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**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2024**

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REPUBLIC OF KENYA



**NACADA**

FOR A NATION FREE FROM ALCOHOL AND DRUG ABUSE

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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  
30<sup>TH</sup> JUNE 2024**

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

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NACADA	National Authority for the Campaign Against Alcohol & Drug Abuse
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

### B. Definition of Key Terms

#### Fiduciary Management

The key management personnel entrusted with the responsibility of financial resources of the organization were:

- |                         |   |                                       |
|-------------------------|---|---------------------------------------|
| 1. Dr. Anthony Omerikwa | - | Chief Executive Officer               |
| 2. CPA. Patrick Obura   | - | Director, Corporate Services          |
| 3. Dr. Samwel Makini    | - | Deputy Director, Finance and Accounts |

#### Comparative Year

The financial year 2023/2024.

## **2. Key entity information and Management**

### **a) Background Information**

The National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) is a State Corporation under the Ministry of Interior and National Administration as guided by Executive Order No. 1 of January 2023.

The Gazette Notice dated April 26 2001 established the National Agency for the Campaign Against Drug Abuse (NACADA) to undertake Public Education and Advocacy and awareness campaign against drug abuse especially among youth in schools and other learning institutions of higher learning. The Authority operated as such until May 2006 when an Advisory Board was established and a chairman appointed through the Kenya Gazette Notice No. 3749 of 19th May 2006.

Through Legal Notice No. 140 published in the Kenya Gazette Supplement on 29th June 2007, the Agency was transformed into the National Campaign Against Drug Abuse Authority (NACADAA) under the State Corporations Act (Cap 446 of the Laws of Kenya) to coordinate a multi-sectoral campaign to prevent, control and mitigate the impact of alcohol and drug abuse in the country. In 2010, the Authority's mandate was expanded to include the implementation of the Alcoholic Drinks Control Act 2010.

In July 2012, the Authority was again transformed into the National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) having been firmly established under an Act of Parliament, and its mandate expanded and elaborated in the National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) Act, 2012.

### **b) Principle 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 collaborate 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 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. In collaboration with other lead agencies and non-State actors, coordinate and facilitate 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 cooperation 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 alcohol and drug abuse data and serve as the repository of such data.
  - x. Collaborating 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 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:

No.	Designation	Name
1.	Chief Executive Officer	Dr. Anthony Omerikwa, MBS
2.	Director, Corporate Services	CPA. Patrick Obura
3.	Director, Research Standards and Licensing	Prof. John Muteti
4.	Director, Public Education and Advocacy	Dr. Yvonne Olando
5.	Deputy Director, Planning and Performance Management	Mr. Kirwa Lelei
6.	Deputy Director, Human Resource and Administration	CHRP. Joyce Lisanza
7.	Deputy Director, Finance and Accounting	Dr. Samwel Makini
8.	Deputy Director, Public Awareness and Advocacy	Ms. Judith Twala
9.	Deputy Director, Legal and Regulatory Services	Mr Daniel Konyango
10.	Deputy Director, Corporate Communication	Mr. Simon Mwangi
11.	Deputy Director, Supply Chain	Mr. Jeremiah Muchembi
12.	Deputy Director, Capacity Building	Ms. Susan Maua
13.	Deputy Director, Compliance	Mr. James Macharia
14.	Deputy Director, County Coordination	Ms. Esther Okenye

### d) Fiduciary management

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

No.	Designation	Name
1.	Chief Executive Officer	Dr. Anthony Omerikwa, MBS
2.	Director, Corporate Services	CPA. Patrick Obura
3.	Director, Research Standards and Licensing	Prof. John Muteti

4.	Director, Public Education and Advocacy	Dr. Yvonne Olando
5.	Deputy Director, Planning and Performance Management	Mr. Kirwa Lelei
6.	Deputy Director, Human Resource and Administration	CHRP. Joyce Lianza
7.	Deputy Director, Finance and Accounting	Dr. Samwel Makini
8.	Deputy Director, Public Awareness and Advocacy	Ms. Judith Twala
9.	Deputy Director, Legal and Regulatory Services	Mr Daniel Konyango
10.	Deputy Director, Corporate Communication	Mr. Simon Mwangi
11.	Deputy Director, Supply Chain	Mr. Jeremiah Muchembi
12.	Deputy Director, Capacity Building	Ms. Susan Maua
13.	Deputy Director, Compliance	Mr. James Macharia
14.	Deputy Director, County Coordination	Ms. Esther Okenye

#### e) Fiduciary Oversight Arrangements

##### Finance Board Committee

- |    |                      |   |          |
|----|----------------------|---|----------|
| 1. | Rev. Fredrick Ngugi  | – | Chairman |
| 2. | Hon. Elijah Lagat    | – | Member   |
| 3. | Ms. Anne Mathu       | – | Member   |
| 4. | Ms. Veronica Okoth   | – | Member   |
| 5. | Dr. Mercy Karanja    | – | Member   |
| 6. | Ms. Josephine Etenyi | – | Member   |

##### Human Resource Board Committee

- |    |                      |   |             |
|----|----------------------|---|-------------|
| 1. | Hon. Elijah Lagat    | – | Chairperson |
| 2. | Mr. Swaleh Nyamai    | – | Member      |
| 3. | Ms. Beverly Opwora   | – | Member      |
| 4. | Ms. Florence Amoit   | – | Member      |
| 5. | Ms. Josephine Etenyi | – | Member      |

##### Technical Board Committee

- |    |                     |   |             |
|----|---------------------|---|-------------|
| 1. | Ms. Anne Mathu      | – | Chairperson |
| 2. | Rev. Fredrick Ngugi | – | Member      |
| 3. | Mr Adan Harakhe     | – | Member      |
| 4. | Ms. Beverly Opwora  | – | Member      |
| 5. | Dr. Mercy Karanja   | – | Member      |

##### Audit Board Committee

- |    |                       |   |             |
|----|-----------------------|---|-------------|
| 1. | Mr. Al-Hajj Ole Naado | – | Chairperson |
| 2. | Mr. Ali Swaleh Nyamai | – | Member      |
| 3. | Ms. Florence Amoit    | – | Member      |
| 4. | Ms. Veronica Okoth    | – | Member      |
| 5. | Mr Adan Harakhe       | – | Member      |
| 6. | Ms. Josephine Etenyi  | – | Member      |

**f) Entity Headquarters**

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

**g) Entity Contacts**

NACADA Contacts  
Telephone: (254) 0202 2721994  
E-mail: [info@nacada.go.ke](mailto:info@nacada.go.ke)  
Website: [www.nacada.go.ke](http://www.nacada.go.ke)  
Helpline: 1192  
Facebook: NACADA Kenya  
Twitter: @NACADAKenya

**h) Entity 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




**i) Independent Auditor**



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


**j) Principal Legal Adviser**

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

### 3. The Board of Directors

Ref	Directors	Details
1.	 <p data-bbox="256 696 683 763">Rev. Dr. Stephen K. Mairori, EBS <b>Board Chairperson</b></p>	<p data-bbox="767 300 1453 524">Rev. Dr. Stephen Kiptoem Mairori is an experienced board-level leader with a wealth of experience in leadership, conflict resolution, and corporate governance. He holds an Honorary Doctor of Ministry from Georgia Central University, USA, a Masters of Divinity from Frensko Pacific Seminary, CA, USA, and a Bachelor of Arts from Global University, USA.</p> <p data-bbox="767 562 1453 786">In his current role, he is a senior minister at the Africa Inland Church, Milimani, and he also serves at the International Christian Ministries in Kenya. In addition, he is the Regional Coordinator at the Global Leadership Network, USA, and a Regional Director at the Walk Thru the Bible, USA, amongst other management positions in Kenya and the USA.</p>
2.	 <p data-bbox="256 1290 496 1357">Ann Mathu <b>Vice Chairperson</b></p>	<p data-bbox="767 853 1453 1043">Ann Mathu is the author of Sober Again and the founder of Sober Again Outreach Programme (a community-based Organization that campaigns against alcohol and drug abuse). She is a Recovery Coach at the Dove Mental Hospital and has previously worked at NACADA.</p> <p data-bbox="767 1077 1453 1368">A passionate recovery coach, Ann Mathu reaches out to people living with substance use disorders and provides assistance to support long-term recovery. She is a leader, mentor, partner, therapist, spiritual guide, and cheerleader. She works with clients after they leave rehabilitation services to reinforce and encourage a healthy lifestyle. She also works with families, helping everyone cope with changes that accompany substance use disorder.</p>
3.	 <p data-bbox="256 1839 528 1899">Samwel Laboso HSC <b>Board Member</b></p>	<p data-bbox="767 1469 1453 1592">Mr. Laboso is the Director Anti-Narcotics Unit (ANU) in the Directorate of Criminal Investigations (DCI) at the National Police Service (NPS).</p> <p data-bbox="767 1603 1453 1850">He is an accomplished Senior Police Officer, having worked in various field stations, including the Teachers Service Commission (TSC), the General Service Unit (GSU), and the Directorate of Criminal Investigations (DCI). He has also served as the Commander, Sensitive Investigation Unit at the Drug Enforcement Administration.</p>




Ref	Directors	Details
4.	 <p data-bbox="276 707 624 770">Josephine Syombua Etenyi <b>Board Member</b></p>	<p data-bbox="783 241 1468 622">Ms. Josephine S. Etenyi is the Director Youth Development at the Ministry of Youth Affairs, Sports and the Art. She is the Alternate Director to the Principal Secretary in the Ministry responsible for Children and Youth Affairs. She has previously served as the Head of the Directorate of Policy, Research and Youth Mainstreaming, Deputy Director of Youth Development and senior managerial positions in human resource and productivity. She also served as the Human Resource Development Specialist for the Regional Capacity Building Project in the Republic of South Sudan.</p> <p data-bbox="783 629 1468 786">She holds a Doctorate degree in Research and Evaluation from the Catholic University of Eastern Africa. She also holds a Master's in Educational Planning and a Bachelor's degree in Education, both from the University of Nairobi.</p>
5.	 <p data-bbox="276 1312 512 1375">Beverly K. Opwora <b>Board Member</b></p>	<p data-bbox="783 920 1468 1077">Ms. Beverly K. Opwora will be the alternate to the Principal Secretary of Internal Security and National Administration on 19th January 2023. She is the Secretary National Administration in the Ministry of Internal Security and National Administration.</p> <p data-bbox="783 1084 1468 1240">Ms Opwora is an accomplished administrator who began her career in the defunct provincial administration and then transitioned to the national government administration under the current constitution.</p>
6.	 <p data-bbox="276 1821 616 1883">Hon. Elijah Kiptarbei Lagat <b>Board Member</b></p>	<p data-bbox="783 1391 1468 1738">Hon. Lagat holds a Bachelor of Arts Degree and a Diploma in Adult Education from the University of East Africa, Baraton. He is a two-time Member of parliament, having represented the Emgwen and Chesumei constituencies, respectively. During his tenure in Parliament, he was the Vice Chairman of the Labour and Social Welfare Committee, as well as the Chairman of the Sports Sub-committee. He was similarly Vice Chairman of the Catering and Health Services Committee and Chairman of the Health Services Sub-committee.</p> <p data-bbox="783 1744 1468 1805">Hon. Lagat served as the Deputy Human Resources Manager in Nandi County for five years.</p> <p data-bbox="783 1812 1468 1901">Winner of the 2000 Boston Marathon, he is a talented athlete who has represented the country in various sports activities worldwide.</p>



