

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

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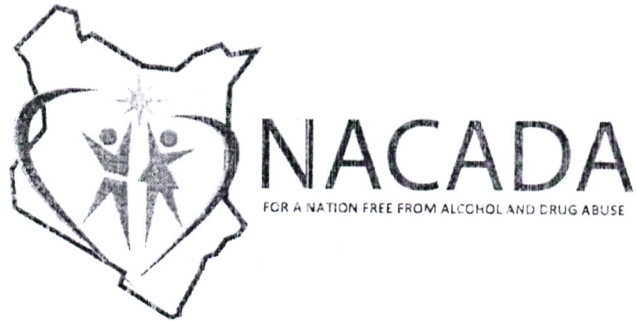
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2018**





NATIONAL AUTHORITY FOR CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE GOK GRANT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2018

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Corporate establishment

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

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

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

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

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

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

(b) Principal Activities

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

- (i) Carry out public education on alcohol and drug abuse directly and in collaboration with other public or private bodies and institutions;
- (ii) Coordinate and facilitate public participation in the control of alcohol and drug abuse;
- (iii) Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol and drug-demand reduction;
- (iv) In collaboration with other lead agencies, facilitate and promote the monitoring and surveillance of national and international emerging trends and patterns in the production, manufacture, sale, consumption, trafficking and promotion of alcohol and drugs prone to abuse;

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

(c) Key Management

The **NACADA's** day-to-day management is under the following key organs:

- Board of Directors;
- Chief Accounting Officer/CEO;
- Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

1. Mr. Victor Okioma – Chief Executive Officer
2. Mr. Samuel Makini- Acting Director, Finance & Administration
3. Prof. John Muteti – Director, Research & Policy Development
4. Ms. Susan Maua – Acting Manager, Public Education & Advocacy
5. Mrs Grace Otieno – Manager, Policy & Planning
6. Ms. Judith Twala – Manager, Counselling & Rehabilitation
7. Ms. Medina Ibrahim – Acting Manager, Corporate Communication
8. Ms. Joyce Lianza – Manager, Human Resource & Administrations

Fiduciary Oversight Arrangements

Finance Board Committee

1. Mr. Stephen Mairori - Chairperson
2. Ms. Margaret Moitallel
3. Mr. Pius Mutisya
4. Mr. Arthur Osiya
5. Mr. Moses Ochieng

Staff & Welfare Committee

1. Ms. Margaret Moitallel - Chairperson
2. Mr. Stephen Mairori
3. Dr. Kepha Ombacho, MBS
4. Dr. Salwa Haithar
5. Mr. Arthur Osiya
6. Mr. Moses Ochieng

Technical Board Committee

1. Ms. Farida Rashid – Chairperson
2. Ms. Olivia Ouko
3. Rev. (Dr). W. Kogo
4. Dr. Kepha Ombacho, MBS
5. Dr. Hamisi Massa
6. Mr. Pius Mutisya
7. Dr. Salwa Haithar
8. Mr. Peterson Mwai

Audit Board Committee

1. Rev. Dr. Wilfred Kogo – Chairperson
2. Dr. Hamisi Massa
3. Ms. Farida Rashid
4. Ms. Olivia Ouko
5. Mr. Peterson Mwai

(e) NACADA Headquarters

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

(f) NACADA Contacts

Telephone: (254) 0202 2721994
E-mail: info@nacada.go.ke/ceo@nacada.go.ke
Website: www.nacada.go.ke/
Helpline: 1192

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Facebook: NACADAKenya
Twitter: @NACADAKenya

(g) NACADA Bankers

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

Co-operative Bank of Kenya Ltd
Ukulima Branch

Equity Bank of Kenya Ltd
Corporate Branch





(h) Independent Auditors

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

(i) Principal Legal Adviser

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

a) Board Members

 <p>Lt. Col. (Rtd.) Julius A. Githiri – Board Chairman</p>	<p>Lt. Col. (Rtd.) Julius A. Githiri was born on 3rd June 1957. He is a retired military officer with 35+ years' experience in local and international security risk management, training and consultancy. He possesses training in Security and Management</p>
 <p>Ms. Margret Moitallel – Vice Chair</p>	<p>Ms. Moitallel was born on 28th February 1980 in Kajiado county. She holds a Diploma in Nursing and has previously worked with the Ministry of Health. Currently, she is a Health Director at My Chosen Vessels Organisation.</p>
 <p>Farida Rashid – Member</p>	<p>Ms. Rashid was born on 23rd July 1954. She possesses a certificate in Secretarial studies and has worked in the field for many years. Currently, she is a Social Worker with the Kenya Muslim Women Alliance</p>
 <p>Dr. Rev. Stephen Mairori – Member</p>	<p>Rev. Stephen K. Mairori was born on 15th September 1967. He is the Executive Director at the International Christian Ministries. He is an ordained Minister with the African Inland Church of Kenya. He has a honorary Doctorate in Ministry from Georgia Christian University. Currently registered as a PhD student in Leadership and governance at Jomo Kenyatta University of Agriculture and Technology. He also has a Master's degree in Divinity (Leadership) from the Fresno Pacific University Seminary, USA and a Bachelor of Arts from Global University, USA. He holds a Diploma in Bible and Theology from Moffat College of Bible, Kenya.</p>

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Dr. Hamisi Salim Massa – Represents National Police Service

Dr. Hamisi Massa was born on 30th December 1962. He is currently the Officer In-Charge at the Anti-Narcotics Unit. He holds a Bachelor of Science Degree in Veterinary Medicine and Surgery from the University of Nairobi. He has attended several police trainings and Leadership Development both locally and internationally.

