demand reduction and supply suppression in collaboration with devolved governments;
- (iii) Strengthen collaboration with local and international partners on ADA programs;
- (iv) Facilitate the provision of evidence-based quality and holistic treatment and rehabilitation programs for persons with Substance Use Disorders (SUDs) in collaboration with county governments; and
- (v) Provide leadership on policy development and research coordination on matters pertaining to alcohol and drug abuse.

1.1 Strengthen the legal and institutional framework at all levels of government.

During the Financial Year, the Authority carried out a number of activities to strengthen the legal and institutional framework at all levels of government. These included;

- i. Establishment of ADA prevention programs in collaboration with County governments through capacity building for County representatives
- ii. Development of ADA Prevention Science programs;
- iii. Quarterly distribution of publicity materials;
- iv. Support/establishment of Treatment and Rehabilitation facilities in Elgeyo Marakwet (Iten), Nyanza (Kodiaga Prison), Mombasa (Miritini).

1.2 Facilitate implementation of evidence-based ADA intervention programmes with focus on drug demand reduction and supply suppression in collaboration with devolved governments

i) Youth and children ADA prevention programs

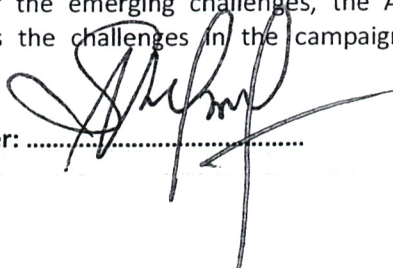
During the Financial Year the Authority implemented various programs targeting the youth and children. These included a National Survey to the sStatus of alcohol and drug abuse, dissemination of findings of the Coast Survey on ADA situation in schools to all the counties in the region; marked the annual African Day of the Child in collaboration with other stakeholders in NACADA regions; collaborated with County Governments to conduct ADA public awareness lectures in all NACADA regions with focus on the youth. The Authority also offered opportunities for internship to 12 interns.

ii) Alcohol and drug abuse prevention programs at the County and National government levels

- i. During the reporting period, the Authority supported 2 County governments to undertake alcohol and drug abuse baseline surveys;
- ii. submitted bi-annual ADA status reports to both Houses of Parliament;
- iii. In order to collaborate with county governments in sensitizing the public on ADA, the Authority participated in National Trade Fairs as follows Kisumu ASK show, Nairobi ASK show; Nanyuki, Mombasa, Eldoret, Kakamega and Kisii.
- iv. Conducted 10 media interviews to enlighten the public on NACADAs mandate; conducted follow up meetings with 47 County Governments on ADA prevention science programs.
- v. The Authority participated and collaborate with County governments to mark important ADA calendar days which include the International Day against Drug Abuse and Trafficking (IDADA), World AIDS Day, Day of the African Child, Youth Week, World No Tobacco Day and World Mental Health Day.
- vi. The Authority inspected and accredited centres which comply with National Standards on Treatment and Rehabilitation.

Taking cognisance of the emerging challenges, the Authority is in the process of developing new strategies to address the challenges in the campaign against Alcohol and Drug Abuse in light of devolution.

Chief Executive Officer:



Date: 30/09/19

IV. CORPORATE GOVERNANCE STATEMENT

NACADA is a State Corporation established through 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 been trained on corporate governance which consisted of the following modules:

- (i) Overview of NACADA Act 2012
- (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's capacity was built to ensure that NACADA 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.

V. MANAGEMENT DISCUSSION AND ANALYSIS

In order to deliver on various aspects of NACADA's mandate the following activities were accomplished during the period.

(a) NACADA's Operational and Financial Performance

The Authority implemented a number of programs during the Financial Year aimed at ensuring delivery of its mandate as agreed in this Financial Year. These programs have been delivered through four (4) programmatic areas: Public Education and Advocacy; Counselling and Rehabilitation; Strengthening Institutional Capacity and Cross Cutting Issues respectively.

The following are the activities in the Performance Contract and Annual Work Plan accomplished during the period:

Public Education and Awareness

As a key strategic focus of the Authority, the following programmatic initiatives were undertaken under the thematic areas as follows"

Workplace Prevention Interventions: Three (3) Workplace Based Prevention Interventions cluster trainings for Alcohol and Drug Abuse (ADA) committees in public sector institutions in Nairobi, Kisumu and Mombasa were conducted. A total of 122 participants from forty institutions were reached. In addition, three (3) In-house trainings were conducted for Geothermal Development Corporation, National Construction Authority and Lake Basin Development Authority.

Family-based Prevention Interventions: Conducted 3 capacity building training workshops on Family Based Prevention Interventions for 64 participants for All Saints Cathedral leaders; 33 participants for ACK Karen; 45 participants for Bible Society of Kenya. Participated in the annual drug awareness walk by Pathfinders Club of the Seventh Day Adventist Church on 12th May 2019 for 500 children who are members of the Pathfinders Club. Sensitization of parents at the Seventh Day Adventist Church in Eastleigh, Nairobi on May 25th 2019 as part of their church service.

Life-Skills Training Program: Initiated Life Skills Training program in partnership with Ngong Rd Children's Association based at Santack Estate during the school holidays targeting 40 pupils from class 5 – 7. Monitoring LST program in primary schools done 6 schools in Nairobi; 9 in Nyeri and Embu county; 7 schools in Kitui and Garissa counties; 11 schools in Coast counties. Rolled out LST in 5 additional schools in Coast region.

Conducted sensitizations in the following schools and colleges:

- Held a health talk in Nyeri for 290 university students on drug abuse and addiction counselling; fifty-eight (58) received individual counselling.
- Participated in Kirinyaga education fair reaching out to 1,000 people at the fair and many more through 2-day road show in run up to the activity.
- Reached out to 50 youth at Takaungu Polytechnic, Kilifi county; participated in Annual Youth summit for SOS children villages in Mombasa- the focus was on youth empowerment, mentorship and substance abuse.
- Other sensitizations included: 12 teachers on drug use prevention in schools during a symposium held by SCAD Kenya on 4th May 2019 in Kajiado North Sub-county; Sensitization of youth on drug use prevention and treatment during the Naikarra Symposium held in Naikarra, Narok South from 23rd – 25th April 2019;
- Held a sensitization in Kerugoya for 61 teachers drawn from 45 primary schools and 16 secondary schools in Mathira on effects of drugs and substance abuse and prevention of substance abuse in their schools.
 - ii. Conducted ADA sensitizations for 314 students of Eldoret Central and Segero Secondary schools; 176 Persons with SUDs during Brief at Kapsabet School for the Deaf; 150 youth at Marsabit Korr Catholic Mission Youth Festival.
 - iii. Dr Mwenje Secondary School in Embakasi, Nairobi on 15th May 2019 for 900 boys and girls on the effects of drugs and how the young people can prevent themselves from drug use
 - iv. Broadways High School in Thika East on 7th May 2019 for 1000 boys and girls. The sensitization highlighted effects of drugs with a focus on youth.
 - v. Conducted sensitization forum in Weru Secondary School, Nyandarua where at least 800 students were sensitized. Dedan Kimathi Secondary school where at least 400 students sensitized. Nyamachaki Primary School and at least 800 pupils sensitized. The regional office also sensitized the youth during the Annual Kenya Scouts Founderee Event from 21st-22nd February, 2019 at Kabiruini Ground where about 400 youths were reached during the event.
 - vi. Conducted sensitization forum for 600 student's leaders, teacher counsellors and Student Governing Council of KESSHA on 16th February 2019 at Kwathanze High school.
- Conducted sensitization forum for 3,000 student leaders, teacher counsellors and student governing council of KESSHA on 8th April 2019 at Nakuru High School.
- Conducted sensitization for 400 ACK sponsored schools Principals on 10th April 2019 at All Saints Cathedral.