Ref	Directors	Details
7.	 <p data-bbox="264 595 504 663">Ali Swaleh Nyamai <b>Board Member</b></p>	<p data-bbox="775 271 1455 562">Ali Swaleh is a consummate Public Relations professional and multi-linguist with a passion for education. He is proficient in full business unit management. He has a reputation for leading teams towards peak performance, driving the realisation of business targets with adept management of organisational diversity, and maintaining a firm focus on assured bottom-line gains and distinguished company performance.</p> <p data-bbox="775 595 1455 663">He is fluent in French and German and has also worked in the hospitality industry in Kenya.</p>
8.	 <p data-bbox="264 1122 520 1189">Rev. Fredrick Ngugi <b>Board Member</b></p>	<p data-bbox="775 719 1455 909">Fredrick Ngugi holds a Master of Theological Studies in Christian Counselling and a Bachelor of Theological Studies from Vision International University Ramona, California, USA. He also holds a Diploma in Theological Studies from Vision International University in Australia.</p> <p data-bbox="775 909 1455 1099">Rev. Ngugi is an Overseer at the Redeemed Gospel Churches of Kenya and Resident Pastor of the Redeemed Gospel Church in Kawaida, Kiambu County. He is the Deputy National Chairman of the Apex Clergy of Kenya (APPECK), an organisation with a membership of over 100,000 pastors.</p> <p data-bbox="775 1099 1455 1200">He is a part-time Lecturer at the Pan African University (PAC), teaching Transformational Leadership since 2017.</p>
9.	 <p data-bbox="264 1693 671 1760">Al-Hajj Hassan Kirua Ole Naado <b>Board Member</b></p>	<p data-bbox="775 1234 1455 1491">Hassan Ole Naado is the current National Chairman of the Supreme Council of Kenya Muslims (SUPKEM), a Chevening Fellow, an alumnus of the International Visitor Leadership Program (IVLP) under the Bureau of Education and Cultural Affairs of the Department of State of the USA. He is also a member of the Government of Kenya Interfaith COVID-19 Response and the Vaccine Steering Committee.</p> <p data-bbox="775 1491 1455 1592">He has over 25 years of experience in governance, prevention and countering violent extremism, national peacebuilding and conflict resolution.</p> <p data-bbox="775 1592 1455 1816">He holds a Postgraduate Diploma in Project Management, a diploma in Leadership and Islamic Governance from the University of Birmingham, UK, a certificate in Peace Building and Conflict Management from MS International Training Centre in Arusha, Tanzania, and an Islamic Civilization in the 21st Century from Al-Azhar University in Cairo, Egypt.</p>




Ref	Directors	Details
10.	 <p data-bbox="276 678 539 741">Veronica Okoth <b>Board Member</b></p>	<p data-bbox="778 315 1460 472">Veronica Okoth (Mrs) is the alternate to the Principal Secretary, the National Treasury on the board. She is an accomplished financial public economist currently serving in the National Treasury as the Director Public Private Partnerships.</p> <p data-bbox="778 472 1460 667">She holds a Bachelor's Degree in Economics from Moi University and a Master's degree in economic policy and Management from Makerere University, Uganda. Veronica is a seasoned public servant with experience spurning for over fifteen years in Economic Planning in both County and National Governments.</p>
11.	 <p data-bbox="276 1196 667 1261">Dr. Ephantus M. Maree <b>Board Member</b></p>	<p data-bbox="778 763 1460 954">Dr. Ephantus M. Maree is the alternate member of the Principal Secretary the Ministry of Health in the Board. He is the Senior Deputy Director of Medical Services and a Technical Advisor to the Principal Secretary, Medical Services at the Ministry of Health. He is also a member of the Tobacco Control Board.</p> <p data-bbox="778 954 1460 1211">He is an accomplished Senior Medical Officer who has worked in various field stations and was a previous Board Member at the Kenya Medical Training College (KMTC). He has also served as the National Immunization Manager and Head of the Non-Communicable Disease unit. Dr. Maree holds a Master's in Public Health (MPH) and a Bachelor's in Medicine and Surgery (MBCHB).</p>
12.	 <p data-bbox="276 1637 584 1704">Florence Amoiti <b>Board Member</b></p>	<p data-bbox="778 1312 1460 1693">Mrs. Florence Amoiti is the alternate member of the Principal Secretary, Ministry of Education in the Board. She is the Secretary of Administration at the State Department for Basic Education at the Ministry of Education. She holds a Master's in Business Administration from the University of Nairobi, a Bachelor of Arts from Kenyatta University, and an Advanced Public Administration Certification from the Kenya School of Government, Nairobi. In addition, she has undergone professional training in strategic leadership, change management and performance management.</p>




Ref	Directors	Details
13.	 <p data-bbox="268 593 571 660">Dr. Mercy W. Karanja <b>Board Member</b></p>	<p data-bbox="778 241 1458 660">Dr. Mercy Karanja is the Deputy Director of Medical Services and the National Focal Person for Substance Use Management at the Ministry of Health. She is also the Head of Clinical Services at the Mathari National Teaching and Referral Hospital and represents the Kenya Medical Practitioners and Dentists Council. She holds a Masters of Medicine in Psychiatry (M. Med. Psychiatry) and a Bachelor of Medicine and Surgery (M.B.Ch.B) from the University of Nairobi. She also has extensive training in addiction management, cognitive behavioural therapy, medically assisted therapy, leadership, and management from international universities.</p>
14.	 <p data-bbox="268 1064 635 1131">Dr. Anthony Omerikwa, MBS <b>Chief Executive Officer</b></p>	<p data-bbox="778 750 1458 1108">Dr. Omerikwa has over 23 years of experience in Public Service. He holds a Doctorate Degree from the University of Georgia, a Specialist Advanced Degree in Workforce Development and Education and a Master of Science Degree in Human Resource Development, both from Pittsburgh State University. Further, Omerikwa holds a Bachelor of Arts in Economics from Kenyatta University. Dr. Omerikwa is a member of the Institute of Human Resource Management, Institute of Directors and Kenya Institute of Management.</p>
15.	 <p data-bbox="268 1496 571 1563">Mr. Daniel Konyango <b>Corporation Secretary</b></p>	<p data-bbox="778 1198 1458 1523">Mr. Daniel Konyango holds a Master of Laws degree, a Diploma in Advanced Management and Leadership, and a Certificate in Legislative Drafting. He is an Advocate of the High Court of Kenya and a Certified Public Secretary (CPS-K). He is a member of the Law Society of Kenya, the East Africa Law Society, the International Bar Association, and the Institute of Certified Public Secretaries of Kenya. He is the Corporation Secretary and Manager of Legal Services for the Authority.</p>





#### 4. Key Management Team

	Name	Academic and Professional Qualifications	Key Responsibilities
1.	 <p>Dr. Anthony Omerikwa, MBS <b>Chief Executive Officer</b></p>	<p>Dr. Omerikwa has over 23 years of experience in Public Service. He holds a Doctorate Degree from the University of Georgia, a Specialist Advanced Degree in Workforce Development and Education and a Master of Science Degree in Human Resource Development, both from Pittsburgh State University. Further, Omerikwa holds a Bachelor of Arts in Economics from Kenyatta University. Dr. Omerikwa is a member of the Institute of Human Resource Management, Institute of Directors and Kenya Institute of Management.</p>	<p>Overall, in charge of the Authority's operations.</p>
2.	 <p>Prof. John Muteti <b>Director Research Standards and Licensing</b></p>	<p>Doctorate in Strategic Management; Masters in Economic and Social studies; Postgraduate Certificate in Project Planning, Appraisal and Financing; Post Graduate Diploma in Agri. Economics</p>	<p>In charge of Research and policy</p>
3.	 <p>CPA Patrick Obura <b>Director, Corporate Services</b></p>	<p>CPA Patrick Obura holds a Master of Business Administration (Finance Option) and a Bachelor of Arts from the University of Nairobi. He is also a Certified Public Accountant of Kenya and a member of the Institute of Internal Auditors Kenya.</p>	<p>CPA. Obura serves as the Director of Corporate Services at the Authority since June 2018 where he coordinates all support services of Finance, Human Resources and Administration, ICT and Corporate Communications. Prior to joining NACADA, he was Senior Manager of Audit &amp; Risk at the Institute of Certified Public</p>

	Name	Academic and Professional Qualifications	Key Responsibilities
			Accountants of Kenya (ICPAK).
4.	 <p data-bbox="253 931 635 1032"><b>Dr Yvonne Olando</b> <b>Director Public Education and Advocacy</b></p>	<p data-bbox="671 344 1070 591">Doctorate Degree and Master of Science in Clinical Psychology from the University of Nairobi, and Bachelor in Social Sciences (Psychology Major) from Moi University.</p> <p data-bbox="671 591 1070 1220">Certificate in Global Tobacco Control from John Hopkins School of Public Health, Bloomberg (USA), Diploma in Chemical Dependency studies (Support for Addictions Prevention and Treatment in Africa (SAPTA). She is a Certified International Addiction Professional (ICAP IV) and Certified Tobacco Cessation Specialist (CTTS-MAYO, USA). She is a World Heart Federation Emerging Leaders Fellow and was the ISSUP-Kenya Chapter's first Secretary.</p>	<p data-bbox="1102 344 1465 450">In charge of overseeing operations in the following departments:</p> <ul data-bbox="1150 450 1430 667" style="list-style-type: none"> <li>• Public Education and Advocacy</li> <li>• Counselling and Treatment</li> <li>• Regional Coordination</li> </ul>
5.	 <p data-bbox="253 1637 624 1742"><b>Mr. James Koskey</b> <b>Director Compliance and Enforcement</b></p>	<p data-bbox="671 1267 1027 1373">Master's Degree in Public Administration and Management</p> <p data-bbox="671 1373 1027 1476">Bachelor of Arts degree in Government and Public Administration</p>	<p data-bbox="1102 1267 1453 1442">In charge of Compliance and Enforcement, Quality Control &amp; Risk Management functions of the Authority.</p>
6.		<p data-bbox="671 1783 1066 1888">Master of Arts in Economics and Master of Arts in Project Planning and Management.</p>	<p data-bbox="1102 1783 1422 1888">In charge of Policy and Planning department in the Authority</p>

	Name	Academic and Professional Qualifications	Key Responsibilities
	 <p>Mr. Kirwa Lelei <b>Deputy Director, Planning and Performance Management</b></p>		
7.	 <p>CHRP. Joyce Lisanza <b>Deputy Director, Human Resource and Administration</b></p>	<p>MBA (Corporate Management) Bachelor of Commerce in Human Resource Management; Diploma in Human Resource Management Certified Professional Coach (CPC) Certified International Change Manager (CICM_) Certified and licensed Human Resource Professional CHRP(K) CPS Part I</p>	<p>In charge of the Human Resource and Administration Department. She coordinates the functions of human resource management, administration, and records management.</p>
8.	 <p>Dr. Samuel Makini <b>Deputy Director, Finance and Accounting</b></p>	<p>Doctor of Philosophy in Business Administration, The University of Nairobi Master's Degree in Finance, The University of Nairobi Bachelor's Degree in International Business Administration (Finance Option) – USIU Certified Public Accountant CPA(K) Certified Public Secretary CPS(K)</p>	<p>In charge of overseeing the functions of Accounts, Finance and Investment.</p>

	Name	Academic and Professional Qualifications	Key Responsibilities
9.	 <p>Ms. Judith Twala <b>Deputy Director, Public Awareness and Advocacy</b></p>	<p>Master of Arts in Counselling Psychology; Bachelor of Arts-Theology (Hons) Certified Recovery Ally, Certified Counsellors' supervisor, Certified Addiction Counsellor ICAP 1, Certified Women's Intervention for Substance Exposure Trainer and Certified WHO Quality Rights Advocate</p>	<p>In charge of the Counselling and Rehabilitation department</p>
10.	 <p>Ms. Susan Maua <b>Deputy Director Capacity Building</b></p>	<p>Master of Arts in Counselling Psychology, Bachelor of Psychology-Counselling PG Diploma in Education</p>	<p>In charge of overseeing operations in the Public Education and Advocacy department</p>
11.	 <p>Mr. Simon Mwangi, MPRSK <b>Deputy Director Corporate Communication</b></p>	<p>Master of Arts in Communication Studies and Bachelor of Arts in Journalism and Media Studies. Professional Diploma in Broadcast Journalism. International Diploma in Public Relations from the Chartered Institute of Public Relations (CIPR), UK.</p>	<p>In charge of overseeing operations in the Corporate Communications department</p>

	Name	Academic and Professional Qualifications	Key Responsibilities
12.	 <p>Mr. Daniel Konyango <b>Deputy Director Legal and Regulatory Services</b></p>	<p>Masters of Law, Masters of Public Administration, Advocate of the High Court of Kenya, Diploma in Advanced Management and Leadership, Certificate in Legislative drafting and a CPS (K).</p>	<p>In charge of the Legal Services department</p>
13.	 <p>Mr. Jeremiah Muchembi <b>Deputy Director Supply Chain</b></p>	<p>MSc Procurement and Logistics, BBM (Purchasing and Supply), Diploma Supplies Management, SLDP, MKISM, Licensed Supply Practitioner, MCIPS(CS) Associate Member of Certified Fraud Examiners</p>	<p>In charge of supply chain management for the Authority.</p>
14.	 <p>Mr. James Macharia <b>Deputy Director, Compliance</b></p>	<p>Master of Business Administration Bachelor of Education Diploma in Human Resource Management</p>	<p>In charge of Compliance</p>
15.	 <p>Esther Monyangi S. Okenye <b>Deputy Director, County Coordination</b></p>	<p>Master's in education (G&amp;C) Bachelor of Arts, Post Graduate Diploma in Education, Post Graduate Diploma in Management &amp; Control Of HIV/AIDS, Certified Mediator, SMS, SLDP.</p>	<p>Coordinating Regional activities and spearheading the Nyanza region</p>

## 5. Chairman's Statement

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30th June 2024. The National Authority for the Campaign Against Alcohol and Drug Abuse Act of 2012 requires the Board of Directors to keep proper books and other records of accounts of the Authority's income, expenditure, assets, and liabilities. This, therefore, calls for the preparation of Financial Statements. The Board recognizes this responsibility and has prepared the attached Financial Statements as of 30th June, 2024 based on prudence in judgment according to the International Public Sector Accounting Standards (IPSAS).