Previously, he served as Commandant, Kenya Police Dog Unit. He has 20+ years' experience in the Civil Service.



Dr. Salwa Haithar - represents the Kenya Medical Practitioners and Dentist Board

Dr. Salwa Haithar was born on 7th October 1979. She holds Master of Medicine, Psychiatry (MMED Psych) and a Bachelor of Medicine and Bachelor of Surgery (MBChB) both from University of Nairobi. She is a professional member of Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPDU), East African Young Psychiatric Association, Kenya Psychiatrists Association and Kenya Medical Association.

She has previously worked at Mathari National Referral and Teaching Hospital as Registrar in Psychiatry and the Aga Khan University Hospital as a Senior House Officer in the Paediatric Unit.



Ms. Olivia Ouko - Alternate Member- Ministry of Public Service, Youth and Gender Affairs

Olivia A. Ouko was born on 3rd September 1967. She holds a Master of Arts in Sports Science and a Diploma in Sports Coaching from Leipzig University, Germany and a Bachelor Degree in Physical Education and Kiswahili from Kenyatta University.

She is currently the Assistant Director Youth Development in the Ministry of Public Service, Youth and Gender Affairs. Prior to that she was the Principal Youth Development Officer at the Ministry of Devolution and Planning. She initiated and implemented the National Youth Talent Academy with the support of UNICEF.

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Mr. Victor Okioma, EBS – Chief Executive Officer

Mr. Victor Okioma was born on 1st January 1959. He has a Master's Degree in International Studies and a Bachelor's Degree in Economics and Government.

He has worked as a Senior Officer at the Ministry of Interior & Coordination of National Government having risen to the rank of Secretary, in charge of Rehabilitation & Integration



Dr. Rev. Wilfred Kogo

Rev. Kogo was born on 1st January 1943. He holds a Master's Degree and is currently a Lecturer at St. Pauls University



Dr. Kepha Ombacho – Alternate Director to PS Ministry of Health

Dr. Ombacho is currently the Director, Public Health at the Ministry of Health



Pius Mutisya – Alternate Director to PS Ministry of Education, Science and Technology

Mr. Mutisya is currently the Director of Quality Assurance Services at the Ministry of Education

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Arthur Osiya – Alternate Director to PS, Ministry of Interior and Coordination of National Government





Mr. Osiya is currently Secretary of Administration at the Ministry of Interior and Coordination of National Government

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b) Key Management

Name	Academic /Professional Qualifications	Key Responsibilities
 Mr. Victor Okioma	Master's Degree in International Studies and a Bachelor's Degree in Economics and Government.	In charge of overall leadership and management in the Authority operations.
 Mr. Samuel Makini	MBA (Finance & Strategic Management) CPA(K) CPS (K)	In charge of overseeing overall operations in the Accounts, Finance and Administration departments
 Professor John Muteti	Doctorate degree in Strategic Management, Masters in Economic & Social studies PG cert in Project Planning, Appraisal & Financing PG Diploma in Agri. Economics, Strategic Leadership Development Course	In charge of overseeing operations in the following department: Research, Regulatory, Policy and Planning, Monitoring and Evaluation,
 Ms. Susan Maua	M.A in Counselling Psychology	In charge of overseeing operations in the Public Education and Advocacy

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 <p>Ms. Judith Twala</p>	<p>M.A. in Counselling Psychology</p> <p>Bachelors of Arts-Theology</p>	<p>In charge of Regulatory, Treatment and Rehabilitation department</p>
 <p>Ms. Medina Ibrahim</p>	<p>Master in Communication, Bachelors of Arts-Design, Postgraduate Diploma in Management of NGO's</p>	<p>In charge of overseeing operation in the Corporate Communications Department</p>
 <p>Ms. Grace Otieno</p>	<p>M.A in Economics</p> <p>PG Diploma in International Studies; PG Diploma Security Studies.</p>	<p>In charge of Policy and Planning Department in the Authority operations</p>
 <p>Ms. Joyce Lianza</p>	<p>MBA (Corporate Management)</p> <p>B. Com (Human Resource Management)</p> <p>CPS Part I</p> <p>Diploma in Human Resource Management</p>	<p>Overall responsibility of the Human Resource and Administration Department overseeing recruitment, succession planning, training and development, employee compensation, development of HR policies and procedures, department workplans and general administration.</p>

II. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 83 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, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of National Authority for the Campaign Against Alcohol and Drug Abuse; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements give a true and fair view of the state of National Authority for the Campaign Against Alcohol and Drug Abuse's transactions during the financial year ended June 30, 2017, 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.