- Conducting a weekly wellness program targeting Prisons Officers/ Warders at the Eldoret Main GK Prison between January and February, 2019 reaching out to 220 participants.
- Conducted ADA sensitization at Poror High School on 2nd March, 2019 reaching 287 students; Conducted ADA sensitization at Kipsotoi Secondary School in Nandi County on 14th March, 2019 reaching 126 participants. Kakuku Secondary Machakos County on 29th March reaching out to 10 teachers and 300 students and Muhoho High school on 2nd March, 2019 reaching out to 200 students.

Conducted sensitizations to the following out of school youth organizations and groups:

- vii. Conducted sensitization to 10 members of New Life self-help group, Bungoma on addiction;
- viii. Conducted sensitization for 90 reformed brewers in Soy; training for 24 Nandi county religious leaders, opinion and youth leaders on ADA related issues; 63 persons reached on Mashujaa day with drug prevention information in Eldoret; 186 persons sensitized in Nandi county on ADA; 32 volunteers in VSO sensitized in Nandi county. Four hundred and seventy-five students reached through Kenya National Library Services during school holidays.
- ix. Conducted sensitizations for Kajiado Youth at Sarakasi Dome Nairobi; conducted 8 sensitizations for bar owners and other stakeholders in collaboration with Nairobi County Liquor Board.
- x. Facilitated youth sports extravaganza in collaboration with Jaguar Youth Foundation in Starehe Constituency and donated a trophy.
- xi. Participated in 3rd Biannual Youth Leadership Conference organised by East Africa Youth Parliament a platform to inform on leadership, policy and governance and effect of substance use on these.
- xii. Participated in annual Lamu cultural festival; 52 teenagers undergoing circumcision reached with drug prevention messages at PCEA Kitale; reached at least 800 participants from 8 Central region sub counties of Nyeri during World Mental Health Day on 10th October; marked International Day for Persons Living With Disabilities on 3rd December at Tononoka grounds; marked World AIDS Day in Uasin Gishu county.
- xiii. Reached out to over 400 youth in International Youth week held at Kisii High School and 128 youth in Nandi county. Over 1000 various IEC materials including booklets, ADA free bracelets, reflector jackets, caps and posters were distributed.
- xiv. Conducted sensitization forums in the 8 sub-counties of Muranga County to 150 participants representing bar owners, National Government officials, youth, women groups, Faith Based leaders, Nyumba Kumi leaders, and village elders; 800 participants from youth groups, women groups and PWD groups and Bodaboda Riders Groups in Nyeri County.
- xv. Donated trophies for Samba Youth Agenda involving 17 soccer teams in Kwale County.
- xvi. Conducted ADA sensitization during a Public Participation Forum on drug and alcohol abuse at Ithekahuno in Nyeri County. The forum was held on 12th March 2019 targeting members of the community and was attended by the area DCC, ACC, Chiefs, area MCA, Director of Alcohol, County Public Health Officer, Police Inspector, Bar Owners Association reps among others. The activities were aimed at resolving the rampant alcohol abuse in the area and mushrooming bars that were accused of selling before time. The community and leaders came up with a memorandum of understanding and resolved to close 7 bars in the area. NACADA officer sensitized the public on ADA and IEC Materials were distributed to about 500 members in attendance.
- xvii. Conducted Community outreach programs on March 2019 targeting members of the community. The outreach activities were held at Mjinii, an informal settlement and at Kamahuha shopping centre in Muranga County. The activities were aimed at; mapping areas in the counties which need intervention in the

- areas of ADA treatment and screening of persons with SUDs and offer counselling.
- xviii. In collaboration with Unite Community Organization and Empowerment Network (Youth Group) and County Government conducted a football tournament with ADA theme in Turbo Uasin Gishu County on 13th March, 2019 reaching out to about 250 participants.
- xix. Conducted a sensitization forum for 1400 chiefs, assistant chiefs at National Police college on 9th February 2019.

Hosted NACADA-ISSUP-AU International conference on Drug Demand Reduction 10-14 December 2019 drawing over 2,000 participants from 86 countries.

Commemorated the International Day Against Drug Abuse and Illicit Trafficking in Kisumu on 26th June 2019.

Participated in multi-agency meetings in Kisumu and Wajir counties; participated in crack downs on illicit brews and inspection of liquor outlets in Taita Taveta, Mombasa, Kwale, Nairobi and Uasin Gishu counties. 17 multi-agency meetings held in Elgeyo Marakwet, Uasin Gishu, Embu, Nyeri, Kilifi, Kwale, Turkana, West Pokot, Baringo, Nairobi, Trans Nzoia, Samburu, Kisii, Kisumu, Taita Taveta counties between January and March 2019. Conducted crackdowns targeting alcohol selling outlets and illicit alcohol in Naivasha, Nakuru County 15 – 16 June 2019; Kiambu County 20 - 24 June 2019; Nairobi County 27 – 30 June 2019. Crackdowns were conducted in Central Region on in the month of February 2019 in Nyeri, Murang'a, Kirinyaga and Kiambu Counties. Participated in crackdowns 6th to 9th March 2019 in Kisii, Nyamira and Kisumu counties; 18th and 19th March, 2019 a multi-agency crackdown in Uasin Gishu County; 5th -16th February in Nairobi county and 16th March in Kajiado county. The crackdowns were conducted by Regional Multi-Agency Teams under the supervision of Regional Coordinators.

Counselling and Rehabilitation

Regular quarterly meetings held with Kenya Certification Council for Addiction Professionals. Inspection of 32 treatment and rehabilitation facilities, among them 24 were accredited. Conducted Community Outreaches held in two Regions Certification exams for addiction professionals was held. Carried out community outreaches in 6 NACADA regions reaching 1200 persons. The Authority supported a total of 65 persons with substance use disorders to accredited rehabs with support from partners.