The Authority's Strategic Plan for 2023-2027 provides the direction in the campaign against alcohol and drug abuse in Kenya, considering national government policy provisions, devolved governance structures, and emerging alcohol and drug consumption trends.

In cognizance of the ever-evolving drug use environment globally and locally, the Board has developed innovative strategies to deal with the challenge in the new plan. In the new arrangement, the Board is retooling the Authority's strategic focus to Compliance and Enforcement as well as community-based initiatives that align with the Government's Bottom-Up Economic Transformation Agenda (BETA). The new Strategic Plan 2023-2027 heralds a new episode in the campaign against alcohol and drug abuse in the country with the Authority adopting a more collaborative approach while anchoring the campaign on enriched coordination approaches, especially with County Governments.

Central to ensuring long-term delivery in line with the strategy, is developing a culture that rewards high performance but also seeks to build on the values of the Authority. The Board is pleased to see employees support this, with a marked increase in employee engagement and performance in the implementation of the strategic direction.

The Board is also aware 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 the 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 the implementation of the two laws will be resolved. A review of the two laws is currently ongoing.

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.

Chairperson: 

Date: 30.12.2024

## **6. Report of the Chief Executive Officer**

During the reporting period, the Authority implemented activities geared towards fulfilling its mandate as provided under the NACADA Act, 2012 and the Strategic Objectives set out in the Strategic Plan 2023-2027.

### **i. On Public Education and Advocacy;**

The Authority supported learning institutions to implement the National Guidelines for Alcohol and Substance Use Prevention and Management In Basic Education Institutions, 2021. The purpose of these guidelines is to support learning institutions to prevent and manage alcohol and substance use. A total of 23,569 teaching staff, learners, and parents were sensitized in the following regions; Nyanza, Western, South Rift, North Rift, Central, Coast, Nairobi, Eastern, and North Eastern. This program was informed by the findings of the survey on the Status of Drugs and Substance Abuse among Primary School Pupils in Kenya, 2019 which showed that students easily access drugs from their schools and the shops located around the same schools.

During the period under period, NACADA implemented the positive parenting program through community dialogues, religious forums, schools, media engagements and webinar forums reaching one hundred and twenty-seven thousand, six hundred and thirty-six parents (127,636).

The Authority in partnership with various state and non-state actors conducted public awareness campaigns on alcohol and drug abuse reaching 18,447 out of school going youth.

### **ii. On Research, Standards and Licensing;**

To address the prevalence of drugs and substance use in Universities, the Authority in collaboration with seventeen (17) universities conducted a National Survey on the Status of Drugs and Substance Use among University Students in Kenya.

Towards promoting quality treatment, rehabilitation, and reintegration of persons with substance use disorders the Authority continued to provide counselling and referral services through the model toll-free counselling helpline (1192).

In implementation of the Authority's function section 7(1) (c) and (d) of the Alcoholic Drinks Control Act, the Authority coordinated the licensing of exporters and importers of alcoholic drinks. During the period under review the Authority received and processed 89 applications through the E-Citizen platform.

### **iii. On Compliance and Enforcement;**

During the reporting period, NACADA collaborated with county governments and various national government agencies to conduct enforcement operations across all 47 counties.

The Authority also organized county inter-agency meetings to support devolution by strengthening collaboration and cooperation between the two levels of government for improved service delivery.

### **iv. On Corporate Communications**

During the reporting period, the Authority carried out media sensitization campaigns across four television stations and three radio stations across the country. The media

campaigns were targeted and aimed at creating awareness of the dangers of alcohol and drug abuse as well as promoting positive behavior change among the public. The campaigns were spread across mainstream and vernacular media stations.

To promote transparency in addressing alcohol and drug control initiatives, NACADA held a consultative forum with the Kenya Editors Guild and the Media Council of Kenya. The training aimed to seek media support in the ongoing fight against alcohol and drug abuse in Kenya. The forum included editors from various media houses in Nairobi, emphasizing the crucial role of media in shaping public opinion and influencing societal behaviours.

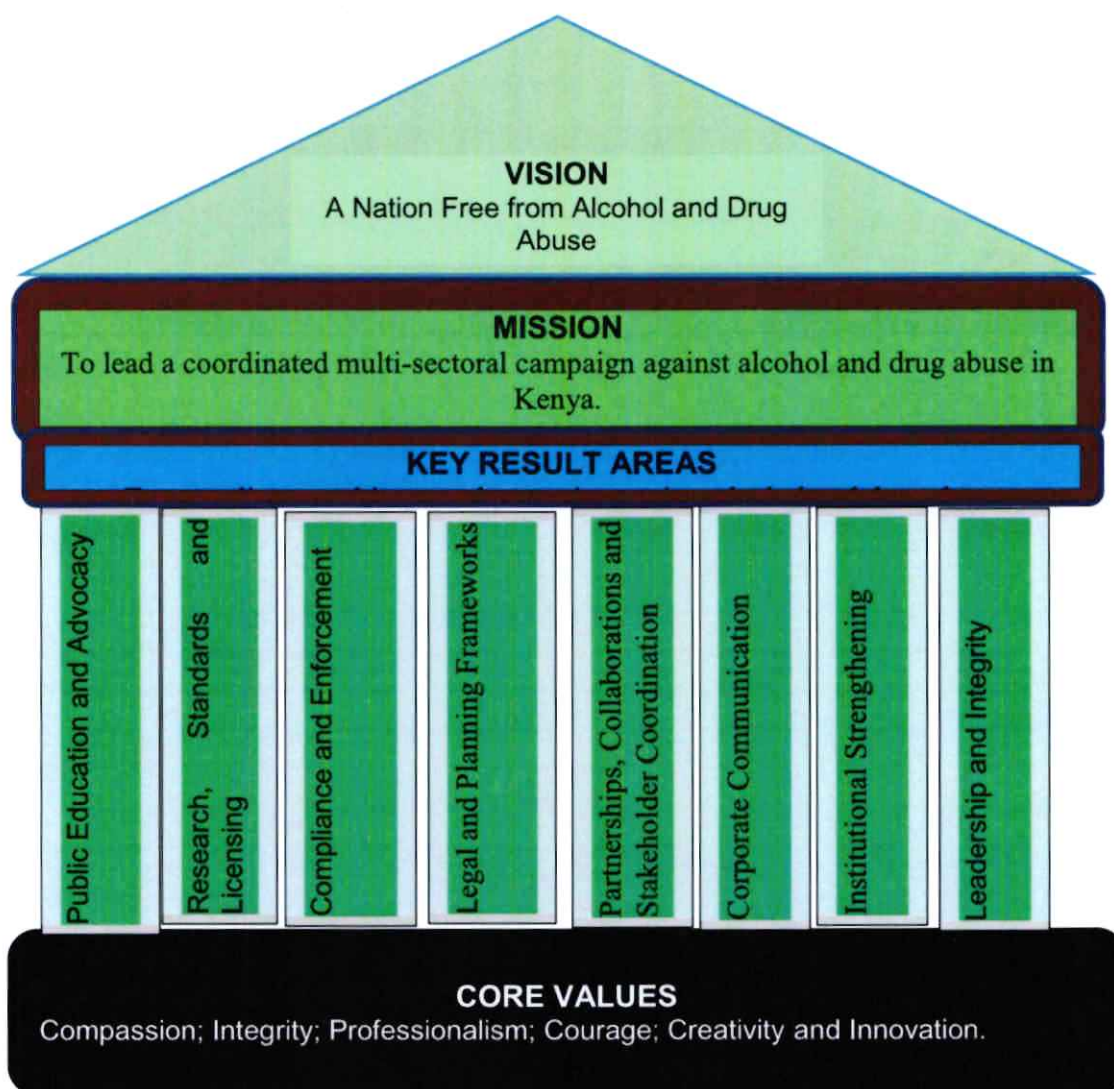
Chief Executive Officer:



Date: 30/12/2024

**7. Statement of NACADA'S Performance Against Pre- Pre-Determined Objectives for FY 2023/2024**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include a statement of the national government entity's performance against predetermined objectives in the financial statement. In order to enhance the coordination and facilitation in the implementation of alcohol and drug control policies and programs in Kenya, our 4<sup>th</sup> Strategic Plan 2023/24-2027/28 focused on eight key result areas in order to achieve six strategic objectives through implementation of 43 Strategic Initiatives. A high-level summary of the Authority's Strategic Plan is outlined in the diagram below:



**Diagram1: Strategy house on Strategic Direction**

The Authority identified key strategic objectives which were aligned to each key result area. A summary of the achievements as per the strategic objectives in line with the above key result areas is captured and presented in the table below;

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
Public Education and Advocacy	To enhance public education through drug demand reduction initiatives and advocacy campaigns	No. of teaching staff, learners and parents sensitized on national school guidelines	Facilitate implementation of national school guidelines by sensitizing 10,000 teaching staff, learners and parents	The Authority supported learning institutions to implement the National Guidelines For Alcohol And Substance Use Prevention And Management In Basic Education Institutions, 2021. The purpose of these guidelines is to support learning institutions to prevent and manage alcohol and substance use. A total of 23,569 teaching staff, learners and parents were sensitized in the following regions; Nyanza, Western, South Rift, North Rift, Central, Coast, Nairobi, Eastern and North Eastern. This program was informed by the findings of the survey on the Status of Drugs and Substance Abuse among Primary School Pupils in Kenya, 2019 that showed that students easily access drugs from their schools and the shops located around the same schools.
		Number of parents reached on positive parenting	Conduct positive parenting awareness campaigns targeting 100,000 parents/caregivers of children and youth through media, FBOs and other stakeholders	During the period under period, NACADA implemented the positive parenting program through community dialogues, religious forums, schools, media engagements and webinar forums reaching one hundred and twenty-seven thousand, six hundred and thirty-six parents (127,636). The objective of this program is to increase parental knowledge on ADA and create healthy social environments for their children.
		Number of out of school youth sensitized on ADA	Conduct public awareness campaigns for 20,000 out of school youth through	The Authority in partnership with various state and non-state actors conducted public awareness campaigns on alcohol and drug abuse reaching 18,447 out of school going youth. During the forums the participants were sensitized about why they also need to actively engage in development related activities at community level in a bid

			organized youth groups	to achieve a sustainable, inclusive and stable society. Substance use is one of the obstacles that may impede young people from participating in sustainable development efforts implemented by government and non-state actors.
Research, Standards and Licensing	To conduct research, develop standards, and undertake licensing	A survey on the status of drugs and substance use among university and tertiary students in Kenya.	Undertake a survey to assess the status of drugs and substance use among university students in Kenya	Towards addressing the prevalence of drugs and substance use in Universities, the Authority in collaboration with seventeen (17) universities conducted a National Survey on the Status of Drugs and Substance Use among University Students in Kenya. This survey will serve as a critical tool for monitoring the impact and effectiveness of alcohol and drug abuse interventions implemented by the Authority in collaboration with partners and other stakeholders. Additionally, the survey findings will assist program implementers in the area of alcohol and drug abuse to tailor their interventions towards addressing the most critical areas of need among students in Universities.
	Provide counselling and referrals through NACADA Helpline	Number of clients counselled and referred through the model helpline (1192)	Provide counselling and referral services to 10,000 persons with SUD's;	Towards promoting quality treatment, rehabilitation and reintegration of persons with substance use disorders the Authority continued to provide counselling and referral services through the model toll free counselling helpline (1192). The model helpline allows people with substance use disorders to access counselling and referral services remotely without physically visiting the Authority's service centre points. During the reporting period a total of thirteen thousand, one hundred (13,100) persons with substance use disorders accessed counselling and referral services though the helpline.
	Automation of Licensing of Importers and	Number of import and exporters licenses issued	Undertake licensing of importers and exporters of alcoholic drinks;	In implementation of the Authority's function section 7(1) (c) and (d) of the Alcoholic Drinks Control Act, the Authority coordinated the licensing of exporters and importers of alcoholic drinks. During the period under