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a) Approval of the financial statements

The NACADA's financial statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on _____ 2018 and signed on its behalf by:



Director



Director

III. MANAGEMENT DISCUSSION AND ANALYSIS

a) NACADA's Operational and Financial Performance

The Authority implemented a number of programs by Quarter Four of the Financial Year aimed at ensuring delivery of its mandate. As agreed in this Financial Year, these programs have been delivered through four (4) programmatic areas: Public Education and Advocacy; Treatment and Rehabilitation; Strengthening of Institutional Capacity and Cross Cutting Issues respectively. The Authority implemented 100 days of Rapid Results Initiative (RRI) to eradicating illicit alcoholic drinks and drugs in 44 County Governments identified as "hot spots." A mid-term review of the RRI has been conducted after 50 days and an end term review is on-going.

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

Public Education and Awareness

- The Authority conducted 2 cluster trainings on Workplace Based Prevention Interventions for Public Sector Institutions and 2 trainings on Family Based Prevention Interventions for Faith Based Organizations.
- Held quarterly Inter-Agency meetings held in all 6 NACADA regions with various public sector stakeholders involved in prevention, control and mitigation of alcohol and drug abuse at the County level.
- Implemented youth campaigns in 28 Counties for over 28,000 youth.
- Rolled out Life Skills Training Pilot programs in selected primary schools in 5 NACADA regions; created awareness on Alcohol and Drug Abuse and provided counselling services during Ask Shows, trade, cultural fairs and educational institutions. During the FY, 32 schools from Kilifi, Lamu, Mombasa and Kwale Counties were taken through this LST training. 3 schools in Trans Nzoia County and one School in Elgeyo Marakwet County. 65 participants were trained on family-based interventions; 34 on workplace-based interventions; and one capacity building media-based training was conducted to guide the campaign for 30 members of staff
- Engaged over 3,000 youths from 22 Counties in the Inter-County Youth Sports Association (KYISA) national championships held in Wote; 1,500 assorted IEC materials including booklets, bracelets, reflector jackets, caps and posters were distributed. NACADA also donated a set of 4 branded trophies to award to the winners. NACADA also trained 57 Reformed Brewers on alternative livelihood programme and conducted Community Outreach Programme in Kinyoro, Trans Nzoia County for 250 participants.

Treatment and Rehabilitation

- The Authority held its regular quarterly meetings with Kenya Certification Council for Addiction Professionals
- Held community outreaches in two Regions;
- Phase II certification exams for addiction professionals were held.
- Inspected 100 treatment and rehabilitation centres
- Inspection and accreditation of treatment and rehabilitation facilities conducted in all NACADA regions.

Strengthening Institutional Capacity

- A total of 20 staff were sensitized on customer service delivery
- 30 NACADA staff were sensitized on comprehensive HIV and AIDS knowledge.
- The Authority conducted capacity of 47 National Drug Observatory (NDO) Teams and review reporting systems with concerned agencies
- The Biannual Status Reports on the situation of alcohol and drug abuse in the country was developed for the parliament and senate
- Commemorated the International Day Against Drug Abuse and Trafficking (IDADA) at the Mnarani club in Kilifi for over 800 youth from the six sub-counties in Kilifi County
- Revised and harmonized 6 National Policy and developed an overarching Draft National Policy together with members of the National Technical Committee on Drug Trafficking and Abuse representing various National Government Ministries, Departments and Agencies.
- Conducted Community dialogue forums in Counties as part of the RRI in collaboration with stakeholders;
- Harmonized Alcohol and Drug Abuse drug laws;
- Sensitized NACADA staff on Corruption Prevention
- Conducted a Mid-Term Review of NACADAs Strategic Plan 2015-2019
- Finalized the ADA Booklet on ADA Laws for dissemination to 47 County Governments
- 20 rehabs which complied to the National Standards for Treatment and Rehabilitation were awarded with certification
- Reviewed all NACADA Internal Policies, Strategies and Manuals
- Developed 2 additional internal policies (Resource Mobilization Framework and the Communication Policy)

Cross Cutting Issues

- Maintained its ISO certification
- Implementation of cross cutting activities allocated in the budget such as HIV/AIDS, Disability, Gender Mainstreaming, Anti-Corruption, National Cohesion and National Values as directed.
- Continued with automation of NACADAs business processes
- Conducted the Rapid Results Initiatives which commenced from March, 2018 in 25 Counties

b) NACADA's Compliance with Statutory Requirements

NACADA has complied with statutory requirements in all aspects.