Developed a database of resource persons in all regions on recovery coaching. Supported 6 County Governments to establish/refurbish treatment and rehabilitation facilities i.e. Kakamega, Bomet, Nyeri, Kisumu, Kwale and Taita Taveta. Most facilities are over 95% complete. Capacity building of 90 addiction professionals. Supported establishment/equipping T & R centers in Kisumu, Bomet, Kakamega, Nyeri and Taita Taveta counties. Supported 65 needy persons with SUD to access rehabilitation services. Supporting the operations of the Kenya Certification Council.

Strengthening Institutional Capacity

The Authority undertook various institutional strengthening activities. The Communication and **Media Relations Policy** for the organization. The first edition of **NACADA Mashinani** E-Newsletter and disseminated to the Authority's stakeholders through the organization's online platforms on 11th April, 2019 and the published the second E-newsletter about **NACADA CSR Initiative** on May 16th, 2019. The first ever **Anti-ADA Walk** was held in Kisumu county in collaboration with Nyanza Regional Office and partners on 24th June, 2019. Over 30 stakeholders partnered with the Authority in this initiative. The Authority commemorated the **International Day Against Alcohol and Drug Abuse (World Drug Day)** in Kisumu county in collaboration with

Kisumu county and local partners in Nyanza region on 26th June, 2019. A total of 37 staff were sensitized on comprehensive HIV and AIDS knowledge.

Implementation of Customer Service Delivery

The Authority continued to implement commitments espoused in its **Resolved Client Service Delivery Charter** by ensuring conformity with the commitments in the charter by establishing compliance mechanisms; reviewing and displaying the charter prominently at all points of entry/service delivery points; sensitizing all employees on the service delivery charter and cascading it to all levels; customizing the Charter to the unique needs of customers by training two front office staff on sign language and translating the charter into braille for the visually impaired.

The Authority maintained automation of its business processes while maintaining its ISO certification. In addition, there was continued implementation of cross-cutting activities such as HIV/AIDS, Disability, Gender Mainstreaming, Anti-Corruption, National Cohesion, National Values and Corruption Eradication as directed.

c) NACADA's Compliance with Statutory Requirements

NACADA has complied with statutory requirements in all aspects.

d) Key Projects and Investment Decisions the NACADA Is Planning/Implementing

NACADA is currently facilitating three (3) Elgeyo Marakwet, Kisumu (Kodiaga Prison) and Miritini NYS Treatment and Rehabilitation Centre. The 3 Counties have selected the projects they wish to establish from scratch or rehabilitation/refurbishment of existing facilities in collaboration with NACADA. These projects are at various stages of implementation.

VI. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT/SUSTAINABILITY REPORTING

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.

CSR Commitments

Through our commitment to CSR, NACADA strives to 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. As part of corporate social responsibility, NACADA sponsored a total of 10 students pursuing either Masters or PhD to carry out research in area related to Alcohol and drug abuse.

The Authority undertook the first ever **Corporate Social Responsibility** activity in support of **Sustainable Development Goal 15** which aims to *"protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, reverse and halt land degradation and halt biodiversity loss."* This was a collaborative initiative with the Agricultural Society of Kenya, Kenya Forest Service among other partners.

The Authority's **Corporate Social Responsibility Policy** was validated and operationalized during the financial year.

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

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.

VII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the NACADA's affairs.

Principal activities

The principal activities of the entity are (continue to be) page 1

Results

The results of the entity for the year ended June 30, 2019 are set out on page 25

Directors

The members of the Board of Directors who served during the year are shown on page 5-8.

Auditors

The Auditor General is responsible for the statutory audit of the NACADA in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14(i) 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 Authority 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 period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of National Authority for the Campaign Against Alcohol and Drug Abuse.

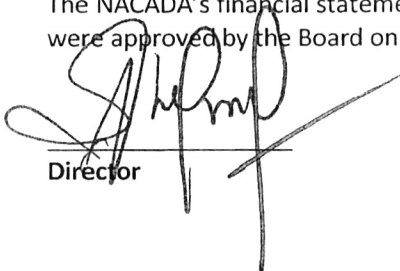
The Directors are responsible for the preparation and presentation of National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which give a true and fair view of the state of affairs of the National Authority for the Campaign Against Alcohol and Drug Abuse for and as at the end of the financial year (period) ended on June 30, 2019. 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 Authority (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 Public Sector Accounting Standards (IPSAS), 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, 2019, and of the Authority'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.

a) Approval of the financial statements

The NACADA's financial statements have been prepared in accordance with Section 81 of the PFM Act and were approved by the Board on _____ 2019 and signed on its behalf by:



Director

Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Authority for Campaign Against Alcohol and Drug Abuse set out on pages 20 to 49, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and 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 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 the National Authority for Campaign Against Alcohol and Drug Abuse as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the NACADA Act, 2012 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 Authority for Campaign Against Alcohol and Drug Abuse 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 are 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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the Management is aware of the intension to liquidate the Authority or 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

29 January, 2021

X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Income			
Gok Fund	5	333,531,297	118,159,510
Liquor Licensing (non-exchange transaction (Alcoholic Drinks Control Act 2010)	6	13,896,333	13,093,830
Interest Earned-Exchange Transaction	7	4,469,290	13,027,769
Other Income	8	14,312,391	10,609,867
Total Income		366,209,311	154,890,976
Expenses			
Refund of Licenses	9	-	15,000
Employee costs	10	217,989,759	186,958,802
Remuneration of directors	11	17,809,184	31,054,119
Depreciation and amortization expense	23	16,077,793	12,564,892
Repairs and maintenance	12	9,006,180	8,136,961
Campaign Expenses	13	54,973,006	87,947,557
Traveling Expenses	14	17,867,334	71,762,630
General expenses	15	85,515,169	70,008,157
Training & Research	16	8,883,118	33,669,227
Support to liquor licensing committees	17	4,631,840	6,184,548
Reimbursable Expense	18	27,311,467	10,361,237
Total Expenses		460,066,850	518,663,130
Deficit for the period		(93,857,539)	(363,772,155)

The notes set out on pages 26 to 45 form an integral part of these Financial Statements.

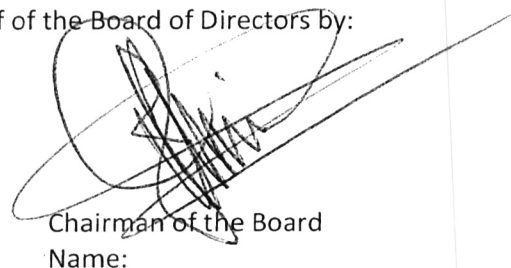
XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

		2018-2019 Kshs	2017-2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	19	139,337,912	281,768,456
Receivables from exchange transactions	21	200,912,133	211,016,787
		340,250,045	492,785,243
Non-current assets			
Property, plant and equipment	23	61,440,222	39,028,060
Total assets		401,690,267	531,813,303
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions		86,578,915	86,398,591
Provisions-Audit Fee		580,000	580,000
Total liabilities	22	87,158,915	86,978,591
Net assets		314,531,352	444,834,712
Reserves-Capital Fund		26,783,428	26,783,428
Accumulated surplus		270,687,345	360,917,505
Rehabilitation centre		17,060,579	57,133,779
Total net assets and liabilities		314,531,352	444,834,712