	Exporters of Alcoholic Drinks			review the Authority received and processed 89 applications through the E-Citizen platform.
Compliance and Enforcement	To enhance compliance and enforcement of alcohol and drug control laws, regulations and standards	Number of crackdowns to enforce compliance with alcohol and drug control legislation undertaken	Conduct multi-agency crackdowns in 47 counties to enforce compliance with alcohol and drug control legislation	During the reporting period, NACADA collaborated with county governments and various national government agencies to conduct enforcement operations across all 47 counties. These coordinated crackdowns aimed to ensure strict compliance with alcohol and drug legislation, targeting illegal activities and promoting adherence to established laws and regulations. The enforcement activities included a series of inspections, raids, and compliance checks on establishments involved in the sale, distribution, and consumption of alcohol and other controlled substances. By leveraging the combined resources and expertise of both county and national agencies, NACADA was able to effectively identify and address violations, ranging from the sale of illicit brews and counterfeit alcohol to the unauthorized distribution of controlled substances.
		Number of county multi-agency committee forums held	Hold quarterly multi-agency forums for alcohol control in 47 counties	The Authority organized county inter-agency meetings to support devolution by strengthening collaboration and cooperation between the two levels of government for improved service delivery. These forums aimed to enhance coordination in developing action plans, implementing, and enforcing laws and policies related to alcohol and drug abuse control. The inter-agency committee meetings included government departments, lead agencies involved in drug demand and supply reduction, and respective county departments responsible for alcohol and drug control.
Corporate Communication	To enhance brand visibility	Number of mass media	Conduct mass media campaigns on strategic areas of interest	

		campaigns conducted		
		Number of appropriate media sensitization conducted	Undertake media training	To promote transparency in addressing alcohol and drug control initiatives, NACADA held a consultative forum with the Kenya Editors Guild and the Media Council of Kenya. The training aimed to seek media support in the ongoing fight against alcohol and drug abuse in Kenya. The media is a critical stakeholder, capable of disseminating evidence-based information on the risks associated with substance abuse, available prevention and treatment resources, and advocating for policies and legislation to reduce the availability and consumption of harmful substances. The forum included editors from various media houses in Nairobi, emphasizing the crucial role of media in shaping public opinion and influencing societal behaviours.

## 8. 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 NACADA Board and Management framework entail 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 and 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 applying principles and practices in the best interest of the Kenyan population. The Board has also become more proactive in promoting issues of corporate fairness, transparency, and accountability in the authority's internal and external operations.

In the FY 2023-2024, the Board held five Board meetings. The dates and attendances at the meetings are indicated in the matrix below:

S/No.	Name	Designation	11/7 /23	18/8 /23	29/8 /23	06/10 /23	18/10 /23	31/10 /23	16/11 /23	15/1/ 24	19/1 /24	12/4 /24	06/6/ 24
1.	Rev. (Dr.) Stephen Mairori	Chairperson	√	√	√	√	√	√	√	√	√	√	√
2.	Ms. Ann Mathu	Member	√	n/a	n/a	√	√	√	√	√	√	√	√

S/No.	Name	Designation	11/7 /23	18/8 /23	29/8 /23	06/10 /23	18/10 /23	31/10 /23	16/11 /23	15/1/ 24	19/1 /24	12/4 /24	06/6/ 24
3.	Mr. Hasaan Ole Naado	Member	n/a	n/a	n/a	√	√	√	√	√	√	√	√
4.	Hon. Elijah Lagat	Member	√	n/a	n/a	√	√	√	√	√	√	X	√
5.	Mr. Ali Swaleh Nyamai	Member	√	n/a	n/a	√	√	√	√	√	√	√	√
6.	Rev. Fredrick Ngugi	Member	√	n/a	n/a	√	√	√	√	√	√	√	√
7.	Mr. Samuel Laboso	Member	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√
8.	Dr. Mercy Karanja	Member	√	√	√	x	x	√	√	√	x	x	x
9.	Veronica Okoth (Mrs.)	Alternate to PS, National Treasury	√	√	√	x	√	x	√	√	√	√	√
10.	Dr. Josephine Etenyi	Alternate to PS, Youth	√	√	√	√	√	√	√	√	√	√	√
11.	Ms. Beverly Opwora	Alternate to PS, Interior	x	√	√	x	x	x	x	x	x	x	x
12.	Ms. Florence Amoit	Alternate to PS, Education	√	√	√	√	√	√	√	√	√	√	√
13.	Dr. Ephantus Maree	Alternate to PS, Health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√
14.	Dr. Anthony Omerikwa	CEO	n/a	n/a	n/a	n/a	n/a	n/a	√	x	√	√	√

\* n/a means not yet appointed at the time of the board meeting\*

\*\* n/l means no longer a Board member at the time of the board meeting\*\*

## Appointments

The Chairperson of the Board is appointed by H.E. the President, while the other members are Principal Secretaries who are members of the Board by virtue of their respective offices. They, however, designate their alternates to the Board. The alternates may be changed from time to time by their principals. The other members are appointed by the Cabinet Secretary in charge of National Security. As soon as the term of any Board member ends, the appointing Authority makes a replacement.

Once the Chairperson of the Board's term ends, the appointing Authority makes a replacement. A vice-chairperson is usually elected as provided by paragraph 3 of the Schedule to the NACADA Act, 2012 and presides over the Board matters without the Chairperson.

The Board does not have its own customised Charter; however, its operations are guided by the Mwongozo Code of Governance for State Corporations. However, the Audit committee has established its audit charter that governs its operations.

## Roles and functions of the Board:

Under section 6(4) of the NACADA Act, 2012, the functions of the Board are the following:

- a. Ensure proper and efficient exercise of the powers and performance of the functions of the Authority;
- b. Advise the management of the Authority generally on the exercise of the powers and the performance of the functions of the Authority;
- c. Approve the estimates of the revenue and expenditure of the Authority
- d. Perform such other functions as are provided for under this Act or any other written law.

### **Induction and training:**

In the FY 2021-22, all the new Board members attended an induction Workshop for Board members of State agencies conducted by the State Corporations Advisory Committee and the Institute of Certified Secretaries (Kenya). The members also underwent various internally organized capacity-building activities.

### **Member performance:**

The Board Evaluation is scheduled to be done on 11<sup>th</sup> August 2024.

### **Functions of the Committees of the Board:**

#### **i. Human Resource Committee:**

The role of the Board in the management of human resource is enshrined within the Board Human Resource Committee which is the interface between the Board and the staff. The Committee is charged with the following functions:

- (a) Ensure compliance with the labour laws, regulations, government circulars and policies governing management of human resource
- (b) Review and recommend to the Board approval of Human Resource policies.
- (c) Provision of leadership in the implementation of human resource policies and regulations.
- (d) Review and recommend to the Board for approval matters relating to discipline, training, performance management and any other human resource management issues.
- (e) Taking lead in the review of organizational structure, staff establishment and grading structure.
- (f) Advise the Board on matters relating to recruitment, appointment and promotion of staff.
- (g) Oversee implementation of succession plans to ensure service continuity
- (h) Advise the Board on human capital risks that may arise and the probable measures to mitigate the same
- (i) Overall

#### **ii. Finance Committee:**

- Overseeing the development and implementation of the Budget of the Authority

- Mobilization of resources for the Authority from both within the organization as well as from external stakeholders.
- Ensuring compliance with the public finance laws and policies of the government as they relate to the Authority.

**iii. Technical Committee:**

- Overseeing the development, implementation and supervision of the Authority's Annual Work Plan.
- Overseeing the implementation of the programmes of the Authority
- Managing the stakeholder engagement framework for the Authority
- Monitoring and guiding the implementation of the Performance Contract between the Authority and the Parent Ministry.

**iv. Audit and Risk Management Committee:**

- General oversight over the governance aspects of the Authority's structures, programmes and administration
- Risk management: identification, profiling, mitigation, and prevention
- Engagement with and ensuring the implementation of the internal audit reports
- Engagement with and ensuring the implementation of the external audit reports
- Advisory on the maintenance of quality assurance over the services provided by the Authority.

**Board Remuneration:**

The Board members are remunerated as provided by the Salaries & Remuneration and further guided by the State Corporations Advisory Committee and the Head of Public Service in the manner of a sitting allowance of Kshs. 20,000 for every sitting.

**Ethics, Conduct and Governance Audit:**

A customized Code of Ethics is due for development. The Board presently implements the statutory Code of Ethics in the Leadership & Integrity Act, 2012. Governance audits are due to be instituted

**Conflict of Interest:**

The Board keeps a Conflict-of-Interest Register in which any possible conflict in the agenda of each meeting is sought and recorded where applicable.

**NACADA Risk Management Framework**

The Authority has a robust risk management framework in place that addresses all significant strategic, financial, operational, and compliance-related risks that could undermine the Authority's ability to sustain its mandate. The overall responsibility for the risk framework lies with the Board of Management.

The risk management framework is designed to be flexible to ensure that it remains relevant at all levels of the organization given the diversity of the Authority's stakeholders to ensure that it remains current and responsive to the dynamic Alcohol & Drug Abuse regulatory environment. Continuous monitoring of risk and control processes across all key risk areas provides the basis for regular reports to Management, the Board Audit Committee, and the Full Board quarterly.

### **Risk management system**

The Board Audit Committee independently monitors the effectiveness of the risk management system and follows action plans for major risks on behalf of the Board. The NACADA's Directorate of Compliance, Quality Control & Risk Management is responsible for coordinating the risk management process and risk reporting within the Authority. The risk owners (Departmental heads) are responsible for risk in the operating units and are responsible for implementing the agreed mitigation measures.

The Risk Management Committee is a management committee that examines and analyses the Risk reports before they are presented to the Board Audit Committee and ask critical questions of risk owners. The committee is also responsible for follow-up action plans recommended by the Board Audit Committee, approve of mitigating risk actions taken as delegated by the Board to contribute to the development of the Risk Management process. The Risk Management Committee presents its report on risk management to the Board Audit Committee through the Director Compliance, Quality Control, and Risk Management.

### **Risk recognition, evaluation, and Management**

The management team of each operating unit within the Authority analyses the significant risks affecting that unit. The risk Champions in the various departments categorize each risk they have identified and evaluate it in terms of criteria determined centrally, including the potential impact of the risk on the Authority and the expected probability of its occurrence. When analyzing the impact of the risk, the risk champions will consider the impact on the results of operations and the impact on non-monetary aspects such as operations, reputation, and strategy.

For each risk, the next step for those in charge is to plan the mitigation measures taken to manage the risk, so that the risk may be reduced to an acceptable level. The Management of the risk comprises a selection or a combination of measures to avoid risk, transfer risk, reduce risk, and control risk. For each risk, responsibility for the risk is assumed by the departmental head.

### **Risk reporting**

The Director Compliance, Quality Control, and Risk Management are central in risk reporting through the Coordination of units included in the risk reporting process. Uniform standards apply throughout the Authority to report the status of any significant risks and

any changes in those risks. Departmental Risk champions make their risk reports using the predetermined template to be forwarded to the Risk owners for concurrence.

Every quarter, the Risk Champions forum discusses the critical risks for the Authority and a risk report is prepared, which is then addressed in the Risk Management Committee meeting. In addition, the Risk Management Committee presents a report on the significant risks at the quarterly meetings of the Board Audit Committee meeting.

The risk report submitted to the Full Board comprises information relating to the status of significant risks in terms of strategic and operational risks and any changes in those risks and a description of the activities in the risk management process. The significance of each risk is evaluated and reported using the central risk assessment system to award risk ratings based on the potential impact of the risk and the expected probability of its occurrence.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

To deliver on various aspects of NACADAs mandate, the following activities were accomplished under operational and financial performance during the period:

### **I. Operational Performance**

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

#### **a) Public Education and Advocacy**

To enhance the capacity of communities to address the risk factors related to drugs and substance use, the Authority, in partnership with various non-state actors, organized comprehensive training sessions on Community Engagement in the Management of Alcohol and Drug Abuse. These training programs were conducted in 6 counties. The overarching objective of this initiative is to establish a framework that supports community-led efforts aimed at fostering safer, healthier, and drug-free environments across Kenya. By equipping community members with the necessary knowledge and skills, the program seeks to empower them to take proactive roles in addressing the challenges posed by alcohol and drug abuse. This approach not only enhances the community's capacity to manage these issues effectively but also promotes sustainable, grassroots solutions that can be tailored to the unique needs of each locality.

#### **b) Compliance to Alcohol and Drug Policies, Laws, Regulations and Standards Enhanced**

The Authority participated in a national exercise to vet licenses for all alcoholic drink manufacturers in the country. This initiative was carried out by a multi-agency taskforce coordinated by the Ministry of Interior and National Administration. The taskforce was established as part of the process of implementation of 25 policy and operational guidelines issued by the Government of Kenya, that seek to eradicate illicit liquor, combat narcotic drugs, and address unethical practices in the alcohol industry. A total of 29 manufacturers were inspected, resulting in the approval of licenses for 15 outlets.