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

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

NO	COUNTY	NAME OF PROJECT	BUDGET (KSH.)
1.	Elgeyo Marakwet	Iten County Referral Hospital	9,986,910
2.	Mombasa	Miritini NYS Treatment and Rehabilitation Centre recruitment and payment of ten (10) addiction professionals for 1 year; equip the centre	50,000,000
3.	Kisumu	Kodiaga Prison Service	1,832,570
TOTAL			61,819,480

d) Major Risks Facing NACADA

NACADA is faced with serious financial constraints and it might be difficult to operate if the current funding from Exchequer is not raised. The Authority drew funds from licensing of liquor outlets across the country from the FY2010/11 until 2012/13 when the function of liquor licensing was devolved to County Governments. Since the liquor licensing was devolved to counties, NACADA has experienced acute shortage of funds. Due to lack of inadequate funds, the Authority might not be able to effectively achieve its mandate.

The Authority has therefore undertaken a comprehensive analysis of the anticipated risks likely to be faced at strategic, organizational, operational, financial and technological levels while implementing the Strategic Plan.

RISK ANALYSIS

TYPE OF RISK	RISKS ANTICIPATED	MITIGATION MEASURES
Strategic Risks	i. Lack of Stakeholders' good will	Engage stakeholders in the planning and implementation processes for purposes of buy-in
	ii. Changes in Operating environment	Continuously monitor trends in external environment and align appropriately.
	iii. New/Changes in legislation	Lobby for favorable legislative framework.
	iv. Possible closure of the organization in case of persistent underperformance	Develop a sound performance management framework; and Negotiate realistic performance contracts.
	v. Resistance to change	Carry out change management training.
Organizational Risks	i. Inadequate Staffing levels may affect implementation of plans	Hire adequate and competent staff
	ii. Staff incapability to cope with changes in the economy, technology and other changes	Staff training on new technology and other changes
	iii. Delayed decision-making e.g. delayed BOD decisions on recruitment and staff welfare issues may destabilize operations	Develop policy setting clear decision-making timelines
	iv. Employee disputes may destabilize business programs	Enhance dispute-resolution mechanisms
	v. Frequent top management changes may affect performance continuity and lead to loss of gained experience.	Improve working conditions to retain staff; and Enforce implementation framework to ensure continuity despite staff changes.
	vi. Staff resistance to change	Develop and institutionalize a framework

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	on new ideas may affect performance.	for acceptance and effective management of change
	vii. Inappropriate organizational culture may affect implementation of the Plan	Initiate culture and attitudinal change
	iii. Changes in organizational structure from time to time may destabilize staff equilibrium	Develop a restructuring policy that is linked to strategy to eliminate frequent unnecessary changes to organization structure
	ix. Duplication of roles and lack of inter-departmental cohesion	Enhance teamwork and inter-departmental co-ordination and harmony
	x. Lack of Accountability	Develop a sound performance management framework that commits all staff to work within a framework of clear objectives, targets and performance measures linked to the corporate goals and objectives as spelt out in the Strategic Plan.
	xi. Failure to implement the Plan	Proper scanning of operational environment and aligning Agency operations to changes in operating environment; and Proper scanning of risks and putting in place mitigation measures.
	xii. Lack of a clear policy framework on operational issues.	Develop clear operational manuals.
	iii. Insecurity of the ADA data base	Develop proper ICT security policy.
Financial Risks	i. Inadequate financial resources	Put in place financial measurers for self-sustenance, including appropriate resource mobilization strategies.
	i.. Fraud/corruption leading to financial losses	Develop and institutionalize stringent controls.
	ii.. Lack of resource allocation for certain planned activities.	Prioritize resource allocation on the basis of the strategic plan implementation matrix.
Technological Risks	i. Lack of investment in new	Develop sound investment policy on new

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	technology.	technology.
	ii. Lack of system security.	Ensure secure system security.
	iii. Failure to embrace new technologies.	Embrace new and appropriate technologies.

e) **Material arrears in statutory/financial obligations**

Currently the NACADA does not have any material arrears in statutory/financial obligation

f) **NACADA's financial probity and serious governance issues**

NACADA does not have any financial probity however; the governance issues that used to affect NACADA operations have been resolved.

REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Authority For Campaign Against Alcohol and Drug Abuse set out on pages 21 to 42, which comprise the statement of financial position as at 30 June 2018, 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 National Authority For Campaign Against Alcohol and Drug Abuse as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Authority For Campaign Against Alcohol and Drug Abuse in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There Are no key audit matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of National Authority for Campaign Against Alcohol and Drug Abuse for the year ended 30 June 2018

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the National Authority For Campaign Against Alcohol and Drug Abuse's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using

the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

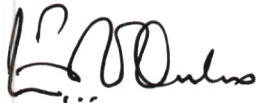
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

03 April 2019

V. STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2018

	Note	2017-2018 Kshs	2016-2017 Kshs
Revenue from non-exchange transactions			
Recurrent Grant	5	118,159,510	118,159,510
Revenue from exchange transactions			
Other Income	6	9,701,337	9,163,205
Total revenue		<u>127,860,847</u>	<u>127,322,715</u>
Expenses			
Employee costs	7	118,051,630	118,693,812
Board Expenses	8	960,000	917,334
Campaign Expenses		-	3,700
General expenses	9	681,968	1,223,860
Reimbursables		10,361,237	-
Depreciation and amortization expense	14	3,435,086	4,745,157
Total Expenses		<u>133,489,921</u>	<u>125,583,863</u>
Surplus/(deficit) for the period		<u>-5,629,074</u>	<u>1,738,852</u>