The Financial Statements set out on pages 20 to 24 were signed on behalf of the Board of Directors by:

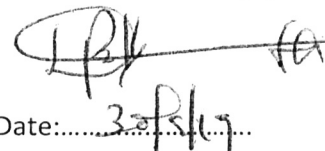

 Chief Executive Officer
 Name:

Head of Finance
 Name: *PATRICK OBUHA*


 Chairman of the Board
 Name:

ICPAK Number: 5581

Date: *30/9/19*


 Date: *30/9/19*

Date: *30/9/19*

XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Rehabilitation Reserve	Reserves Capital Replacement Development Reserve/Capital Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2018	68,627,219	26,783,428	724,689,659	820,100,306
Deficit for the period	(11,493,440)		(363,772,154)	(375,265,594)
Prior Year Adjustment. Estimation errors			3,627,378*	3,627,378*
Balance as at 30 June 2018	57,133,779	26,783,428	364,544,883	448,462,090
Balance as at 1 July 2018	57,133,779	26,783,428	364,544,883	448,462,090
Surplus/(deficit) for the period	(40,073,200)	-	(93,857,538)	(133,930,738)
Balance as at 30 June 2018	17,060,579	26,783,428	270,687,345	314,531,352

*Prior year adjustment

Salaries and wages expensed off overestimated	Kshs	797,940
Estimation errors in liabilities	Kshs	2,636,978
Recoveries from staff	Kshs	192,460

Total **Kshs** **3,627,378**

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2018

	Notes	2018-2019 Kshs	2017-2018 Kshs
Cash flows from operating activities			
Receipts			
GoK Fund	5	333,531,297	118,159,510
Liquor Licensing (non-exchange transaction (Alcoholic Drinks Control Act 2010)	6	13,896,333	13,093,830
Interest Earned-Exchange Transaction	7	4,469,290	13,027,769
Other Income	8	14,312,391	10,609,867
Total Receipts		366,209,311	154,890,976
Payments			
Refund of Licenses	9	-	15,000
Compensation of employees	10	217,989,758	186,958,802
Remuneration of Board of Directors	11	17,809,184	31,054,119
Repairs & Maintenance	12	9,006,180	8,136,961
Campaign Expenses	13	54,973,006	87,947,557
Travelling Expenses	14	17,869,334	71,762,630
General Expenses	15	85,515,169	70,008,157
Training & Research	16	8,883,118	33,669,227
Support for Liquor Licensing Committees	17	4,631,840	6,184,548
Reimbursable Expenses	18	27,311,467	10,361,237
Total Payments		443,989,056	506,098,238
Net cash flows from operating activities		(77,779,745)	(351,207,263)
Cash flows from investing activities			
Purchase of property, plant, equipment	22	(38,489,955)	(5,163,870)
Proceeds from sale of property, plant and Equipment			1,258,131
Increase /Decrease in non-current receivables		180,324	(9,355,390)
Increase /Decrease in non-current liabilities		10,104,654	(33,206,166)
Net cash flows used in investing activities		(28,204,977)	(46,467,295)
Cash flows from financing activities			
Prior year adjustment		3,627,378	(1,420,655)
Rehabs Establishment		(40,073,200)	(11,493,440)
Net cash flows used in financing activities		(36,445,822)	12,914,095
Net increase/(decrease) in cash and cash equivalents		(142,430,544)	(410,588,653)
Cash and cash equivalents at 1 July		281,768,456	692,768,453
Cash and cash equivalents at 30 June	20	139,337,912	281,768,456

XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Variance percentage	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
Income	Kshs	Kshs	Kshs	Kshs	Kshs		
GOK Fund	340,338,056		340,338,056	333,531,297	(6,806,760)	(2%)	
Liquor Licensing	10,000,000		10,000,000	13,896,333	3,896,333	39%	1
Reserves -Rollover	144,300,000		144,300,000	144,300,000			
Interest Earned	-		-	4,469,290	4,469,290	100 %	2
Other Income	20,000,000		20,000,000	14,312,391	(5,687,609)	(28%)	3
Total income	514,638,056		514,638,056	510,509,311	(4,128,745)		
Expenses							
Purchase Motor Vehicles	20,000,000		20,000,000	19,575,725	424,275	2%	
Purchase Furniture/Fittings	13,150,000	2,300,000	15,450,000	18,314,230	(2,864,230)	(18%)	4
Purchase Computer /IT	703,282		703,282	600,000	103,282	14%	5
Staff cost	217,347,044	(1,000,000)	216,347,044	217,989,758	(1,642,714)	(1%)	
Board Expenses	14,602,400	5,000,000	19,602,400	17,809,184	1,793,216	9%	
Depreciation	-						
Repairs & Maintenance	6,900,000	3,000,000	9,900,000	9,006,180	893,820	9%	
Campaign Expenses	35,584,714	14,255,919	49,840,633	54,973,006	(5,132,373)	(10%)	
Travelling Expenses	15,550,000	1,000,000	16,550,000	17,867,334	(1,319,334)	(8%)	
General Expenses	78,900,618	3,652,192	82,552,810	85,515,169	(2,962,358)	(4%)	
Training & Research	7,600,000	307,988	7,907,988	8,883,118	(975,130)	(12%)	6
County Governments	-		-	4,631,840	(4,631,840)	(100%)	7
Reimbursable Exp	20,000,000		20,000,000	27,311,467	(7,311,467)	(37%)	8
Rehab Establishment	84,286,393		84,286,393	40,073,200	44,213,193	52%	9
Total expenditure	514,624,451	28,516,099	543,140,550	522,552,211	20,588,340		
Surplus for the period	13,605	(28,516,099)	(28,502,494)	(12,042,900)	(24,717,086)		

Budget Notes

1. Liquor licensing though devolved some counties had not put in place necessary legal framework hence continued to license though NACADA.
2. Interest earned from Treasury bills and Mortgage deposit fund performed well due to cross monitoring by Finance Unit.
3. The revenue is generated from services offered by Authority on cost sharing basis. It may not be possible to predict the demand 100 percent
4. Authority engaged a contractor to partition new premises during the year, the actual amount won on the tender surpassed initial estimates.
5. New senior officers engaged by the Authority were facilitated with IT equipments which had not been initially considered.
6. The new staff engaged were also oriented and trained accordingly to enable them settle on their job
7. Sub-counties licensing committees are entitled to fifty percent of liquor licensing fee as per the Alcoholic Drinks Control Act, 2010 to enable them meet their administrative cost. This is not part of the Authority's activities and is as such not budgeted.
8. Authority held an International conference ISSUP during the year, though the cost of were not recouped the gains made in ADA issues and international recognition were tremendous.
9. The process of building and equipping rehabilitation centres is subject to Government regulations and procedures such as PPOAD act and Public participation. This make the projects overlap from one financial year to another.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

NACADA is established by and derives its authority and accountability from 2012 Act. NACADA is wholly owned by the Government of Kenya and is domiciled in Kenya. NACADA's Principal activity is to carry out Public education and awareness on alcohol and substance abuse.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

NACADA'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.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS.	NACADA adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first-time adoption of accrual basis does not apply to the entity.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

NACADA adopted IPSAS in the year ended 30 June 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Liquor Licensing

NACADA recognizes revenues from liquor license on cash basis but recognizes direct credit in the Bank Accounts at the end of financial year as revenue. Returns which comprises of deposit slips and a copy of license issued are summarised by the sub counties and delivered to the Authority for confirmation and acknowledgment by issuing receipts. These receipts are booked in the cash book as income from liquor licensing. At the end of each month cash book and bank reconciliation statement is prepared credits in the banks statements which has not be acknowledge by issuing receipts are regarded as direct credits and recognized as revenue which are subsequently confirmed by returns from the sub counties.