### **c) Research, Standards and Licensing**

Towards updating both Houses of Parliament so as to facilitate strategic decision making on ADA, the Authority prepared and published the eighteenth (18th) and 19th edition of biannual report on the status of alcohol and drug abuse control in Kenya. This report covered the period of 1st January – 30<sup>th</sup> June 2023 and 1<sup>st</sup> July – 31<sup>st</sup> December 2023. This was published in compliance with the provisions of Section 5(j) and 26(C) of the (NACADA) Act, 2012 which provides that the Authority.

Additionally, pursuant to the implementation of section 5(f) of the NACADA Act, the Authority co-ordinated Inspection and accreditation of rehabilitation centres. The objective of the inspection exercise is to assess the level of compliance to the National Standards for Treatment of Persons with Substance Use Disorders (SUDs) and for accreditation purpose. A total of one hundred and seventy-three (173) treatment and rehabilitation centres were inspected out of which one hundred and twenty-three (123) were accredited

### **d) Institutional Strengthening**

During the period under review, the Authority successfully launched (10) ten new county offices, enhancing its efforts to decentralize services and improve accessibility across the country. This expansion aims to bring the Authority's services closer to the communities, ensuring more efficient service delivery and fostering stronger local engagement. By establishing these offices, the Authority is better equipped to address county specific needs and promote equitable access to its services throughout the country.

### **e) Leadership and Integrity**

The Authority reviewed and operationalized the risk management policy. The main goal purpose of this policy is to ensure that NACADA pursues a structured and systematic approach to effective risk management in attainment of its stated goals while ensuring prudent utilization of its resources.

## **II. Financial Performance**

The Financial Performance of the Authority financial year ended 30 June 2023 is presented herewith in line with the requirement of the Public Audit Act, PFM Act and the International Public Sector Accounting Standards

### **a) Revenue**

The Authority's total revenue for the financial year 2023 2024 was Kshs 894M with fees collected standing at Kshs 36M million accounting for 4% of the total revenue for the year. This was a increase compared to the performance of 2022-2023 FY where the Authority's revenue stood at Kshs 612M, being 32 % increase of the total revenue for the said year.

**b) Expenditure**

The total recurrent expenditure of the Authority for 2023-2024 FY stood at Kshs.894M compared to Kshs.646M in the previous year 20202-2023 FY.

**c) Cash Flow Statement**

The cash and cash equivalent for 2023- 2024 FY was Kshs. 82M compared to Kshs. 9M in the prior-year 2021-2022 FY as presented in the cash flow statement.

**d) Surplus/deficit**

In the 2023-2024 financial year the Authority had a Surplus of Ksh0.7M compared to a deficit of Ksh.3M.

**III. Compliance with statutory requirements**

The financial performance of the Authority for the twelve months ended 30 June 2024 is presented in compliance with the Public Audit Act 2015, Public Finance Management Act 2012 International Public Sector Accounting Standards. The Authority has continued to comply with all applicable laws and statutory requirements. The Authority currently does not have ongoing court cases or defaults which can amount to contingent liabilities.

**IV. Major Risks Facing the Authority**

The Mwongozo Code of Governance for State Corporations, 2015, requires key risks to which the reporting entity is exposed to be disclosed to stakeholders in a complete, timely, relevant, and accurate manner.

## **10. ENVIRONMENTAL SUSTAINABILITY REPORTING**

NACADA exists to transform lives. This is our purpose, the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

### **I. Sustainability strategy and profile**

Alcohol and drug abuse continue to pose the biggest threat to the health and wellbeing of communities in Kenya. The problem, which is no respecter of persons, race, income level, economic or social status, continues to permeate and affect the overall productivity of Kenyans. The Authority is committed to addressing this problem in collaboration with other state and non-state actors. In executing its mandate, the Authority is also responsible for coordinating the Country's International obligations and commitments towards alcohol and drug prevention and control. These commitments are enshrined in the Sustainable Development Goals (SDGs) framework, which requires governments to integrate the six essential elements of the SDGs that should underpin any future response to the problem of substance use within their communities. These elements include justice-based, people-centered, dignity-oriented, solidarity-based partnerships that focus on prosperity for all. In addition, the Authority coordinates the market surveillance with the aim of monitoring the safety of the alcoholic drinks. Some of these commitments implemented by the Authority include;

#### **a) UN Sustainable Development Goals**

The Authority has integrated selected Sustainable Development Goals into its programs. Drug policy reform is essential for achieving the new goals and targets in the Sustainable Development Goals (SDGs). The SDG Agenda 3 seeks to ensure healthy lives and promote the well-being of all ages. Target 3.3 aims to provide increased access to HIV prevention, treatment, and care services among people who use drugs, including prisoners. Target 3.5 seeks to strengthen the prevention and treatment of people with substance use disorders, including harmful drugs and narcotic drugs. NACADA's key target has been to reduce non-communicable diseases which thrive through alcohol and drugs abuse through strengthening the prevention and treatment of persons with substance use disorders. The Authority has also integrated national development priorities in its programs and activities in the Nations Vision 2030 and the Constitution.

#### **b) Africa Agenda 2063**

Agenda 2063 is a strategic framework designed to shape the future of Africa by outlining its aspirations and key initiatives for development. It comprises seven core aspirations and flagship projects that will be executed over a series of 10-year implementation plans. The goal is to bring about sustainable and meaningful improvements in the lives of African people. NACADA aligned its programs with the principles of Agenda 2063 to fulfil its responsibilities. By ensuring that the youth are protected from the harms of alcohol and drug abuse, the nation can work towards a stronger economy and a brighter future.

#### **c) Measures to address corruption and risks faced by the Authority**

The Authority has developed and operationalized an Anti-Corruption Policy; this policy seeks to enable the Authority to deal with corruption issues in an open, decisive and

timely manner to promote good governance and attainment of zero tolerance to corruption.

Additionally, the Authority has also developed a Risk Management Framework that will enable the Authority to focus on all risks faced comprehensively and comprehensively. The development of this Risk Management Policy is one step towards ensuring that NACADA manages risks at all levels and simplifies the understanding of risk management and description of various terms. The Authority has also put in place monitoring, reporting mechanisms, and implementation time frame. The Board and management have been using this policy to improve the Authority's operations and achieve strategic objectives continuously.

## **II. Environmental Performance**

To promote sustainable development goal (SDG) 15 on reversing man-made deforestation and desertification to sustain life on earth the Authority partnered with the Kenya Forest Service, the National Youth Council and various community organizations in planting indigenous and fruit trees at Miritini Treatment and Rehabilitation Centre and at Nyachogochi Primary School in Nyamira County. A total of 360 indigenous and fruit trees were planted.

## **III. Employee welfare**

The Authority recognizes that, in addition to offering pay benefits and a healthy working environment to employees, their emotional and social needs should also be catered for as they discharge their duties. The Authority pursues a policy that addresses various social and health challenges confronting employees at the workplace which include:

- (a) Management of HIV/AIDs at the workplace with a view to safeguarding and protecting against discrimination employees who are infected and affected.
- (b) Management of alcohol and drug abuse with a view to providing counselling and rehabilitation services to affected employees
- (c) Providing a conducive work environment for persons with disability among the employees
- (d) Gender mainstreaming in order to ensure that employees are accorded equal opportunities and treatment irrespective of their gender
- (e) Provision of a safe working environment with adequate, usable facilities to enable employees perform their duties effectively
- (f) Establishment of a mortgage and car loan scheme to assist employees access affordable loan to acquire decent accommodation and ease transport to the place of work.
- (g) Provision of medical cover to all employees and their dependants to ensure a healthy population at the work place.

## **IV. Market place practices**

### **a) Responsible competition practice**

Responsible Competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices, and penalized for the converse (Accountability 2003, Responsible Competitiveness Index 2003). The

Authority performs rehabilitation inspections geared towards provision of accreditation certificates to operational rehabilitation centres annually.

**b) Responsible Supply chain and supplier relations**

In the FY2022/23 50% of the Authority's Annual procurement spend was taken up by special groups (Youth, Women and PWD). Local content procurement accounted for 60% of the procurement budget. Prior to engaging suppliers, Authority undertakes continuous supplier registration to ensure as many potential suppliers as possible are enlisted as service providers for the Authority.

Authority sensitizes current and potential suppliers on procurement processes and opportunities using its online media platforms such as the website ([www.nacada.go.ke](http://www.nacada.go.ke)), Facebook, Twitter, Instagram and LinkedIn pages. In addition, the Authority disseminates information on procurement issues via its in-house training. The Authority ensures strict adherence to provisions of the Public Procurement and Asset Disposal Act in terms of engagement through to timely payments to suppliers who satisfactorily offer goods and services to the Authority.

**c) Responsible marketing and advertisement**

The Authority conforms to Government Advertisement guidelines and maintains ethical marketing practices by ensuring information reaches as many of its customers as possible especially when vacancies arise; or when opportunities for procurement of good and services for the Authority arise. When placing advertisements, Authority affirms its consideration for special and marginalized groups through a statement at the end of each advert that 'Persons with disabilities, women and marginalized communities are particularly encouraged to apply.' In addition, the Authority reserves in some of its adverts pertaining to procurement of goods and services to specifically target special groups under AGPO.

**d) Product stewardship**

NACADA does not provide products in its operations.

**V. Corporate Social Responsibility / Community Engagements**

The Authority takes cognizance of the fact that it does not operate in isolation. It thus has to give back to society through strategic CSR activities which address wider societal issues. Alcohol and drug abuse continue to be one of the biggest threats to health, socio-economic and political development across the globe. In Kenya, alcohol and drug abuse has significantly increased in the country over the last decade. The adverse effects of this vice have not spared the youth and children in school and out of school.

As part of CSR, the Authority undertook an activity at the Mombasa Women Empowerment Network in Mombasa County. The organization is a local Community Based Organization which operates a treatment and rehabilitation facility for psychotic clients. It is a privately owned facility running an inpatient programme for people suffering from various psychotic problems. The facility has about 80 males and 20 females and the facility does not charge for its services. It relies on well-wishers to run. The Authority donated foodstuffs to the facility and the resultant cost is Kshs 150,000/=

## **11. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the NACADA's affairs.

### **i) Principal activities**

The principal activities of Nacada are (and continue to be) pages 2-3

### **ii) Results**

The results of the Authority for the year ended June 30, 2024, are set out on page 24

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on pages 6-9. During the financial year under review, two board members, Hon Esther Gathogo and Dr Kepha Ombacho left the board.

### **iv) Surplus Remission**

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

NACADA did not realize any surplus in the financial year under review and hence no remittance to the Consolidated Fund.

### **v) Auditors**

The Auditor-General is responsible for the statutory audit of the NACADA per **Article 229 of the Constitution of Kenya** and the **Public Audit Act, 2015**.

***By Order of the Board***

Daniel Owino Konyango

Corporate Secretary

Nairobi

Date.....

## **12. 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, 2022. 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 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, 2024 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.

Approval of the financial statements

NACADA's financial statements were approved by the Board on 15/10/2024  
2024 and signed on its behalf by:



.....  
**Rev. Dr Stephen Mairori**  
**Chairperson of the Board**



.....  
**Dr. Anthony Omerikwa**  
**Accounting Officer**

# REPUBLIC OF KENYA



*Enhancing Accountability*

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Email: 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 THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of National Authority for the Campaign Against Alcohol and Drug Abuse set out on pages 1 to 40, which comprise of

the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 the Campaign Against Alcohol and Drug Abuse as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with 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 the 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **Long Outstanding Receivables**

The statement of financial position reflects a balance of Kshs.5,926,976 in respect of receivables from exchange transactions as disclosed in Note 23 to the financial statements. However, the ageing analysis for receivables from exchange transactions provided revealed that an amount of Kshs.4,197,994 has been outstanding for more than two year.

In the circumstances, full recoverability of the outstanding receivables could not be confirmed.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the other information set out on page vi to xli which comprise of Key entity Information and Management, The Board of Directors, Chairman's Statement, Report of the Chief executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and

Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Non-Compliance with One-Third of Basic Salary Rule

During the year under review, twenty-three (23) employees received a net salary less than one-third ( $\frac{1}{3}$ ) of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries.