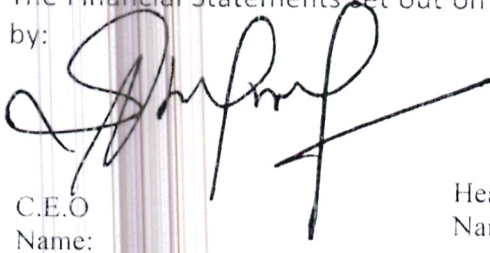
The notes set out on pages 26 to 41 form an integral part of these Financial Statements

National Authority for the campaign against Alcohol and Drug Abuse
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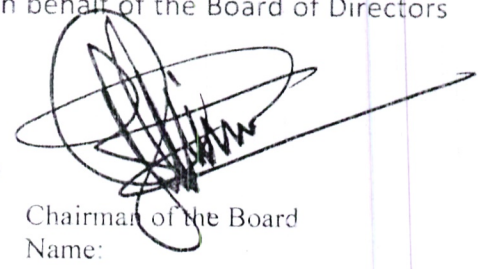
VI. STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2018

	Note	2017-2018 Kshs	2016-2017 Kshs
Assets			
Current assets			
Cash and cash equivalents	10	71,148,721	35,771,656
Receivables from exchange transactions	12	32,433,831	78,089,110
		103,582,552	113,860,766
Non-current assets			
Property, plant and equipment	14	11,257,709	15,950,926
Total assets		114,840,261	129,811,692
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	13	33,852,854	31,121,771
Provisions-Audit Fee		-	580,000
Total liabilities		33,852,854	31,701,771
Net assets		80,987,407	98,109,921
Reserves-			
Rehabilitation Centre's		57,133,779	68,627,217
Capital reserves		26,773,428	26,773,428
Accumulated surplus		-2,919,800	2,709,274
Total net assets and liabilities		80,987,407	98,109,921

The Financial Statements set out on pages 21 to 25 were signed on behalf of the Board of Directors by:


 C.E.O
 Name:

Head of Finance
 Name: Samuel Amwenli
 Makeni
 ICPAK Number: 8431


 Chairman of the Board
 Name:

Date: 19/2/2019

Date: 19/2/2019

Date: 19/2/2019

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**VII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018**

	Attributable to the owners of the controlling entity				Total
	Rehabilitation Centre reserves	Reserves Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2015		26,773,428	-	115,267,945	142,041,373
Rehab Establishment				-9,840,438	-9,840,438
Surplus/(deficit) for the period				-24,527,150	-24,527,150
Transfers to/from accumulated surplus					
Transfer of excess depreciation on revaluation					
Grants received during the year					
Revaluation gain					
Balance as at 30 June 2016		26,773,428	-	80,900,357	107,673,785
Balance as at 1 July 2016		26,773,428	-	80,900,357	107,673,785
Balance as at 1 July 2015- Break down	90,000,000	26,773,428	-	25,267,945	142,041,373
				-24,527,150	-24,527,150
Rehab Establishment	-9,840,438				-9,840,438
Balance as at 30 June 2016	80,159,562	26,773,428		740,795	107,673,785
Adjustment for Prior Year Understated Staff Expenses				229,627	229,627
Balance as at 1 July 2016	80,159,562	26,773,428	-	970,422	109,903,412
Surplus/(deficit) for the period				1,738,852	1,738,852
Transfers to/from accumulated surplus					
Transfer of excess depreciation on revaluation					
Cost of Rehabs	-11,532,343				-11,532,343
Balance as at 30 June 2017	68,627,219	26,773,428	-	2,709,274	98,109,921
Surplus/(deficit) for the period	-	-	-	-5,629,074	-5,629,074
Transfers to/from accumulated surplus					
Transfer of excess depreciation on revaluation					
Government Grant received					
Cost of Rehabs	-11,493,440				-11,493,440
Balance as at 30 June 2017	57,133,779	26,773,428	-	-2,919,800	82,914,955

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VIII. STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2018

	notes	2017-2018 Kshs	2016-2017 Kshs
Cash flows from operating activities			
Receipts			
Recurrent grant-Non Exchange Transaction	5	118,159,510	118,159,510
Others Income Exchange Transaction	6	9,701,337	9,163,205
Rehabilitation Establishment no exchange transaction		-11,493,440	
Total Receipts		116,367,407	115,790,372
Payments			
Compensation of employees	7	118,051,630	118,693,812
Board Expenses	8	960,000	917,334
Campaign Expenses		-	3,700
General Expenses	9	681,968	1,223,860
Reimbursable		10,361,237	
Total Payments		130,054,835	120,838,706
Net cash flows from operating activities		-13,687,428	-5,048,334
Adjustments For:			
Gain on Sale of Motor Vehicles		-1,298,369	-
		-14,985,797	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and Equipment		2,556,500	
Increase /Decrease in non-current receivables	12	45,655,280	-47,268,098
Increase /Decrease in non-current liabilities	13	2,151,082	6,395,556
Grants received from Government		-	-
Net cash flows used in investing activities		50,362,862	-40,872,542
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Reduction of liability previously accrued for		-	-
Net cash flows used in financing activities		35,377,065	-45,691,249
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 JULY 2017		35,771,656	81,462,905
Cash and cash equivalents at 30 JUNE		71,148,721	35,771,656

IX. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2018

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Government Grant	118,159,510	-	118,159,510	118,159,510	-
Other Income	5,000,000	-	5,000,000	9,701,337	4,701,337
Total income	123,159,510	-	123,159,510	127,860,847	4,701,337
Expenses					
Staff cost	117,199,510	-	117,199,510	118,051,630	-852,120
Board Expenses	960,000	-	960,000	960,000	-
Depreciation	-	-	-	3,435,086	-3,435,086
General Expenses	-	-	-	681,968	-681,968
Reimbursable				10,361,237	-10,361,237
Total expenditure	118,159,510		118,159,510	133,489,921	-15,330,411
Surplus for the period	-		-	-5,629,074	-10,629,074

Budget notes

1. No budget for depreciation, General Expense and Reimbursable was provided hence negative variance

X. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

NACADA's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied in all the years presented.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	NACADA adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to NACADA
IPSAS 34: Separate Financial Statements	NACADA does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply
IPSAS 35: Consolidated Financial Statements	NACADA does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply
IPSAS 38: Disclosure of Interests in Other Entities	NACADA does not have an interest in other entities and therefore the standard does not apply

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

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

iii. Early adoption of standards

NACADA reports on Accrual Basis of Accounting.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

I. Revenue from non-exchange transactions

Government Grant

The Grant is recognized on accrual basis. Grants for specified projects are separately credited to the statement of change in net assets and costs associated in the specified projects are expensed off against that reserve.

II. Revenue from exchange transactions

Reimbursable

NACADA Authority provides services to other Public Sectors, private institutions, and individuals on a cost sharing basis. Among these services are: Baseline surveys, Workplace policy, and Alcohol and Drug sensitization, certification training for alcoholic and drug counsellors. These services are offered on request by interested parties as well as willing participants in programmed trainings by the Authority. This income is recognized on accrual basis.

Sale of Tender Documents

NACADA Authority also raises funds from sale of tender documents which is recognized on cash basis

Interest income

NACADA Authority does not have these sources of income.

b) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly on 08/06/2016. The amount allocated to the Authority was 118M.

NACADA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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.

c) Property, plant and equipment

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

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

- Motor Vehicle - 25% per annum
- Computer and accessories - 33.33% per annum
- Furniture and fittings - 12.5% per annum
- Equipment - 33.33% per annum.

d) Research and development costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

e) Financial instruments

Financial assets

Receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

f) Financial liabilities

Payables

These includes amounts which have not been paid for service rendered, amount due to staff but have not been paid by closure of the year, staff payroll deductions which have not been submitted to the relevant institutions. Provision for services including audit fee, commitments made during the

financial year and part of the work has been done or deliveries have been made awaiting invoices from the suppliers or consultants.

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

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

g) Provisions

The Authority does not have provision other than provision for Audit fee.

Contingent liabilities

NACADA does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is not remote.

Contingent assets

NACADA does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Nacada in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) Nature and purpose of reserves:

- **Capital reserve**
This was initial capital used to acquire assets as well as donated assets to the Authority on its inception.
- **Revenue reserves**
This represents surplus that Authority has accumulated over the years
- **Rehabilitation Reserves**

During the financial year 2014/2015 the Authority received a special grant of 90M to assist counties to establish and renovate rehabilitation centres. The funds have so far not been fully utilized as some rehabilitation projects are still on-going.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

l) 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.

j) Employee benefits

Retirement benefit plans

NACADA Authority has a retirement plan for its permanent employees. This is done by maintaining a retirement benefit pension fund managed by Zamara. The Scheme comply with RBA regulations: employees contributes 10 percent of their basic salary while the employer contributes 20 percent of the basic salary.

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

l) Foreign currency transactions

NACADA Authority undertakes a certification training program on addiction counsellors. A foreign examination administered by Colombo Plan is taken by those who have undergone different levels of training. Examination fees which is payable in foreign currency is then collected by the Authority from eligible candidates and submitted to the examination body.

m) Borrowing costs

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

n) 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 it, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Chief Executive Officer and senior managers.

o) Service concession arrangements

NACADA Authority does not have service concession arrangements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Government Grant

Description	2017-2018	2016-2017
	Kshs	Kshs
Grant Received	118,159,510	118,159,510
Total	118,159,510	118,159,510

The Government grant is received every quarter during the financial year.

6. Other Income

Description	2017-2018	2016-2017
	Kshs	Kshs
Miscellaneous Receipt	210,457	-
Appropriation in Aid	-	16,000
Disposal Gain	1,298,369	-
Reimbursable Income	8,192,511	9,147,205
Total	9,701,337	9,163,205

Appropriation in aid is the income from sale of tender documents as well as prequalification of suppliers which is done every two years. Reimbursable income is generated mostly from public and private institutions who seek the services of the Authority on cost sharing basis.

7. Employee Costs

	2017-2018	2016-2017
	Kshs	Kshs
Salaries and wages	66,126,831	65,972,756
Pension & Gratuity	-	2,944,200
Housing benefits and allowances	51,737,999	49,594,856
Social contributions-NSSF	186,800	182,000
Employee costs	118,051,630	118,693,812

8. Board Expenses

Description	2017-2018	2016-2017
	Kshs	Kshs
Honoraria for Chairman	960,000	917,334
Total	960,000	917,334

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. General expenses

Description	2017-2018	2016-2017
	Kshs	Kshs
Audit fees	580,000	580,000
Bank charges	101,968	90,106
Medical Insurance	-	553,754
Total general expenses	681,968	1,223,860

10. Cash and cash equivalents

Description	2017-2018	2016-2017
	Kshs	Kshs
Current account	71,148,721	35,771,656
Others(specify)-cash in hand	-	-
Total cash and cash equivalents	71,148,721	35,771,656

11. Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2017-2018	2016-2017
		Kshs	Kshs
a) Current account			
Kenya Commercial bank	1103199439	63,648,646	1,374,109
Equity Bank –Community Branch	0180296330592	7,500,075	34,397,547
Grand total		71,148,721	35,771,656

12. Receivables from exchange transactions

Description	2017-2018	2016-2017
	Kshs	Kshs
Current receivables		
Trade receivables	3,231,107	2,260,461
Rental Deposits	3,170,365	3,123,530
Imprest Debtors	121,977	220,213
Staff debts	214,500	264,362
Provision for Bad Debts	-812,292	-812,292
Total current receivables	5,925,657	5,056,273
Non-current receivables		
Gok Grant in Transit by Year End	-	29,539,877
Adca Account	26,508,174	43,492,959
Total non-current receivables	26,508,174	73,032,836
Total receivables	32,433,831	78,089,110

National Authority for the campaign against Alcohol and Drug Abuse
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Trade and other Payables

Name	Amount	Amount
	2017-2018	2016-2017
	Kshs	Kshs
VAT	1,207,083	858,016
PAYE	2,554,859	2,138,949
Subscription Fees	92,179	92,179
Motor Vehicle Repairs	162,266	162,266
Consultancy Fees	165,900	165,900
Ministry of Nairobi Metropolitan	380,600	380,600
Alcoholic Drinks Control Fund	9,903	9,903
Apex communications	1,000,000	1,000,000
Staff Payroll Control	1,251,917	1,091,350
Safaricom Ltd	211,219	211,219
Kenya Bureau of Standards	235,715	235,715
One Way Cleaning Services L.T.D	1,232,057	1,232,057
Kenya National Audit Office	1,160,000	1,160,000
Kenya Pipeline Company Limited	272,125	272,125
State Law Office	265,000	265,000
Jomo Kenyatta Foundation	103,449	103,449
Kenya school of Government	156,600	156,600
Examination Body	135,218	135,218
Morendat Training & Conference Centre	44,400	44,400
Kentron Industrial Supplies Ltd	360	360
Supplier Retention	1,675,667	277,245
Payroll Creditors	6,275,386	7,158,644
Florato Construction	2,081,993	2,580,593
Unkwon Deposits	880,450	414,710
AIE Interior Ministry Payable	11,563,223	
Topline Surgical	-	1,047,300
Two in One Agency	-	502,660
Mombasa Surgical Ltd	-	250,000
Southgate Investment	734,165	9,732,382
Alex Njeru	-	20,000
Alice Njagi	788	788
Owino	333	333
Diana Lalo	-	1,811
Total	33,852,854	31,701,771

National Authority for the campaign against Alcohol and Drug Abuse
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Property, plant and equipment

	Motor vehicles	Furniture & fittings	Computers	Equipment	Total
Cost	Kshs	Kshs	Kshs		Kshs
At 1 July 2015	57,693,135	13,262,304	26,335,286	15,063,611	112,354,336
Additions	-	-	124,009	-	124,009
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 th June 2016	57,693,135	13,262,304	26,459,295	15,063,611	112,478,345
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
As At 30 th June 2017	57,693,135	13,262,304	26,459,295	15,063,611	112,478,345
Additions	-	-	-	-	-
Disposals	-9,770,000	-	-	-	-9,770,000
Transfer/adjustments	-	-	-	-	-
As At 30 th June 2018	47,923,135	13,262,304	26,459,295	15,063,611	102,708,345
Depreciation and impairment					
At 1 July 2015	44,995,327	5,802,997	21,875,625	13,010,376	85,684,325
Depreciation	3,174,452	932,413	1,375,101	615,971	6,097,937
Impairment	-	-	-	-	-
At 30 June 2016	48,169,779	6,735,410	23,250,726	13,626,347	91,782,262
Depreciation	2,380,839	815,862	1,069,416	479,040	4,745,157
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-

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As At 30 th June 2017	50,550,618	7,551,272	24,320,142		96,527,419
				14,105,387	
Depreciation	1,688,850	713,880	657,817		3,435,086
				374,539	
Disposals	-8,511,869				-8,511,869
Impairment					
Transfer / Adjustments					
As At 30 th June 2018	43,727,599	8,265,152	24,977,959		91,450,636
				14,479,926	
Net book values					
At 30 th June 2018	4,195,536	4,997,152	1,481,336	583,685	11,257,709
At 30 th June 2017	7,142,517	5,711,032	2,139,153	958,224	15,950,926

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Cash generated from operations

	2017-2018	2016-2017
	Kshs	Kshs
Surplus for the year before tax	-5,629,074	1,738,852
Adjusted for:		
Depreciation	3,435,086	4,745,157
Working Capital adjustments		
Decrease in receivables	45,655,280	-47,268,098
Decrease in payables	2,151,082	6,395,556
Net cash flow from operating activities	45,612,374	-34,388,533

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Financial Risk Management

NACADA Authority relies on Fund Allocation from the National Government

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Receivables from exchange transactions	3,231,107	2,418,815	3,231,107	-812,292
Receivables from non-exchange transactions	26,508,174	26,508,174	-	-
Bank balances	71,148,721	71,148,721	-	-
Total	100,888,002	100,075,710	3,231,107	-812,292
At 30 June 2017				
Receivables from exchange transactions	2,260,461	2,265,633	-	-
Receivables from non-exchange transactions	73,032,837	73,032,837	-	-
Bank balances	35,771,656	35,771,656	-	-
Total	111,064,954	111,070,126	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk (Continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2018				
Trade payables			22,139,859	22,139,859
Contractor retention fee			1,675,667	1,675,667
Vat withheld	1,207,083			1,207,083
Employee benefit obligation	2,554,859		6,275,386	8,830,245
Total	3,761,942		30,090,912	33,852,854
At 30 June 2017				
Trade payables			20,042,349.20	20,042,349.20
Contractor retention fee	277,245.00			277,245.00
Vat withheld	858,016.00			858,016.00
Employee benefit obligation	3,365,516.80	7,158,644.00		10,524,160.80
Total	4,500,777.80	7,158,644.00	20,042,349.20	31,701,771.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management (Continued)

(iii) Market risk

NACADA Authority is not a trading Institution.

17. Related Party Balances

a) Nature of related party relationships

Entities and other parties related to NACADA include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related to

- i) The National Government;
- ii) The Parent Ministry;
- iii) Board Members
- iv) Senior Management staff
- v) Key management;

b) Key management remuneration

	2018	2017
	Kshs	Kshs
Directors	960,000	917,334
Key management compensation	26,578,115	32,600,387

c) Due from related parties

Due from Parent Ministry	-	29,539,878
	-----	-----
	-	29,539,878
	=====	=====

d) Due to related parties

Due from ADCA Account	26,508,174	43,492,959
	-----	-----
	26,508,174	43,492,959
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Events after the reporting period

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

19. Ultimate and Holding Entity

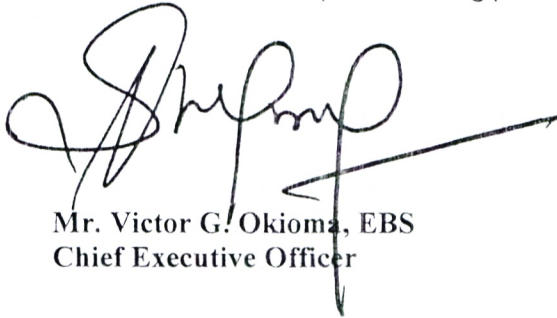
NACADA is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Interior and Coordination of Government. Its ultimate parent is the Government of Kenya.

20. Currency

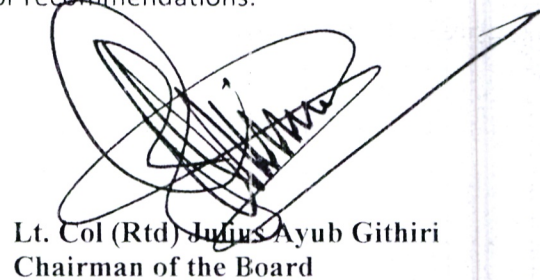
The financial statements are presented in Kenya Shillings (Kshs) Currency.

21. Progress on follow up of auditor's recommendations

Nacada did not have any outstanding prior year auditor recommendations.



Mr. Victor G. Okioma, EBS
Chief Executive Officer



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

Date.....19/2/2019.....

Date.....19/2/2019.....

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Annexure I

Income and its Sources

Source of Income	Date of Receipt	Amount
Gok Exchequer	15/09/2017	29,539,877.50
Gok Exchequer	30/04/2018	59,079,755.00
Gok Exchequer	31/05/2018	29,539,877.50
Reimbursables	Various	8,192,511.00
Other Income	Various	<u>1,508,826.00</u>
		<u>127,860,847.00</u>