Other Income

If an error of estimation from prior year occurs the same is treated as others income and properly referenced by a note, similarly if cost previously incurred and expensed off in prior years are reimbursed then the amount is treated as other income in the year it was received.

ii. Revenue from exchange transactions

The NACADA does not have any other source of income from exchange transactions.

Interest income

The Authority has also staff mortgage scheme which is managed by Housing Finance Group. The Scheme generates interest on quarterly basis on the fund balance which the Authority recognizes as interest when realised.

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly on 08/06/2017. 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 the NACADA upon receiving the respective approvals in order to conclude the final budget. Accordingly, NACADA recorded additional appropriations of 333.5 M on the 2018-2019 budget following the governing body's approval.

The NACADA'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 accrual 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.

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c) Property, plant and equipment

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-33.33% per annum
- Furniture and fittings-12.5% per annum
- Equipment -33.33% per annum.

d) Research and development costs

NACADA is mandated to carry out research in the Country and assess the level of drug abuse with a purpose of assisting the National Government in policy formulation. Public institutions as well as private institutions also engage the Authority in carrying out research on substance abuse parameters in their entities workforce so as to mitigate their effects.

The cost associated with this research is expensed off during the financial year without recognizing any intangible assets.

e) Financial instruments

Financial Assets

Receivables

- Current receivables; these include imprest balance held by staff, prepayment for service, Deposit for service provision, Interest from treasury bills earned but not received. The amount normally has short time duration in converting into service or cash; it is carried in the books at historical cost.
- Noncurrent receivables; these include Fund Balances held by Fund Managers, Mortgage balances held by staff, any deposit or prepayment which can extend to more than one financial year. The balances are carried in the books at historical cost

NACADA periodically reviews these receivables for non-performance and takes the necessary action in their realization including follow up with the staff concerned in case of imprest not Surrendered within the stipulated time

f) Financial liabilities

Payables

These includes amounts which has not been paid for service rendered, amount due to staff but have not paid by closure of the year, staff payroll deductions which has not been submitted to the relevant institutions.

Provision for services including audit fee, commitments made during the financial year and part of the works has been done or deliveries have been made awaiting invoices from the suppliers or consultants.

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This includes also any security which may have been paid to secure a tender as per the guideline which may be set out by the Authority.

The amounts are carried in the books on historical cost and efforts are made to monitor the balances for non-performance.

g) Provisions

The Authority doesn't have provision other than provision for Audit fee.

Contingent liabilities

NACADA 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 not remote.

Contingent assets

NACADA 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.

h) Nature and purpose of reserves:

Capital reserve

This was the initial capital injected in the fund which has consistently been reflected in the books of accounts

Revenue reserves

This is the accumulation of surplus over the period from the date the Alcoholic Drinks control Act 2010 was operationalized, however the reserves are now depleted after the enactment of the new constitution which devolved the liquor licensing to County Government came into effect from April 2013. Most of the counties enacted the relevant laws to enable them carry out the liquor licensing roles while others are yet to enact the required laws. A few however continued to license as before while submitting the returns to the Authority. Being a fund, the reserves are used to finance the operations of the Authority every financial year.

i) 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.

j) Employee benefits

Retirement benefit plans

NACADA has a retirement plan for its permanent employees. This is done by maintaining a retirement benefit pension fund managed by Zamara Pension. The Scheme comply with RBA

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regulations; employees contributes 10 percent of their basic salary while the employer contributes 20 percent of the basic salary.

In addition, NACADA is a registered contributory member of National social security fund.

k) Foreign currency transactions

NACADA does not deal in foreign currency transactions while operating this fund.

l) Borrowing costs

The Authority has never engaged in fund borrowing since its inception.

m) 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, senior managers, the parent Ministry and the National Government.

n) Service concession arrangements

NACADA does not have service concession arrangements.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 91 days Treasury bills invested in Central Bank through Commercial Banks or directly with Central Bank, 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.

p) Comparative figures

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

q) 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, 2019.

5. Government of Kenya (GoK) Fund

Description	2018-2019	2017-2018
	Kshs	Kshs
Amount received	333,531,297	118,159,510
Amount in transit	-	-
Total revenue	333,531,297	118,159,510

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6. Liquor Licensing Income

Description	2018-2019	2017-2018
	Kshs	Kshs
Received amount	-	1,465,000
Direct Credit to the Bank	13,896,333	11,628,830
Total revenue	13,896,333	13,093,830

Liquor licensing which was the major source of income to the fund was devolved and taken over by counties as per the new constitution only a few which are yet to take over.

7. Interest Earned Income

Description	2018-2019	2017-2018
	Kshs	Kshs
Interest from Treasury Bills		8,377,941
Interest from Fund Managers		-
Interest from Staff Mortgage Fund	4,469,290	4,649,827
Total	4,469,290	13,027,768

Treasury bills invest is on the decline as the reserve fund is being exhausted, during the year the Authority staff mortgage deposit generates income.

8. Other Income

Description	2018-2019	2017-2018
	Kshs	Kshs
A.I.A	20,000.00	210,457.00
Reimbursable income	14,150,391	8,192,511.00
Disposal gain	-	1,298,369.00
Erroneous omission of commitment expensed	-	31,908.00
Sponsorship Colombo Plan	-	139,803.75
One Month's salary in lieu of notice	142,000.00	67,400.00
Credit balance in pension initially expensed off	-	669,418.00
Total	14,312,391	10,609,867

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9. Refund of License

Description	2018-2019	2017-2018
	Kshs	Kshs
Actual refund of license fee	-	15,000.00
Court award on licensee	-	
Auctioneers fee on court award	-	
Total amount	-	15,000.00

10. Employee costs

Description	2018-2019	2017-2018
	Kshs	Kshs
Salaries and wages	109,280,213.00	93,908,817.00
Pension Costs	19,521,579.00	16,221,008.00
Housing benefits and allowances	88,924,767.00	76,570,977
Social contributions-NSSF	263,200.00	258,000.00
Employee costs	217,989,759.00	186,958,802