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

#### 2. Delay in Transfer of Land Ownership Documents

As previously reported, the Presidency and Ministry of Interior and Coordination of National Government directives dated 28 August, 2015 and 13 August, 2019, respectively resulted in the renovation and transformation of the National Youth Service - Miritini Camp, into a Rehabilitation Centre for youth affected by drug and substance abuse. However, by the time of audit in December 2024, the land on which the Centre was built had not been transferred to the Authority. This was contrary to Section 79(1)(c)(i) of the Public Finance Management Act, 2015, which requires the Accounting Officer to ensure that adequate arrangements are made for the proper use, custody, safeguarding and maintenance of public property.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **Understaffing of the Authority**

Review of the Authority's staff establishment records indicated that the Authority had an approved staff establishment of two hundred and eighty-seven (287) employees. However, as at the time of the audit in December 2024, the Authority had only one hundred and twenty (120) employees, resulting to an understaffing by one hundred and sixty-seven (167) employees.

In the circumstances, the understaffing may affect the efficiency and effectiveness in performance of the Authority's functions. Further, adequate segregation of duties to enhance internal controls may not be possible.

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 the Board of Directors**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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 controls, risk management and 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 going concern basis of accounting unless Management is aware of the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

#### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 December, 2024**

15. Statement of Financial Position as at 30th June 2024

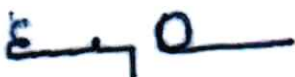
		2023-2024 Kshs	2022-2023 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	22	85,672,696	9,438,418
Receivables from exchange transactions	23	5,926,976	7,855,978
Receivables from non-exchange transactions	24	32,948,653	48,350,557
<b>Total Current Assets</b>		<b>124,548,325</b>	<b>65,644,953</b>
<b>Non-current assets</b>			
Property, plant and equipment	25	256,747,889	203,191,950
Intangible Assets	26	7,467,475	7,375,391
<b>Total Net Current Assets</b>		<b>264,215,364</b>	<b>210,567,340</b>
<b>Total Assets</b>		<b>388,763,689</b>	<b>276,212,293</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange	28	130,488,915	173,513,004
Deferred Income	29	11,563,385	11,563,385
Current Provisions	30	19,966,385	1,450,292
<b>Total liabilities</b>		<b>162,018,685</b>	<b>186,526,680</b>
<b>Net assets</b>		<b>226,745,004</b>	<b>89,685,613</b>
Capital Fund		216,020,839	82,264,675
Accumulated surplus		10,724,165	7,420,938
<b>Net Assets</b>		<b>226,745,004</b>	<b>89,685,613</b>
<b>Total Net Assets and Liabilities</b>		<b>388,763,689</b>	<b>276,212,293</b>


The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Chief Executive Officer  
Name: Dr. Anthony  
Omerikwa

Head of Finance  
Name: Dr CPA Samuel  
Makini  
ICPAK Number: 8431

Chairperson of the Board  
Name: Rev. Dr Stephen  
Mairori

  
Date: 30/12/2024

  
Date: 30/12/2024

  
Date: 30.12.2024

16. Statement of Changes in Net Assets for The Year Ended June 30, 2024

	Capital Replacement Development Reserve/Capital Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
Balance as at 1 July 2023	82,264,675.00	7,420,938.00	89,685,613.00
Prior year adjustment			(9,153,455)
Restated Opening balances 1st July 2023	26,783,428	18,214,017	44,997,445
Deficit for the Period		(7,715,262)	(7,715,262)
Balance as at June 30th 2022	26,783,428	10,498,754	37,282,182
Balance as at July 1st 2022	26,783,428	10,498,754	37,282,182
Transfer of Deferred Income	55,481,247	-	55,481,247
The deficit for the Period		(3,077,816)	(3,077,816)
<b>Balance as at 30th June 2023</b>	<b>82,264,675</b>	<b>7,420,938</b>	<b>89,685,613</b>
<b>Balance as at July 1st 2023</b>	<b>82,264,675</b>	<b>7,420,938</b>	<b>89,685,613</b>
Development Fund received	66,000,000		66,000,000
Recurrent – Replacement of Assets	31,880,000		31,880,000
AIA - Replacement of Assets	35,876,164		35,876,164
Prior Year Adjustment		1,245,883	1,245,883
Surplus for the Year		2,057,344	2,057,344
<b>Balance as at 30th June 2024</b>	<b>216,020,839</b>	<b>10,724,166</b>	<b>226,745,004</b>

17. Statement of Cash Flows as at 30 June 2024

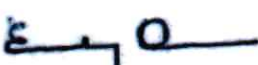
	Notes	2023-2024 Kshs	2022-2023 Kshs
<b>Revenue from Non exchange Transactions</b>			
<b>Receipts</b>			
Transfer from Other Government Entities	6(b)	1,029,060,000	574,844,313
Licenses and Permits	7(b)	8,979,699	20,793,193
Public Contributions and Donations	8(b)	6,235,633	8,276,742
Rendering of Services	9(b)	1,379,851	4,914,173
<b>Total Cash received</b>		<b>1,045,655,183</b>	<b>608,828,421</b>
<b>Expenses</b>			
Employee Costs	11(b)	316,078,208	307,415,068
Remuneration of Directors	12	34,273,324	29,050,682
Repairs & Maintenance	14(b)	15,990,994	9,659,943
Campaign Expenses	15	191,946,293	115,650,215
Travelling Expenses	16(b)	69,516,939	35,517,551
General Expenses	17(b)	173,568,273	81,498,951
Training & Research	18	42,371,072	27,102,356
Rendering of Services Expenses	19	1,336,170	2,924,070
Miritini Project	20(b)	15,091,324	36,180,320
Rehabilitation Expenses	21	10,448,515	913,080
<b>Total Expenses</b>		<b>870,621,112</b>	<b>645,912,236</b>
<b>Net cash flows from operating activities</b>		<b>175,034,071</b>	<b>(37,083,814)</b>
<b>Cash flows from investing activities</b>			
Cash paid for Purchase of Fixed Assets	27	(98,799,790)	(62,798,226)
<b>Net cash flows used in investing activities</b>		<b>(98,799,790)</b>	<b>(62,798,226)</b>
<b>Cash flow from Financing Activities</b>			
Cash received for Development of Miritini Rehab		=	=
<b>Net increase /(Decrease) in cash and cash equivalents</b>		<b>76,234,280</b>	<b>(99,882,039)</b>
Cash and Cash equivalents at 1 July		9,438,416	109,320,457
<b>Cash and cash equivalents at 30 June</b>	22	<b>85,672,696</b>	<b>9,438,418</b>


The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Chief Executive Officer  
Name: Dr. Anthony Omerikwa

Head of Finance  
Name: Dr CPA Samuel Makini  
ICPAK Number: 8431

Chairperson of the Board  
Name: Rev. Dr Stephen Mairori

  
Date: 30/12/2024

  
Date: 30/12/2024

  
Date: 30.12.2024

18. Statement of Comparison of Budget and Actual Amounts for Period Ended 30th June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Variance percentage	
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024		
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Income</b>							
Transfer from Other Government Entities	963,078,000	-	963,078,000	963,060,000	(18,000)	100%	
Licenses and Permits	25,000,000	-	25,000,000	8,979,699	(16,020,301)	36%	1
Rendering of Services	5,000,000	-	5,000,000	6,235,633	1,235,633	125%	2
Miritini Project	66,000,000	-	66,000,000	66,000,000	-	100%	
Other Income	2,000,000		2,000,000	1,379,851	(620,149)	69%	3
<b>Total income</b>	<b>1,061,078,000</b>	<b>-</b>	<b>1,061,078,000</b>	<b>1,045,655,183</b>	<b>(15,422,817)</b>	<b>99%</b>	
<b>Expenses</b>							
<b>Recurrent</b>							
Staff cost	344,373,193		344,373,193	316,078,208	28,294,984	91%	
Board Expenses	29,347,241		29,347,241	34,273,324	(4,926,083)	117%	4
Repairs & Maintenance	24,443,505		24,443,505	15,990,994	8,452,511	65%	5
Campaign Expenses	222,168,925		222,168,925	191,946,293	30,222,632	86%	
Travelling Expenses	61,058,119		61,058,119	69,516,939	(8,458,820)	114%	6
General Expenses	139,913,343		139,913,343	173,568,273	(33,654,930)	124%	7
Training & Research	50,356,400		50,356,400	42,371,072	7,985,328	84%	8
Rendering of Service Expen	5,000,000		5,000,000	1,336,170	3,663,830	27%	9
Miritini Project	30,541,710		30,541,710	15,091,324	15,450,386	49%	10
Rehab Centre Expenses	15,000,000		15,000,000	10,448,515	4,551,485	69%	11
<b>Recurrent expenditure</b>	<b>922,202,436</b>		<b>922,202,436</b>	<b>870,621,112</b>	<b>51,581,324</b>	<b>94%</b>	
<b>Capital Expenditure</b>	<b>138,875,564</b>		<b>138,875,564</b>	<b>98,799,790</b>	<b>40,075,774</b>	<b>71%</b>	
<b>TOTAL Budget</b>	<b>1,061,078,000</b>		<b>1,061,078,000</b>	<b>969,420,902</b>	<b>91,657,098</b>	<b>91%</b>	
<b>Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,234,281</b>	<b>107,099,915</b>		

## Budget Notes

1. The negative variance was due to import/export license fee collected on behalf of Authority but was not release by eCitizen by 30th June 2024 proximately 79%.
2. Positive variance is due to services rendered previous financial period which were settled in the financial year under review.
3. Negative variance is due to unsettled invoices about closure of the financial year, the amount is approximately 50% of the budget amount.
4. Negative variance is due to training and induction of new Board members which was not foreseen.
5. The variance was due to cancellation of some planned repairs which ware too expensive and management planned to retender and seek competitive bids.
6. Increase was due to settlement of debts incurred in the previous financial period.
7. Increase was due to settlement of debts incurred in the previous financial period.
8. Variance was due to shifting of cost sharing services by public institutions, where most preferred sourcing their own training facility as opposed to relaying on Authority to source for training facility.
9. Variance was due to shifting of cost sharing services by public institutions, where most preferred sourcing their own training facility as opposed to relaying on Authority to source for training facility
10. Variance is due to pending invoices/certificates from the contractor

## **19. Notes to the Financial Statements**

### **1. General Information**

NACADA is established by and derives its authority and accountability from The NACADA Act 2012. It 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**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying NACADA's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

### **3. Adoption of New and Revised Standards**

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

Standard	Effective date and impact:
	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

- iii) Early adoption of standards  
NACADA did not early – adopt any new or amended standards in the year 2023/2024.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

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

NACADA recognizes revenues from liquor licenses on a cash basis but recognizes direct credit in the Bank Accounts as revenue at the end of the financial year. Returns comprising deposit slips and a copy of the 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, a cash book and bank reconciliation statement is prepared. Credit in the bank's statements that have not been acknowledged by issuing receipts are regarded as direct credits and recognized as revenue, which are subsequently confirmed by returns from the sub-counties.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognised on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

NACADA receives transfers from its Parent Ministry – The State Department for Interior and Co-ordination of National Government, for both Development and Recurrent expenditures.

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**ii) Revenue from exchange transactions**

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or NACADA's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2022-2023 was approved by the National Assembly on 14-06-2022. 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 Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, NACADA did not record any additional appropriations on the 2022-2023 budget.

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 an accrual basis using a classification based on the nature of expenses in the statement of financial performance. In contrast, the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis, including in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance, has been presented under section 17 of these financial statements.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are enacted or substantively enacted at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognised directly in net assets is recognised in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NACADA is a tax agent for the government and, therefore, withholds VAT for Merchants, Withholding tax for consultancies and PAYE taxes.

## **Notes to the Financial Statements (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside surplus or deficit is recognised outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities. The deferred taxes relate to the same taxable Entity and taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Sales tax**

Expenses and assets are recognised net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property when cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

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.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the lease's commencement at the leased property's fair value or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**h) Research and development costs**

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

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

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

NACADA is mandated to carry out research in the Country and assess the level of drug abuse to assist the National Government in policy formulation. Public institutions and private institutions also engage the Authority in carrying out research on substance abuse parameters in their entity's workforce to mitigate their effects.

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

**i) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

NACADA does not hold any financial assets as at the date of reporting.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such

financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

NACADA does not hold any financial Instruments.

### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

### **Impairment of financial assets**

NACADA assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

## **b) Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as

through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

**k) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The Authority doesn't have provision other than provision for Audit fee.

**l) 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 remote.

**m) 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.

**n) Nature and purpose of reserves**

NACADA creates and maintains reserves in terms of specific requirements. NACADA has the following 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 the County Government came into effect from April 2013. Most of the counties enacted the relevant laws to enable them to carry out the liquor licensing roles while others have 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.

**o) Changes in accounting policies and estimates**

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

**p) Employee benefits**

The Authority has put in place benefits to support employees while at work. The benefits are provided for in the governing human resource management policies approved by the Board, Parent Ministry and the State Corporations Advisory Committee (SCAC). The current benefits being administered at the Authority include the following:

**i) Mortgage Facility**

The Authority runs a mortgage scheme for its employees to encourage employees to own residential houses. Employees are eligible to apply for these loans provided that a third (1/3) of their basic salary is maintained after the loan deductions. The interest rates charged on these loans are determined by the Board in line with Government guidelines issued from time to time. Loan entitlement for each grade and repayment schedule is guided by Government

mortgage regulations and the Scheme is managed in accordance with the regulations developed by the Board.

**ii) Car loan Scheme**

The Authority runs a car loan scheme for its employees to encourage employees to acquire a motor vehicle. Employees are eligible to apply for these loans provided that a third (1/3) of their basic salary is maintained after the loan deductions. The interest rates charged on these loans are determined by the Board in line with Government guidelines issued from time to time. Loan entitlement for each grade and repayment schedule is guided by Government mortgage regulations and the Scheme is managed in accordance with the regulations developed by the Board.

**iii) Medical Benefits**

The Authority procures an in-patient and outpatient medical insurance scheme for its employees, one (1) spouse and up to a maximum of four (4) children aged twenty-five (25) years and below or beyond twenty-five (25) years subject to proof that the child is disabled and fully dependent on the employee.

**iv) Accidents on Duty**

An accident on duty is an accident where the employee suffers personal injury in the actual discharge of his duty; without his own default and/or on account of circumstances specially attributed to the nature of his duty. The Authority has put in place necessary insurance measures to protect its employees against such accidents and in case they occur, the employees are compensated as per the governing insurance guidelines under the Group Personal Accident Cover.

**v) Insurance Policies**

The Authority shall undertake to provide, inter alia, the following insurance covers towards protecting its employees:

- a) Group Life Assurance, to include WIBA.
- b) Group Personal Accident; and
- c) Travel insurance.
- d) Benevolent/Last Expense

**vi) Medical Ex Gratia Assistance**

The Authority has put in place measures to support employees with medical ex gratia assistance for staff who find themselves in extraordinarily difficult financial stress yet having exhausted their in-patient medical cover. The medical ex-gratia is granted upon approval by the Board based on the limits set and approved by the Board.

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**vii) Pension Scheme**

The Authority manages a pension scheme with a registered administrator for all eligible employees on permanent and pensionable terms. This is a contributory scheme at the rates of 10% of basic salary for employee and 20% employer. This is aimed at ensuring employees lead a decent life upon retirement.

**viii) Club Membership**

The Authority provides for club membership fee only restricted to only one club for employees in senior management.

**q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. NACADA does not deal in foreign currency transactions while operating this fund.

**r) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. The Authority has never engaged in fund borrowing since its inception.

**s) Related parties**

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 Authority 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.

**t) Service concession arrangements**

NACADA analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

NACADA does not have service concession arrangements.

**Notes to the Financial Statements (Continued)****Summary of Significant Accounting Policies (Continued)****u) Cash and cash equivalents**

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

**v) Comparative figures**

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

**w) 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, 2023.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the NACADA's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of NACADA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

- (i) The Covid-19 pandemic will be completely contained and its effects reversed.
- (ii) The collection of revenues by KRA will improve to enable the National Treasury to fund the Authority.
- (iii) The current collection of revenue from Liquor licensing (imports and manufacturing) will improve to sustain the operations of the Authority.
- (iv) The Kenyan economy will be stable, thereby providing a conducive environment for businesses to thrive.
- (v) The effects of National elections will not have substantial impact on the Kenyan Economy.

### Useful lives and residual value

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

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

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

No revaluation of assets was carried out during the year under review

## 6. Transfer from Government Entities

a)

Description	2023-2024	2022-2023
	Kshs	Kshs
GOK recurrent received	963,060,000	574,843,313
Fund in Transits (Receivables)	-36,708,562	36,709,562
Replacement of Assets	-31,880,000	0
<b>TOTAL</b>	<b>894,471,438</b>	<b>611,552,875</b>

b)

Description	2023-2024	2022-2023
	Kshs	Kshs
GOK;		
Recurrent	963,060,000	611,552,875
Development	66,000,000	
Less receivable	0	-36,709,562
<b>Total Cash Received</b>	<b>1,029,060,000</b>	<b>574,844,313</b>

**7. Licenses and Permits**

(a)

Description	2023-2024	2022-2023
	Kshs	Kshs
Licenses and Permits	28,729,699	20,793,193
<b>Total</b>	<b>28,729,699</b>	<b>20,793,193</b>

NACADA continues to provide licensing services to those counties that are yet to devolve the licensing function. The amount earned amounting to **ksh 28,729,699** was utilized to finance acquisition of fixed assets and as such it was accounted for in the statement of change in net Capital

(b)

Description	2023-2024	2022-2023
	Kshs	Kshs
Liquor licensing by Sub County Committees	3,479,699	3,793,193
Import/export License	25,250,000	17,000,000
Funds Held by eCitizen	-19,750,000	0
<b>Total</b>	<b>8,979,699</b>	<b>20,793,193</b>

**8. Public Contributions and Donations**

a)

Description	2023-2024	2022-2023
	Kshs	Kshs
AIA	48,721	1,543,242
Miritini admissions	5,662,212	7,258,200
Donation/Sponsorship	0	-
<b>Total</b>	<b>5,710,933</b>	<b>8,801,442</b>

b)

Description	2023-2024	2022-2023
	Kshs	Kshs
Public contribution and Donations	5,710,933	8,801,442
Unsettled fee notes by 30th June	524,700	(524,700)
<b>Total</b>	<b>6,235,633</b>	<b>8,276,742</b>

### 9. Rendering of Services

a)

Description	2023-2024	2022-2023
	KShs	KShs
Workplace Based Training	1,435,531	3,542,584
Universal Treatment & Care	0	-
Baseline Surveys		-
<b>Total</b>	<b>1,435,531</b>	<b>3,542,584</b>

NACADA conducts trainings on Workplace sensitization on Alcohol and Drug Abuse at a cost sharing fee. The amount earned amounting to ksh 1,435,531 was utilized to finance acquisition of fixed assets and as such it was accounted for in the statement of change in net capital.

b)

Description	2023-2024	2022-2023
	KShs	KShs
<b>Workplace Based Training</b>	<b>1,435,531</b>	<b>3,542,584</b>
<b>Accrued receivables 2021</b>		
<b>Accrued receivables 2022</b>		<b>9,675,855</b>
<b>Accrued receivables 2023</b>		<b>-7,331,278</b>
<b>Prepaid Services 2021</b>		
<b>Prepaid Services 2022</b>		<b>-972,989</b>
<b>Receivables</b>	<b>-55,680</b>	
<b>Total</b>	<b>1,379,851</b>	<b>4,914,172</b>

### 10. Other Income

	2023-2024	2022-2023
	KShs	KShs
Miritini Project	0	36,180,320
Rehabilitation Centers	0	913,080
<b>Employee costs</b>	<b>0</b>	<b>37,093,400</b>

### 11. Employee Costs

a)

	2023-2024	2022-2023
	KShs	KShs
Salaries and wages	155,676,152	156,535,433
Contributions to pensions and Gratuity	31,446,924	34,237,305
Housing benefits and allowances	117,881,731	119,135,076
Social contributions (NSSF)	2,218,940	901,397
Employer Contribution-Housing Levy	3,161,586	
<b>Employee costs</b>	<b>310,385,333</b>	<b>310,809,211</b>

b)

	2023-2024	2022-2023
	KShs	KShs
Employee Costs	310,385,333	310,809,211
Salary Advance 2023	(769,853)	(493,424)
Salary Advance 2024	847,912	769,853
Salary Advance Liability 2022		(57,370)
Salary Advance Liability 2023		43,292
Employee Accrued 2022	40,764,100	37,107,607
Employee Accrued 2023	(35,149,284)	(40,764,100)
<b>Employee costs</b>	<b>316,078,208</b>	<b>307,415,069</b>

### 12. Remuneration of Directors

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Directors' emoluments	19,844,083	10,741,535
Other allowances	13,743,851	17,349,147
<b>Total director emoluments</b>	<b>34,273,324</b>	<b>29,050,682</b>

**13. Depreciation and Amortization Expense**

Description	2023-2024	2022-2023
	Kshs	Kshs
Motor Vehicles	10,113,142	2,857,523
Furniture & Fittings	4,165,362	4,241,015
Computers & Equipment	7,905,360	5,657,239
Intangible assets	3,728,140	3,632,655
<b>Total depreciation and amortization</b>	<b>25,912,004</b>	<b>16,388,432</b>

**14. Repairs and Maintenance**

a)

Description	2023-2024	2022-2023
	KShs	KShs
Vehicles	9,937,367	7,973,475
Furniture and fittings	885,131	1,049,831
Computers and Other Equipment	7,989,598	636,637
<b>Total repairs and maintenance</b>	<b>18,812,097</b>	<b>9,659,943</b>

b)

Description	2023-2024	2022-2023
	KShs	KShs
Repairs and Maintenance	18,812,097	9,659,943
Accrued ICT/Konza	-2,451,534	
Chris/spy shop	-369,569	
<b>Total repairs and maintenance</b>	<b>15,990,994</b>	<b>9,659,943</b>

**15. Campaign Expenses**

Description	2023-2024	2022-2023
	KShs	KShs
Printing & Publishing	762,539	3,068,011
Advertising & Publicity	173,421,242	102,425,513
Subscription fees for newspapers	820,360	24,189
Catering Expenses	7,198,955	6,642,592
Trade Shows & Exhibitions		-
Consultancy Services	9,743,197	3,489,910
<b>Total contracted services</b>	<b>191,946,293</b>	<b>115,650,215</b>

## 16. Travelling Expenses

a)

Description	2023-2024	2022-2023
	KShs	KShs
Domestic Travelling	13,930,501	3,197,738
Domestic Accommodation	39,737,460	22,708,867
Foreign Travelling	8,167,445	4,500,760
Foreign Subsistence	8,470,808	5,110,185
<b>Total</b>	<b>70,306,214</b>	<b>35,517,550</b>

b)

Description	2023-2024	2022-2023
	KShs	KShs
Travelling Expenses	70,306,214	35,517,550
Accrued Expenses	(789,275)	5,110,185
<b>Total</b>	<b>69,516,939</b>	<b>35,517,550</b>

## 17. General Expenses

a)

Description	2023-2024	2022-2023
	KShs	KShs
Communication & supplies	16,456,630	10,136,335
Rent & Parking	39,015,490	38,720,300
Audit Fees	638,000	696,000
Office & General Supplies	38,903,758	5,896,718
Medical Insurance	33,147,872	27,918,862
Motor Vehicle Insurance	2,576,155	1,337,544
Bank Charges	418,652	307,542
Fuel, oil & Lubricants	14,531,939	10,523,400
Cleaning services & Contracted Guards	6,045,308	4,846,249
Subscriptions	820,180	282,503
<b>Total</b>	<b>152,553,900</b>	<b>100,665,453</b>

b)

Description	2023-2024	2022-2023
	KShs	KShs
General Expenses	152,553,900	100,665,453
Accrued Audit Fee	-638,000	
Accrued expenses paid	21,652,374	
<b>Total</b>	<b>173,568,273</b>	<b>100,665,453</b>

**18. Staff Training and Research**

Description	2023-2024	2022-2023
	KShs	KShs
Research	17,725,240	9,790,757
Staff Training	19,595,043	16,001,158
Hire of Training Facilitate	5,050,789	1,310,442
<b>Total</b>	<b>42,371,072</b>	<b>27,102,356</b>

**19. Rendering of Services Expenses**

Description	2023-2024	2022-2023
	KShs	KShs
Reimbursable Expenses	1,336,170	2,924,320
<b>Total</b>	<b>1,336,170</b>	<b>2,924,320</b>

**20. Miritini Project**

a)

Description	2023-2024	2022-2023
	KShs	KShs
Miritini Project	15,553,079	36,180,320
<b>Total</b>	<b>15,553,079</b>	<b>36,180,320</b>

b)

Description	2023-2024	2022-2023
	KShs	KShs
Miritini Project	15,553,079	36,180,320
Accrued Expenses	(461,755)	-
<b>Total</b>	<b>15,091,324</b>	<b>36,180,320</b>

**21. Rehabilitation Expenses**

Description	2023-2024	2022-2023
	KShs	KShs
Rehabilitation Expenses	10,448,515	913,080
<b>Total</b>	<b>10,448,515</b>	<b>913,080</b>

## 22. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	KShs	KShs
Current account	85,426,828	9,067,355
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify) cash in hand	245,868	4,260
<b>Total cash and cash equivalents</b>	<b>85,672,696</b>	<b>9,071,615</b>

## 23. Receivables from Exchange Transactions

a)