11. Board Expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Honoraria	960,000.00	960,000.00
Conferences, Seminars & Committees	11,854,218.00	26,907,055.00
Board Allowances	4,994,966.00	3,187,064.00
Total	17,809,184.00	31,054,119.00

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12. Repairs & Maintenance

Description	2018-2019	2017-2018
	Kshs	Kshs
Furniture & Fittings	184,123.00	320,029.00
Motor Vehicles	8,294,563.00	7,551,832.00
Computers & IT Equipment	527,494.00	265,100.00
Total	9,006,180.00	8,136,961.00

13. Campaign Expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Printing & Publishing	873,805.00	5,345,690.00
Advertising & Publicity	47,392,013.00	66,126,535.30
Subscription fee for Newspaper	980,725.00	939,782.50
Catering Expenses	2,615,142.00	9,189,468.60
Trade Show & Exhibitions	130,041.00	930,633.00
Consultancy Services	2,981,280.00	5,415,449.20
Total	54,973,006.00	87,947,557

14. Travelling Expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Domestic Travelling Cost	4,821,731.00	14,532,613.00
Domestic Accommodation	6,485,845.00	52,331,442.00
Foreign Travelling Cost	1,463,338.00	914,392.00
Foreign Subsistence	5,098,420.00	3,984,183.00
Total	17,869,334.00	71,762,630.00

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15. General expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Communication & Supplies	9,685,872.00	9,006,441.55
Rental & Parking	38,622,397.00	28,164,631.60
Audit fees	580,000.00	1,160,000.00
Office & General Supplies	2,793,300.00	3,727,444.00
Medical Insurance	24,201,269.00	18,054,702.65
Motor Vehicle Insurance	1,945,715.00	2,205,068.00
Bank charges	321,287.00	425,548.50
Fuel and oil	4,824,880.00	5,955,798.40
Cleaning Services	2,540,448.00	1,308,524.00
Total general expenses	85,515,169.00	70,008,156.70

16. Staff Training & Research

Description	2018-2019	2017-2018
	Kshs	Kshs
Research	670,500.00	4,759,700.00
Staff Training	6,013,768.00	11,092,781.60
Hire of Training Facility	2,198,850.00	17,816,745.30
Total expenses	8,883,118.00	33,669,226.90

17. Support to County Government

Description	2018-2019	2017-2018
	Kshs	Kshs
A.I.E issued sub Counties	4,631,840.00	4,005,000.00
Equipping Rehabilitation centers		2,179,548.00
Total expenses	4,631,840.00	6,184,548.00

18. Reimbursable Expenses

Description	2018-2019	2017-2018
	Kshs	Kshs
Reimbursable Expenses	27,311,467.00	10,361,237.00
Total expenses	27,311,467.00	10,361,237.00

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19. Cash and cash equivalents

Description	2018-2019	2017-2018
	Kshs	Kshs
Current account	76,384,324.00	198,759,342.00
Fixed deposits account-Treasury Bill	-	-
Staff car loan/ mortgage	62,927,730.00	82,959,798.50
Other(specify)-cash in hand	25,858.00	49,316
Total cash and cash equivalents	139,337,912.00	281,768,456.50

20. Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2018-2019	2017-2018
		Kshs	Kshs
a) Current account			
Kenya Commercial bank	1125676671	5,784,870.00	375,920.00
Kenya Commercial bank	1142111814	116,408.00	743,049.00
Kenya Commercial bank	1142111962	116,707.00	29,830.00
Kenya Commercial bank	1142112098	5,539.00	(1,320.00)
Kenya Commercial bank	1149503823	107,154.00	106,628.00
Kenya Commercial bank	1142112187	(11,720)	(1,120.00)
Kenya Commercial Bank	1103199439	44,188,024.00	63,648,646.00
Equity Bank Community		9,105,292.00	7,500,075.00
Cooperative Bank	1141134561900	16,972,051.00	126,357,634.00
Fixed deposits account-TB			
Sub Total		76,285,598.00	198,759,342.00
b) Staff car loan/ mortgage			
Housing Finance Bank HFC	2016343201	62,927,730.00	82,959,798.50
Sub- total		62,927,730.00	82,959,799
c) Others(specify)			
cash in hand		25,858.00	49,316.00
Sub- total		25,858.00	49,316.00
Grand total		139,337,912.00	281,768,456.50

21. Receivables from exchange transactions

Description	2018-2019	2017-2018
	Kshs	Kshs
Current receivables		
Trade receivables	2,093,023.00	3,231,107.00
Rental Deposit	3,170,365.00	3,170,365.00
Legal Deposit	100,000.00	100,000.00
Imprest Debtors	3,691,204.00	6,766,870.10
Earnest & Young	3,119,986.00	3,119,986.00
Toyota Kenya	-	59,709.00
Staff debts	213,508	381,713.00
Safaricom	-	97,392.00

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Description	2018-2019	2017-2018
	Kshs	Kshs
KRA-PAYE	87,554.00	87,553.60
KRA-VAT	735.00	734.50
AIE Outstanding	4,103,000.00	8,462,000
CO-OP Bank	58,053.00	58,052.50
Total current receivables	16,627,428.00	19,134,010.70
Non-current receivables		
Staff Mortgage	184,284,705.00	159,785,422
Total non-current receivables	184,284,705.00	159,785,422
Total receivables	200,912,133.00	178,919,433

22. Trade and Other payables

Description	2018-2019	2016-2017
	Kshs	Kshs
Kenafric Diaries	36,000.00	36,000.00
Nation Media Group	32,185.00	32,185.00
Presbyterian guest house	209,300.00	209,300.00
Standard Group Ltd	57,727.00	57,727.00
Kenya National Audit Office	4,060,000.00	3,480,000.00
The Star	6,750.00	6,750.00
Rift Valley Technical Training Institute	70,000.00	70,000.00
GOK Grant Account	-	26,508,174.00
Crinon Enterprises Ltd	41,638.00	41,638.00
Jamii Telecom	-	100,000.00
Kenya Literature Bureau	647,480.00	652,210.00.00
Africa General Entertainment	-	20,000.00
Safaricom Ltd	1,755,143.00	789,135.00
Peak Destiny International	-	23,000.00
Kenya Institute of Curriculum Development	240,700.00	240,700.00
Centre for Devolved Government	202,000.00	202,000.00
Eldoret Polytechnic	461,460.00	461,460.00
Kenya School of Government	196,700.00	196,700.00
Britam	-	408,069.00
Bunson Enterprises	14,000.00	14,000.00
Toyota Kenya	1,862,861.00	1,304,691.00
Down to Earth Technology	-	735.00
Richard Ngunjiri Maina	945,575.00	945,575.00
Withholding VAT 6 Percent	1,879,524.00	1,958,027.00
PAYE	4,308,907.00	3,812,485.00

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Withholding Tax	55,719.00	-
Pwani university	385,955.00	385,050.00
UNES University Bookstore	338,955.00	313,345.00
Deltatech Solutions	179,200.00	179,200.00
Sai Raj	9,280.00	9,280.00
Wicklite Enterprises	-	80,000.00
Instigate General Supplies	172,000.00	172,000.00
JoyCode Enterprises	-	697,000.00
Kenya Bureau of Standards	1,086,915.00	715,715.00
Staff debts	29,844.00	26,222.00
Elavic Supplies	-	1,988,500.00
Cicom Enterprises	-	230,500.00
Warindi General Merchants	-	1,900,000.00
Government Advertising Agency	310,960.00	1,264,320.00
Kenya School of Government	788,800.00	788,800.00
Machakos University	514,700.00	514,700.00
Sarova Panafric	-	79,800.00
Tom Mboya Labour Colloge	-	234,000.00
Utalii Hotel	368,000.00	368,000.00
Cicom Enterprises	-	24,000.00
Skycorp Technology	-	1,187,454.00
UON Business Dept. Of Management	-	614,800.00
Sai Office Supplies	-	67,048.00
DT Dobie	-	338,810.00
Bokoh Ltd	-	114,495.00
Adventure Enterprises	-	101,900.00
Savoy Contractors Ltd	81,078.00	163,950.00
Starbotech Supplies Ltd	-	814,580.00
Bridgetech Investment Ltd	-	738,375.00
Novacott Industries	-	1,300,000.00
Cika Enterprises	-	1,116,000.00
Denalus Merchants	45,003.00	188,798.00
Roofs Kenya Ltd	-	57,450.00
NSSF -Rent	282,071.00	282,071.00
Subscription Fees	92,179.00	92,179.00
Motor Vehicle Repairs	162,266.00	162,266.00
Consultancy Fees	193,800.00	165,900.00
Ministry of Nairobi Metropolitan	380,600.00	380,600.00
Alcoholic Drinks Control Fund	9,903.00	9,903.00
Apex Communications	1,000,000.00	1,000,000.00
Staff Payroll Control	-	1,251,917.00
One Way Cleaning	-	1,232,057.00

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Kenya Pipeline Co. Ltd	272,125.00	272,125.00
State Law Office	265,000.00	265,000.00
Jomo Kenyatta Foundation	103,449.00	103,449.00
Examination Body	-	135,218.00
Morendat Training & Conference Centre	44,400.00	44,400
Kentron Industrial Supplies	-	360
Supplier Retention	2,167,387.00	1,675,667.00
Payroll Creditors	9,850,354.00	6,275,386.00
Florato Construction	-	2,081,993.00
Unknown Deposit	1,319,653.00	880,450.00
AIE Interior Ministry	74,700.00	11,563,223.00
Southgate Investment	734,165.00	734,165.00
Imprest liabilities	94,570.00	
Artifix Events	320,800.00	-
Reanna Enterprises (Kakamega)	252,400.00	-
County Gov. of Bomet	6,615,491.00	-
Samexium Gen. Contractors – Kisii	9,000,000.00	-
Wilna Road & Civil Engineering (Nyeri Rehab)	9,771,640.00	-
Muslim Education & Welfare Association (MEWA)	240,000.00	-
Promises Treatment Centre	60,000.00	-
Sweet Sweat Gen. Equipment	830,700.00	-
Vehicle Inspection (6)	15,600.00	-
Cardsity enterprises	256,000.00	-
Cigo Enterprises	150,400.00	-
Nine One One group (Car track)	881,600.00	-
Subaru KCP 638K	41,826.70	-
Crinon Construction Co. Ltd	17,996,230.00	-
Machakos University	270,000.00	-
Kikosi Ltd	595,843.00	-
Chrisann Enterprises (Staff Badges)	82,376.00	-
Telkom (K) Ltd	60,568.75	-
Mbunga Supplies	20,729.50	-
Old Mutual Insurance	18,561.75	-
NITA	21,916.00	-
Institute of Internal Auditors	5,000.00	-
Jubilee Insurance	400,212.00	-
KNEC	119,480.00	-
Public Relations Society of Kenya	75,862.00	-
Life Hope	30,000.00	-
Reachout centre Trust	375,000.00	-

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Kenya National Qualifications Authority	123,200.00	-
Addiction Prevention & Rehab Association	73,500.00	-
Dedan Kimathi University	40,000.00	-
Association of women accountant	3,000.00	-
TOTAL	87,158,915.00	86,978,592.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Property, plant and equipment

Description	Motor vehicles	Furniture and fittings	Computers & Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2018	48,594,836	11,816,784	22,374,350	82,785,970
Additions	19,575,725	18,314,230	600,000	38,489,955
Disposals				
Transfers from ADCA Fund	47,923,135	13,262,304	41,522,906	102,708,345
At 30th June 2019	116,093,696	43,393,318	64,497,256	223,984,270
Depreciation and impairment				
At 1 July 2018	36,241,367	4,434,596	14,339,656	55,015,619
Depreciation transferred ADCA	43,727,599	8,265,152	39,457,885	91,450,636
Depreciation	9,031,183	3,836,696	3,209,914	16,077,793
At 30 June 2019	89,000,149	16,536,444	57,007,455	162,544,048
Net book values				
At 30th June 2019	27,093,547	26,856,874	7,489,801	61,440,222
At 30th June 2018	12,353,469	7,382,188	8,034,694	27,770,351

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Cash generated from operations

Description	2018-2019	2017-2018
	Kshs	Kshs
Surplus for the year before tax	(93,857,539)	(363,772,154)
Adjusted for:		
Depreciation	16,077,793	12,564,892
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	(77,779,746)	(351,207,262)

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25. Financial Risk Management

Although NACADA is not a trading institution, its major sources of income is generated from liquor licensing and with the devolvement of this function to the counties, then unless alternative measures are put in place its operations may come to a halt in the near future.

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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Cash and Cash Equivalents as at 30 June 2019				
Receivables from exchange transactions	2,193,023	2,193,023	-	-
Receivables from non-exchange transactions	198,719,110	198,719,110	-	-
Bank balances	139,337,912	139,337,912	-	-
Total	340,250,045	340,250,045	-	-
At 30 June 2018				
Receivables from exchange transactions	3,488,208	3,488,208	-	-
Receivables from non-exchange transactions	175,431,225	175,431,225	-	-
Bank balances	281,768,456	281,768,456	-	-
Total	460,687,889	460,687,889	-	-

(ii) Liquidity Risk Management

NACADA is currently in a position to meet its financial obligation but this may not be sustainable in the near future.

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables			73,248,561	73,248,561
Provisions	580,000		3,480,000	4,060,000
Deferred income				
Employee benefit obligation	2,296,829		7,553,525	9,850,354
Total At 30 June 2018	2,876,829		84,282,086	87,158,915
Trade payables			77,223,205	77,223,205
Provisions	1,160,000		2,320,000	3,480,000
Deferred income				
Employee benefit obligation	2,843,287		3,432,099	6,275,386
Total	4,003,287		82,975,304	86,978,591

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Financial Risk Management (Continued)

(iii) Market risk

NACADA is not a trading institution and as such it's not exposed to Market risk

- a) Foreign currency risk
NACADA does not deal in foreign currency or transactions.

Capital Risk Management

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:

	2018-2019		2017-2018
Description	Kshs		Kshs
Revaluation reserve			-
Retained earnings	270,687,345		360,917,505
Capital reserve	26,783,428		26,783,428
Total funds	297,470,773		387,700,933
Total borrowings	-		-
Less: cash and bank balances	(139,337,912)		(281,768,456)
Net debt/(excess cash and cash equivalents)	158,132,861		105,932,477
Gearing	%		%

26. Related Party Balances

a) Nature of related party relationships

NACADA 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, senior managers, the parent Ministry and the National Government as well.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Related Party Balances	2018-2019	2017-2018
a) Directors'	17,809,184	31,054,119

27. Contingent assets and contingent liabilities

NACADA currently has no feasible contingent assets or contingent liabilities

28. Events after the reporting period

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

29. Ultimate and Holding Entity

NACADA is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Interior and Coordination of Government. Its ultimate parent is the Government of Kenya.

30. Currency

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

XV. 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)
1	Liquor Licensing Fee-Statement of Financial performance reflects an amount of Kshs.16,400,737 against income from licensing for the year ended 30 th June 2017.No. satisfactory explanation has been provided for the continued collection of the fee by the Fund contrary to the provisions of section 4(C), part two of the fourth schedule of the Constitution of Kenya. The regularity of the income of Kshs. 16,400,737 could not be confirmed under the circumstances.	The Liquor licensing was devolved under schedule four of the Constitution. The Counties which have put in place framework of liquor licensing have taken over the Function. Those that are yet to put in place framework are licensing under Alcoholic Drinks Control Act 2010 till they formally take over the function of Licensing. Therefore, licensing income of Kshs.16,400,737.00 is from those Counties that have not put in place legal framework for liquor Licensing. NACADA continuing the licensing of those sub-Counties that have not put in place legal framework is legal as there is no vacuum in Law.	CEO	Not Resolved	Ongoing
2	Staff Car Loan and Housing Mortgage Schemes (i) Interest Earned Although it is disclosed under Note 7 to the financial statements that	(i) The interest paid is a floating rate that is determined depending on the amount available in the account at any given time. Please note that this is not a fixed account where the interest rate can be	DCS	Not resolved	December 2018.

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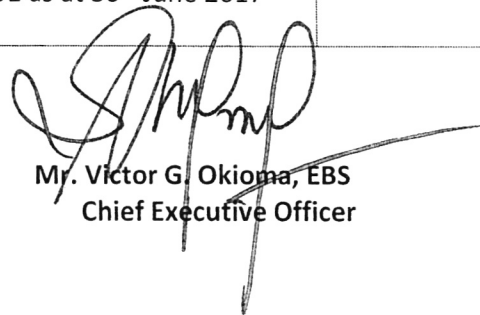
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the Fund earned interest from the staff</p> <p>Mortgage Fund amounting to Kshs. 9,574,101 during the year under review, the rate of interest has not been indicated.</p> <p>(ii) Unaccredited Principal Amounts</p> <p>Principal amounts of Kshs. 1,162,718 and Kshs.271, 904 received by HFC Limited in respect of Staff housing Mortgage scheme and car loan scheme respectively, appear not to have been credited to the staff housing Mortgage and Car Loan Bank account.</p>	<p>determined in advance. However, the Bank did indicate that the interest rate earned by Authority 7% and continued applying interest rate above 7 % despite CBR coming into effect.</p> <p>(ii) Management wrote to the bank raised the omission of crediting the principal repayment back to the Mortgage bank account. The banks view was to credit the principal every quarter; however, Management recommended that the principal be credited every Month once recoveries through check off has been remitted to HFC. All unaccredited principal amount by 30th June 2017 have now been credited to NACADA deposit account by 9th June 2018.</p>			
3	<p>Inaccuracy of Cash and Cash Equivalents.</p> <p>(i) The statement of financial position reflects cash and cash equivalents balance of Ksh.656, 585,451 and as disclosed in Note 17 to the financial statements, which includes an amount of Kshs.67, 781,647 relating to staff car</p>	<p>(i)The adjusted financial statement which was forwarded to the Office of Auditor General reflects cash and cash equivalent of Kshs.656, 585,451 which includes Kshs.67, 570,501 relating to staff car Loans/home Mortgage. This is different from initial figures of Kshs.656, 822,480 for cash and cash equivalent and Kshs. 67,781,647 being the cash balance held by HFC. The main reason for the difference is as a result of the bank</p>	DCS	Resolved	December 2018.

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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)
	<p>loans/Mortgage. However, the cash book and certificate of bank balance for the staff car loans/Mortgage schemes accounts reflects Kshs. 65,961,121 and Kshs. 94,570,636, respectively. The resulting difference of Kshs.1, 820,526 and Kshs.26, 788,989, respectively have not been explained.</p> <p>(ii) The schedules of bank reconciliation statements for the year under review includes a direct credit of Kshs.28,609,515 whose source has not been disclosed and the same is not reflected in the cash book.</p> <p>(iii) Disclosed also in Note 17 is a balance of Kshs.491, 086,302 in respect of fixed deposit Account-Treasury Bill. The investment in the Treasury Bill is not, however supported by Central Bank of Kenya CDS account in the name of the</p>	<p>had not provided more information regarding the component of the monthly instalment recovered from mortgage holders. These components are principal amount, Interest amount, Bank charges and the insurance amount. Only the instalment component and the interest component were initially accounted for. The difference between the initial figure of Kshs.67, 781,647 and the adjusted figure of Kshs.67, 570,501 is Kshs 211,519 which is the amount of ledger fee and insurance fee charged to the Mortgage holders.</p> <p>(ii) The initial bank reconciliation statement reflects direct credit of Kshs. 26,788,989.60. while adjusted bank reconciliation statement reflect a direct credit of Kshs. 27,000,136.14. The Bank in May 2017 advanced Mortgage to NACADA Staff of Kshs. 13,900,000 but erroneously credited NACADA deposit account with the amount. The effect of this error of commission is overstatement of the bank balance by Kshs 27,800,000 compared to the cash book balance.</p> <p>(iii) NACADA Opened a CDS accounts with Central Bank and used it during 2017/2018 financial year for treasury Bills investment.</p>			

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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)
	<p>fund, the account statements for 2016/2017 and balance as at 30th June 2017.</p> <p>In the circumstances it is not possible to confirm full existence and accuracy of cash and cash equivalents balance of Kshs. 656,585,451 as at 30th June 2017</p>				


 Mr. Victor G. Okioma, EBS
 Chief Executive Officer

Date


 Lt. Col (Rtd) Julius Ayub Githiri
 Chairman of the Board

Date... 30/7/19