	2023-2024	2022-2023
	KShs	KShs
<b>Current receivables</b>		
Trade receivables	5,442,776	7,855,978
Other exchange debtors-Treatment	484,200	
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>5,926,976</b>	<b>7,855,978</b>

## 24. Receivables from Non-Exchange Contracts

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current receivables</b>		
Legal Deposit	100,000	100,000
Statutory Deductions -KRA	103,403	103,403
Imprest debtors	4,629,615	3,975,021
Rental Deposits	3,170,365	3,170,365
Earnest & Young	3,119,986	3,119,986
GOK Fund receivable/eCitizen	19,750,000	36,708,562
Staff advances	847,912	769,853
prepayment	1,227,372	403,367
<b>Total current receivables</b>	<b>32,948,653</b>	<b>48,350,557</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25. Property Plant and Equipment**

	<b>Work in Progress-Property, Land &amp; Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
At 1 <sup>st</sup> July 2022	<b>153,446,372</b>	<b>116,093,696</b>	<b>63,967,878</b>	<b>80,299,500</b>	<b>413,807,446</b>
Additions	27,991,465	31,880,000	3,635,796	12,232,542	<b>75,739,804</b>
At 30 <sup>th</sup> June 2023	<b>181,437,837</b>	<b>147,973,696.00</b>	<b>67,603,674</b>	<b>92,532,042</b>	<b>489,547,250</b>
<b>Depreciation and impairment</b>					
<b>At 1<sup>st</sup> July 2023</b>	-	<b>107,521,129</b>	<b>34,280,778</b>	<b>68,813,590</b>	<b>210,615,497</b>
Depreciation	-	10,113,142.00	4,165,362	7,905,360	<b>22,183,864</b>
At 30 <sup>th</sup> June 2024	-	<b>117,634,271</b>	<b>38,446,140</b>	<b>76,718,950</b>	<b>232,799,361</b>
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2024</b>	<b>181,437,837</b>	<b>30,339,425</b>	<b>29,157,534</b>	<b>15,813,092</b>	<b>256,747,889</b>
<b>At 30<sup>th</sup> June 2023</b>	<b>153,446,372</b>	<b>8,572,567</b>	<b>29,687,101</b>	<b>11,485,910</b>	<b>203,191,950</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**26. Intangible Assets**

	<b>2023-2024 Intangible Assets</b>	<b>2022-2023 Intangibles Assets</b>
<b>Cost</b>	<b>Kshs</b>	<b>KShs</b>
At 1 July 2023	<b>18,876,786</b>	<b>7,999,624</b>
Additions	3,820,224	10,877,162
<b>At 30th June 2024</b>	<b>22,697,010</b>	<b>18,876,786</b>
<b>Depreciation and impairment</b>		
<b>At 1<sup>st</sup> July 2023</b>	<b>11,501,395</b>	<b>7,868,740</b>
Depreciation	3,728,140	3,632,655
At 30 <sup>th</sup> June 2024	<b>15,229,535</b>	<b>11,501,395</b>
<b>Net book values</b>		
<b>At 30<sup>th</sup> June 2024</b>	<b>7,467,475</b>	<b>7,375,391</b>
<b>At 30<sup>th</sup> June 2023</b>	<b>7,375,391</b>	<b>130,884</b>

**27. Cash paid for Purchase of Fixed Assets**

<b>Description</b>	<b>2023-2024</b>	<b>Total 2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
<b>Total Amount Purchased</b>	79,560,028	128,266,769
Accrued payable 2021		
Accrued payable 2022	72,383,416	6,914,874
Accrued payable 2023	-53,143,653	(72,383,416)
<b>Total Cash paid</b>	<b>98,799,791</b>	<b>62,798,226</b>

## 28. Trade and Other Payables from Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Trade payables	67,567,296	113,254,617
Payments received in advance		
Employee Fund	32,067,309	34,381,269
Third-party payments-Statutory Deductions	30,854,310	25,877,117
Other payables-Fund from Ministry		-
<b>Total trade and other payables</b>	<b>130,488,915</b>	<b>173,513,004</b>

## 29. Deferred Income

Description	Miritini	Rehabs	Total
	KShs	KShs	
Balance as at 1 <sup>st</sup> July 2023	4,989,859.	6,573,526	11,563,385
Additions		-	-
Transfer to Income Statement		-	-
Transfer to Capital Reserves			-
<b>Total Deferred as at 30<sup>th</sup> June 2024</b>	<b>4,989,859</b>	<b>6,573,526</b>	<b>11,563,385</b>

## 30. Current Provisions

Description	2023-2024	Total
	KShs	KShs
<b>Balance b/d (1.07.2022)/2023</b>	1,392,292	580,000
Additional Provisions	696,000	580,000
Provision for bad debts	-	812,292
Provision for 90 % Surplus to be remitted to KRA	18,516,093	-
Transfers from non -current provisions	-638,000	-580,000
<b>Provision for 30.6.2024</b>	<b>19,966,385</b>	<b>1,392,292</b>

## 31. Cash Generated from Operations

	2023-2024	2022-2023
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>18,516,093</b>	<b>-7,715,262</b>
<b>Adjusted for:</b>		
Depreciation	25,912,004	12,666,763
Provisions	638,000	1,392,292
Capital Fund	155,661,157	-37,093,400
decrease in liabilities	(43,024,089)	22,970,217
Increase/ Decrease in Receivables	17,330,906	-38,787,124
<b>Net cash flow from operating activities</b>	<b>175,034,071</b>	<b>50,992,641</b>

### **32. Employee Benefit Obligations**

It is the obligation of the employee to make use of the benefits offered by the Authority in line with the governing policy guidelines and procedures. In undertaking this obligation, the employees are obligated to:

- (a) Contribute 10% of their basic salary towards their pension savings and enjoy the interest earned thereon upon retirement
- (b) Contribute towards NSSF as per the guidelines and provisions issued by the government from time to time to boost their retirement package upon exit from work
- (c) Top up their pension and NSSF contributions by voluntarily making additional contributions to the pension and NSSF retirement schemes so as to boost their returns and benefits.
- (d) Initiate the process of accessing the mortgage and car loan benefits through identification of facilities that qualify for approval in line with the regulations and requirements of the scheme.
- (e) Exercise caution in carrying out their daily work and operations to avoid unnecessary accidents while at the place of work.
- (f) Apply for the benefits and inform/update the Authority immediately and when appropriate.

### **33. Financial Risk Management**

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

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

#### **i) Credit risk**

NACADA has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the NACADA's management based on prior experience and their assessment of the current economic environment.

Although NACADA is not a trading institution, its major sources of income are generated from liquor licensing and with the devolvement of this function to the counties. 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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	5,926,976	5,114,684		812,292
Receivables from non-exchange transactions	32,948,653	32,948,653		-
Bank balances	85,672,696	85,672,696		-
<b>Total</b>	<b>124,548,325</b>	<b>123,736,033</b>		<b>812,292</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	7,855,978	7,043,686		812,292
Receivables from non-exchange transactions	48,350,557	48,350,557		-
Bank balances	9,438,418	9,438,418		-
<b>Total</b>	<b>65,644,953</b>	<b>64,832,661</b>	<b>-</b>	<b>812,292</b>

## ii) Liquidity risk management

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

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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables		33,112,963	34,454,333	67,567,296
Statutory Deductions	7,293,732		23,560,578	30,854,310
Provisions	19,154,093		812,292	19,966,385
Deferred income-Interior				
Employee benefit obligation	3,473,525		28,593,784	32,067,309
<b>Total</b>	<b>29,921,350</b>	<b>33,112,963</b>	<b>87,420,987</b>	<b>150,455,300</b>
<b>At 30 June 2023</b>				
Trade payables	50,001,040	17,985,104	45,268,474	113,254,618
Statutory Deductions	6,538,596		19,338,521	25,877,117
Provisions	638,000		812,292	1,450,292
Deferred income-Interior				
Employee benefit obligation	464,562		33,916,707	34,381,269
<b>Total</b>	<b>57,642,198</b>	<b>17,985,104</b>	<b>99,335,994</b>	<b>173,513,004</b>

### iii) Market Risk

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

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

NACADA's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to NACADA's exposure to market risks or the manner in which it manages and measures the risk.

#### a) Foreign currency risk

NACADA does not deal in foreign currency or transactions.

#### b) Interest rate risk

Interest rate risk is the risk that NACADA's financial condition may be adversely affected as a result of changes in interest rate levels. NACADA's interest rate risk arises from bank

deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on NACADA's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

NACADA does not currently have exposure to interest rate risk as it does not have fund reserves to deposit for gain.

**iv) Capital Risk Management**

The objective of NACADA's capital risk management is to safeguard the Board's ability to continue as a going concern.

**34. 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 Nacada, 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.

<b>Related Party Balances</b>	<b>2023-2024</b>	<b>2022-2023</b>
a) Key Management Personnel	75,917,667	70,420,415

**b) Government of Kenya**

The Government of Kenya is the principal shareholder of Nacada, holding 100% of NACADA's equity interest. The Government of Kenya has provided full guarantees to all its long-term lenders, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs

**Relates Party Disclosures**

- iv) Key management;
- v) Board of directors;

### 35. Contingent Assets and Contingent Liabilities

#### Contingent Assets

NACADA currently has no feasible contingent assets to report.

#### Contingent Liabilities

NACADA currently has no feasible contingent liability to report.

### 36. Capital Commitments

Capital commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for	66,000,000	117,000,000
Authorised and contracted for	66,000,000	117,000,000

### 37. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Nacada did not realise any surplus in the financial year under review and hence no remittance was made to the Consolidated Fund.

### 38. Events After the Reporting Period

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

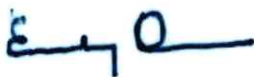
### 39. Ultimate and Holding Entity

NACADA is a State Corporation under the Ministry of Interior and Coordination of Government. Its ultimate parent is the Government of Kenya.

### 40. Currency

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

Dr. Anthony Omerikwa, MBS  
Chief Executive Officer



Date... 30/12/2024 ..

Rev. Dr. Stephen Mairori, EBS  
Chairperson of the Board



Date... 30.12.2024 ..

**APPENDIX**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Failure to collect long outstanding debts	AIEs issued to regional and county commissioners of Kshs 1,319,200 have partially been collected	Partially Resolved	June 2023
2.	Failure to acquire property ownership documents	National Youth Service – Miritini Camp was converted into a rehabilitation Centre by the Presidential and Ministry of Interior and Coordination of National Government directives dated 28 <sup>th</sup> August 2015 and 13 <sup>th</sup> August 2019. The land has yet to be transferred legally to the Authority	Not Resolved	December 2023

Dr. Anthony Omerikwa, MBS (CEO NACADA)



Date.....30/12/2024.....

**APPENDIX II: PROJECTS IMPLEMENTED BY THE NACADA**

Projects implemented by NACADA Funded by the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Miritini					n/a	Yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Miritini	880M	150,000,000	15	100,000,000	NIL	GOK

**APPENDIX III: Ministry of Interior and National Administration Transfers**

ENTITY NAME:		NACADA		
Breakdown of Transfers from the State Department of Interior				
FY 2023/2024				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		2/8/2023	80,255,000	2023-2024
		1/9/2023	80,255,000	2023-2024
		2/10/2023	80,255,000	2023-2024
		26/10/2023	80,255,000	2023-2024
		1/12/2023	80,255,000	2023-2024
		29/12/2023	80,255,000	2023-2024
		1/2/2024	80,255,000	2023-2024
		<u>11/3/2024</u>	80,255,000	2023-2024
		12/4/2024	80,255,000	2023-2024
		29/4/2024	80,255,000	2023-2024
		12/6/2024	80,255,000	2023-2024
		24/6/2024	80,255,000	2023-2024
	<b>TOTAL</b>		<b>963,060,000</b>	
b.	<b>Miritini Project</b>	24/11/2023	66,000,000	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager

NACADA

1. Sign

  
 ----- 30/12/2024

Head of Accounting Unit

Ministry of Interior

Sign-----

**APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

No receipts from other Government entities were recorded

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
n/a	n/a								n/a
<b>Total</b>									

**APPENDIX V- INTER-ENTITY CONFIRMATION LETTER**

NACADA wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by NACADA as at 30 <sup>th</sup> June 2024								
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter– Ministerial (C)				
<b>Total</b>								

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Entity:**

**Name .....** **Sign .....** **Date .....**

**APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

NACADA

Telephone Number: 020-2721997

Email Address: ceo@nacada.go.ke

Name of CEO/MD/Head: Dr. Anthony Omerikwa, MBS

Name and contact details of contact person (in case of any clarifications) Mr Samuel Makini 020-2721997

Date:

Entity

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments