

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT OF KENYA LIBRARY

Paper laid on the Table of the House by the Majority Whip [Hon. Benjamin Wadhvani] on

REPORT

Thursday 21st June 2018

OF

THE AUDITOR-GENERAL

(Afternoon)

ON

THE FINANCIAL STATEMENTS OF NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE (NACADA)

FOR THE YEAR ENDED 30 JUNE 2017

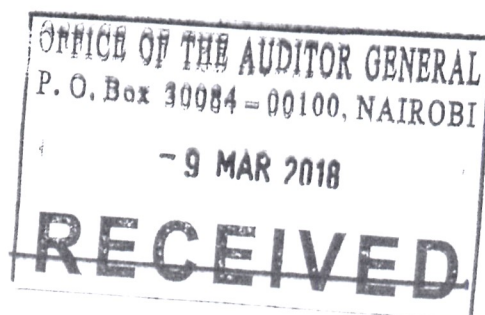


**NATIONAL AUTHORITY FOR CAMPAIGN AGAINST ALCOHOL AND
DRUG ABUSE GOK GRANT**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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, 2017

Table of Content

Page

I.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
II.	THE BOARD OF DIRECTORS	v
III.	MANAGEMENT TEAM	ix
IV.	CHAIRMAN'S STATEMENT	xi
V.	REPORT OF THE CHIEF EXECUTIVE OFFICER	xii
	(i) <i>Youth and children ADA prevention programs</i>	xii
	(ii) <i>Alcohol and drug abuse prevention programs at the county and national government levels</i>	xii
VI.	CORPORATE GOVERNANCE STATEMENT	xiii
VII.	MANAGEMENT DISCUSSION AND ANALYSIS	xiv
VIII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xiv
IX.	REPORT OF THE DIRECTORS	xv
X.	STATEMENT OF DIRECTORS' RESPONSIBILITIES	xvi
XI.	REPORT OF THE INDEPENDENT AUDITORS ON NACADA (<i>specify entity name</i>)	xviii
XII.	STATEMENT OF FINANCIAL PERFORMANCE.....	1
XIII.	STATEMENT OF FINANCIAL POSITION.....	2
XIV.	STATEMENT OF CHANGES IN NET ASSETS.....	3
XV.	STATEMENT OF CASH FLOWS	4
XVI.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XVII.	NOTES TO THE FINANCIAL STATEMENTS	6

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;
- (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;

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

- (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;
- Accounting officer/CEO;
- Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

1. Mr Victor Okioma – Acting Chief Executive officer
2. Mr. Samuel Makini- Acting Director, Finance & Administration
3. Prof. John Muteti – Director, Research and Policy Development
4. Ms. Susan Maua – Acting Manager, Public Education and Advocacy
5. Ms Olivia Rachier – Corporation Secretary
6. Mrs Grace Otieno – Manager, Policy & Planning
7. Ms. Judith Twala – Manager, Regulatory Services
8. Mr. Medina Ibrahim – Acting Manager Communication & Documentation
9. Ms. Evelyne Kangogo – Manager, Human Resource

Fiduciary Oversight Arrangements

Finance Board Committee

1. Mrs. Gladys Tarayia - Chair
2. Mr. Victor Gatuiku
3. Mr. Pius Mutisya
4. Rev. Dr. Stephen Mairori
5. Hon. Francis Kaparo, EBS

Staff & Welfare Committee

1. Rev. Dr. Stephen Mairori - Chair
2. Hon. Francis Kaparo, EBS
3. Mr. Victor Gatuiku
4. Mrs. Gladys Tarayia
5. Mr. Charles Kanyi
6. Mr. Arthur Osiya

Technical Board Committee

1. Rev. Dr. Wilfred Kogo – Chair
2. Mr. Charles Kanyi
3. Dr. Kepha Ombacho, MBS
4. Dr. Hamisi Massa
5. Mr. Pius Mutisya

Audit Board Committee

1. Rev. Dr. Wilfred Kogo – Chair
2. Mr. Charles Kanyi
3. Dr. Kepha Ombacho, MBS
4. Dr. Hamisi Massa
5. Mr. Pius Mutisya

(e) Entity Headquarters

(f) Authority's Headquarters

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

(g) Authority's Contacts

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

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

(h) Authority's Bankers

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

Kenya Co-operative of Bank Ltd
Ukulima Branch

Equity Bank of Kenya Ltd
Corporate Branch



(i) Independent Auditors

Auditor General
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.

II. THE BOARD OF DIRECTORS

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
 <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. Margaret 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>



Farida Rashid – Member

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



Dr. Rev. Stephen Mairori – Member

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 holds a PhD. in Leadership and Governance from the Jomo Kenyatta University of Agriculture and Technology. He also has a Masters 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.



Dr. Hamisi Salim Massa – Rep. 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
 Representing 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 Pediatric Unit.

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017



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.



Mr. Victor Okioma, EBS – Ag. 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 through the ranks from District Officer (DO) to District Commissioner (DC). Coming from the field to the Headquarters at Harambee house, he was promoted to be the overall Officer in-charge of Provincial Administration, National Administration and 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
 Asst Director to PS Ministry of Health

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

 <p>Dr. Pius Mutisya – Alt Director to PS Ministry of Education, Science and Technology</p>	<p>Dr. Mutisya is currently the Director of Quality Assurance Services at the Ministry of Education</p>
 <p>Arthur Osiya – Alt Director to PS, Ministry of Interior and Coordination of National Government</p>	<p>Mr. Osiya is currently Secretary of Administration at the Ministry of Interior and Coordination of National Government</p>
<p>Mr. Charles Kanyi – Member</p>	<p>Resigned to undertake an elective position. Replaced by Peterson Munene Mwai as of 1st May 2017</p>
<p>Hon. Francis Ole Kaparo of Scouts Movement</p>	<p>Retired in April 2017. Replaced by Moses Ochieng Danda as of 1st May 2017.</p>
<p>Mr. Peter Gatuiku – Alt Director to PS, National Treasury</p>	<p>Deceased in March 2017. No replacement yet</p>
 <p>Ms. Olivia Rachier Corporation Secretary</p>	<p>Advocate of High Court of Kenya. Holder of Master of Laws. Member of ICPSK</p>

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

III. MANAGEMENT TEAM

Name	Academic /Professional Qualification	Key
 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
 Prof. John Muteti	Doctorate degree in Strategic Mgt, Masters in Economic & Social studies PG cert in Project Planning, Appraisal & Financing; PG Diploma in Agri. Economics	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, Bachelor in Education PG Diploma in Education	In-charge of overseeing operations in the Public Education and Advocacy department

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE (NACADA) FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Authority Campaign Against Drug Abuse set out on pages 1 to 22, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Campaign Against Drug Abuse as at 30 June, 2017, 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.

In addition, 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 money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Campaign Authority Against 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 were no Key Audit Matters to report in the year under review.

Report of the Auditor-General on the Financial Statements of National Authority for the Campaign Against Alcohol and Drug Abuse for the year ended 30 June 2017

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority'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.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.






Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

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.

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

	<p>Master of Law (LLM), Bachelors in Laws PG Diploma in Law</p>	<p>In-charge of overseeing legal department operations in the Authority as well as co-ordinating and preparation of minutes during Board Meetings.</p>
	<p>M.A in Economics PG Diploma in International Law; PG Diploma in Integrated Rural Regional Development Planning.</p>	<p>In-charge of Policy and Planning department in the authority operations</p>
	<p>M.A. in Counselling Psychology Bachelors of Arts-Theology</p>	<p>In-charge of Regulatory, Treatment and Rehabilitation department</p>
	<p>Master in Communication, Bachelors of Arts-Design, Postgraduate Diploma in Management of NGO's</p>	<p>Overseeing operation in the Documentation and Communication department</p>
	<p>MBA (Strategic Mgt) PG Diploma in Human Resource Management, Bachelor in Economics.</p>	<p>Overseeing Human Resource and Administration operations</p>

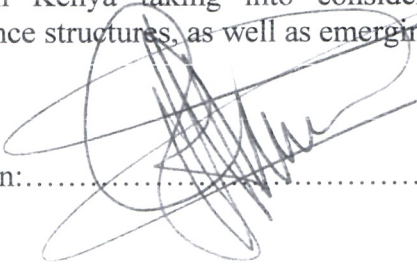
IV. CHAIRMAN'S STATEMENT

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

The Board accepts this responsibility and therefore has prepared the attached Financial Statements as at 30th June 2017 based on prudence in judgement in accordance with the International Public Sector Accounting Standards (IPSAS).

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

Chairman:.....



Date: 09/3/17.....

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the reporting period, NACADA implemented activities geared towards fulfilling its mandate as provided for under the NACADA Act (2012) and the strategic objectives set out in the Strategic Plan 2015-2019:

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

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

During the FY the Authority carried out a number of activities to strengthen the legal and institutional framework at all levels of government. They included the establishment of ADA prevention programs in collaboration with County Governments in the 6 NACADA regions i.e. Nairobi, Nyeri, Nyanza, Coast, Lower Eastern/North Eastern and North Rift covering all 47 Counties through capacity building for County representatives and development of ADA Prevention Science programs; Quarterly distribution of publicity materials; Support/establishment of Treatment & Rehabilitation facilities in Elgeyo Marakwet (Iten), Nyanza (Kodiaga Prison), Mombasa (Coast Referral).

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

(i) *Youth and children ADA prevention programs*

During the financial year the Authority implemented various programs targeting alcohol and drug abuse amongst youth and children. These included a national survey to the status of alcohol and drug abuse, with focus on the youth; disseminated findings of the Coast Survey on ADA situation in schools to all the counties in the Region; marked the annual African Day of the Child in collaboration with other stakeholders in NACADA regions; collaborated with County Governments to conduct ADA public awareness lectures in all NACADA regions, with focus on the youth. The Authority offered opportunities for internship to 12 interns.

(ii) *Alcohol and drug abuse prevention programs at the county and national government levels*

During the reporting period, the Authority supported 2 County Governments to undertake alcohol and drug abuse baseline surveys; submitted bi-annual ADA status reports to both Houses of Parliament; In order to collaborate with county governments in sensitizing the public on ADA, the Authority participated in National Trade Fairs and ASK shows. During the period under review, the Authority exhibited in the following ASK shows: Kisumu ASK show, Nairobi ASK show; conducted 10 media interviews to enlighten the public on NACADAs mandate; conducted follow up meetings with 47 County Governments on ADA prevention science programs. The Authority continued to participate

and collaborate with County Governments to mark important ADA calendar days which include the International Day against Drug Abuse and Trafficking (IDADA), World AIDS Day, Day of the African Child, Youth Week, World Tobacco Day and World Mental Health Day as well as to participate in 10 National/International Fairs/ASK shows across the country in collaboration with County Governments. NACADA also inspected and accredited centres which comply with National Standards on Treatment and Rehabilitation.

VI. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

Through this training, the Board's capacity was built to ensure that NACADA operations are geared towards application of principles and practices which are in the best interest of the population of Kenya. The Board has also become more proactive in promoting issues of corporate fairness, transparency and accountability in the internal and external operations of the Authority. In order to ensure continual advancement towards the goal of a Drug Free Nation, training on Corporate Governance has been incorporated as a priority activity for the Board in the Authority's Strategic Plan 2015-19 and Performance Contract for FY 2015-16.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

In order to deliver on various aspects of NACADAs mandate the following activities were accomplished in the 4th Quarter:

- Finalized of the report of the National Survey on the status of Alcohol and Drug Abuse, 2016
- Finalized the second Biannual Report on the Status of Alcohol and Drug Abuse for submission to Parliament
- Completed the Authority's Risk Management Framework
- Conducted Quarterly Inter-Agency Committee Meetings on alcohol and drug abuse in all 6 NACADA Regional Offices as planned
- Conducted quarterly meetings with the National Technical Committee on Drug Abuse and Trafficking as planned
- Conducted the 2nd Alcoholic Drink Sampling exercise in 24 Counties
- Finalized the ADA Booklet on ADA Laws for dissemination to 47 County Governments
- 46 treatment and rehabs inspected and certificates awarded to the 20 rehabs which complied to the National Standards for Treatment and Rehabilitation
- Finalized 12 NACADA Internal Policies, Strategies and Manuals

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

CSR Commitments

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

NACADA CSR Policy Statement

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

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

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

GUIDING Principles

NACADA will be responsible for:

- Collaborative engagement with employees, stakeholders, and local communities in setting priorities and implementing solutions pertaining to alcohol, drugs and substance abuse.
- Developing mutually beneficial partnerships with staff and the communities we serve.
- Using its influence to encourage others to limit their negative and enhance their positive alcohol, drug and substance abuse impacts

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

- Leveraging its resources, expertise, services and relationships for the benefit of our staff and the communities it serves.
- Working with its community partners/stakeholders and use its public voice to advance solutions to alcohol, drug and substance abuse in our communities.

IX. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the NACADA's affairs.

Principal activities

The principal activities of NACADA are (continue to be) page ii

Results

The results of NACADA for the year ended June 30, 2017 are set out on page 1-5

Directors

The members of the Board of Directors who served during the year are shown on page v-vii. During the year 2017, Director Peter Gatuiku passed on in March 2017, Director Honourable Francis Ole Kaparo retired in April 2017 and Director Charles Kanyi resigned to undertake an elective position in May 2017. Director Peterson Munene Mwai and Director Moses Ochieng Danda were appointed with effect from 1st May 2017 to replace Director Charles Kanyi and Director Honourable Francis Ole Kaparo respectively.

Auditors

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

By Order of the Board

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 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, 2015. 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.

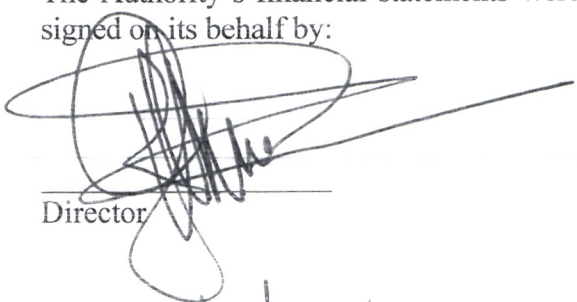
The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector 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, 2015, 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.

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

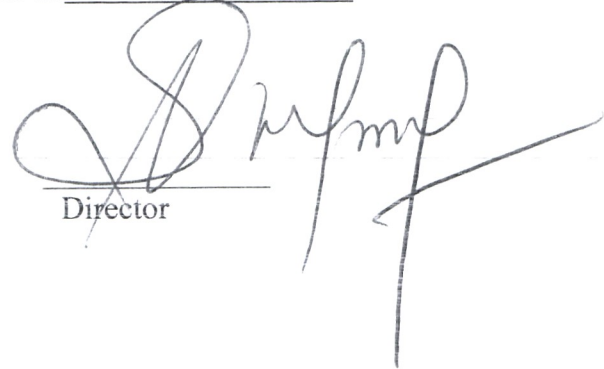
Approval of the financial statements

The Authority's financial statements were approved by the Board on 29TH SEPTEMBER 2017 and signed on its behalf by:



A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Director



A large, stylized handwritten signature in black ink, featuring a prominent loop at the top and a long, sweeping stroke that extends downwards and to the right.

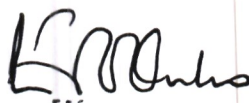
Director

Date 09/3/2018

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Authority's 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's 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's 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

28 May 2018

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

XII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016-2017	2015-2016
		Kshs	Kshs
Revenue from non-exchange transactions			
Recurrent Grant	5	118,159,510	142,324,464
Revenue from exchange transactions			
Others Income	6	9,163,205	14,152,284
Total revenue		127,322,715	156,476,748
Expenses			
Employee costs	7	118,693,812	114,621,575
Remuneration of directors	8	917,334	8,091,835
Repairs and maintenance	9	-	2,791,562
Campaign Expenses	10	3,700	4,343,259
Traveling Expenses	11	-	10,047,400
General expenses	12	1,223,860	30,095,536
Training & Research	13	-	4,760,290
Depreciation and amortization expense	18	4,745,157	6,097,937
Reimbursables		-	154,504
Total Expenses		125,583,863	181,003,898
Surplus/(deficit) for the period		1,738,852	(24,527,150)

The notes set out on pages 6 to 22 form an integral part of these Financial Statements

**XIII. STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2017**

	Note	2016-2017	2015-2016
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	35,771,656	81,462,905
Receivables from exchange transactions	16	78,089,110	30,821,012
		113,860,766	112,283,917
Non-current assets			
Property, plant and equipment	18	15,950,926	20,696,083
Total assets		129,811,692	132,980,000
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	31,121,771	24,726,215
Provisions-Audit Fee		580,000	580,000
Total liabilities		31,701,771	25,306,215
Net assets		98,109,921	107,673,785
Reserves-			
Rehabilitation Centre's		68,627,217	80,159,562
Capital reserves		26,773,428	26,773,428
Accumulated surplus		2,709,274	740,795
Total net assets and liabilities		98,109,921	107,673,785

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

C.E.O
 Name:

Date: 08/03/2018

Head of Finance Samuel MAKINI
 Name:

ICPAK Number: 8431

Date: 08/03/2018

Chairman of the Board
 Name:

Date: 09/03/2018

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

XIV. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017

	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
Balance as at 1 July 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	107,903,412
Surplus/(deficit) for the period	-			1,738,852	1,738,852
Transfers to/from accumulated surplus					
Transfer of excess depreciation on revaluation					
Government Grant received					
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

XV. STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017

	notes	2016-2017	2015-2016
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Recurrent grant-Non Exchange Transaction	5	118,159,510	142,324,464
Others Income Exchange Transaction	6	9,163,205	14,152,284
Rehabilitation Establishment no exchange transaction		-11,532,343	-9,840,438
Total Receipts		115,790,372	146,636,310
Payments			
Compensation of employees	7	118,693,812	114,621,575
Remuneration of Board of Directors	8	917,334	8,091,835
Repairs & Maintenance	9	-	2,791,562
Campaign Expenses	10	3,700	4,497,763
Travelling Expenses	11	-	10,047,400
General Expenses	12	1,223,860	30,095,536
Training & Research	13	-	4,760,290
Total Payments		120,838,706	174,905,961
Net cash flows from operating activities		-5,048,334	-28,269,651
Cash flows from investing activities			
Adjustments For:			
Prior Year Overstated Expenditure		229,627	
		-4,818,707	
Purchase of property, plant, equipment and intangible assets		-	-124,009
Proceeds from sale of property, plant and Equipment			
Increase /Decrease in non-current receivables	16	-47,268,098	-22,809,317
Increase /Decrease in non-current liabilities	17	6,395,556	6,767,542
Grants received from Government		-	-
Net cash flows used in investing activities		-40,872,542	-16,085,785
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Reduction of liability previously accrued for			
Net cash flows used in financing activities		-45,691,249	-44,435,435
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 JULY		81,462,905	125,898,340
Cash and cash equivalents at 30 JUNE		35,771,656	81,462,905

**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2017**

	Original budget 2016-2017 Kshs	Adjustments 2016-2017 Kshs	Final budget 2016-2017 Kshs	Actual on comparable basis 2016-2017 Kshs	Performance difference 2016-2017 Kshs
Revenue					
Government Grant	118,159,510	-	118,159,510	88,619,632	(29,539,878)
Other Income	5,000,000	-	5,000,000	9,163,205	4,163,205
Total income	123,159,510	-	123,159,510	97,782,837	(25,376,673)
Expenses					
Staff cost	117,199,510	-	117,199,510	118,693,812	(1,494,302)
Board Expenses	960,000	-	960,000	917,334	42,666
Depreciation	-	-	-	4,745,157	(4,745,157)
Repairs & Maintenance					
Campaign Expenses				3,700	(3,700)
Travelling Expenses					
General Expenses	-	-	-	1,223,860	(1,223,860)
Total expenditure	118,159,510		118,159,510	125,583,863	(7,424,353)
Surplus for the period	-		-	(27,801,026)	(17,952,320)

Budget notes

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

XVII. 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. It's principal activity is to carry out Public education and awareness on alcohol and substance abuse.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

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 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 counselors. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Sale of Tender Documents

NACADA also raises fund of sale of tender document which is recognized on cash basis

Interest income

NACADA does not have these sources of income.

b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly on 08/06/2016. The amount allocated to the Authority was 118M, out of which 29.5M had not been received by the end of the closure of the financial year; however, 21.7M which was not received in the prior year was received in the current year.

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 institution as well as private institution also engages the Authority in carrying out research on substance abuse parameters in their entities workforce so as to mitigate their effects.

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

e) Financial instruments

Financial assets

Receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

f) Financial liabilities

Payables

These includes amounts which has not been paid for service rendered, amount due to staff but have Not paid by closure of the year, staff payroll deductions which has not been submitted to the relevant Institutions. Provision for services including audit fee, commitments made during the financial year and part of the works has been done or deliveries have been made awaiting invoices from the Suppliers or Consultants.

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

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

g) Provisions

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

Contingent liabilities

NACADA does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is 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 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 has a retirement plan for its permanent employees. This is done by maintaining a retirement benefit pension fund managed by Alexander Forbes. 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 undertakes a certification training programs on addiction counsellors. A foreign examination administered by Colombo Plan is taken by those you have going different levels of training. Examination fees which is payable in foreign currency is then corrected 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 NACADA, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

o) Service concession arrangements

NACADA does not have service concession arrangements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Government Grant

Description	2016-2017	2015-2016
	Kshs	Kshs
Grant Received	118,159,510	142,324,464
Total	118,159,510	142,324,464

The Government grant is received every quarter during the financial year however for the last two years 4th quarter grant was not received until the beginning of the next financial year.

6. Other Income

Description	2016-2017	2015-2016
	Kshs	Kshs
Appropriation in Aid	16,000	319,949
Disposal	-	18,310
Reimbursable Income	9,147,205	13,814,025
Total	9,163,205	14,152,284

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

7. Employee costs

	2016-2017	2015-2016
	Kshs	Kshs
Salaries and wages	65,972,756	60,622,647
Pension & Gratuity	2,944,200	9,157,095
Housing benefits and allowances	49,594,856	44,681,833
Social contributions-NSSF	182,000	160,000
Employee costs	118,693,812	114,621,575

8. Board Expenses

Description	2016-2017	2015-2016
	Kshs	Kshs
Honoraria for Chairman	917,334	960,000
Conferences, Seminars & Committees	-	4,199,015
Board Allowances	-	2,932,820
Total	917,334	8,091,835

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Repairs & Maintenance

Description	2016-2017	2015-2016
	Kshs	Kshs
Furniture & Fittings	-	-
Motor Vehicles	-	2,520,082
Computers & IT Equipment	-	271,480
Total		2,791,562

10. Campaign Expenses

Description	2016-2017	2015-2016
	Kshs	Kshs
Printing & Publishing	-	889,723
Advertising & Publicity	3,700	1,427,941
Subscription fee for Newspaper	-	564,210
Trade Show & Exhibitions	-	666,100
Specialized Materials & Supplies	-	795,285
Total	3,700	4,343,259

11. Travelling Expenses

Description	2016-2017	2015-2016
	Kshs	Kshs
Domestic Travelling & Subsistence	-	8,387,192
Foreign Travelling Cost & Subsistence	-	1,660,208
Total	-	10,047,400

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. General expenses

Description	2016-2017	2015-2016
	Kshs	Kshs
Communication & Supplies	-	4,043,280
Rental & Parking	-	9,048,063
Audit fees	580,000	580,000
Subscription	-	202,860
Office & General Supplies	-	1,479,542
Motor Vehicle Insurance	-	1,500,000
Bank charges	90,106	137,765
Fuel and oil	-	2,341,903
Cleaning Services	-	77,952
Hospitality, Supplies and services	-	4,364,261
Medical Insurance	553,754	6,319,907
Total general expenses	1,223,860	30,095,536

13. Staff Training & Research

Description	2016-2017	2015-2016
	Kshs	Kshs
Research	-	1,272,966
Staff Training	-	1,556,650
Hire of Training Facility	-	1,930,674
Total expenses	-	4,760,290

14. Cash and cash equivalents

Description	2016-2017	2015-2016
	Kshs	Kshs
Current account	35,771,656	81,452,759
Others(specify)-cash in hand	-	10,146
Total cash and cash equivalents	35,771,656	81,462,905

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Detailed analysis of the cash and cash equivalents

		2016-2017	2015-2016
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1103199439	1,374,109	57,586,126
Equity Bank –Community Branch	0180296330592	34,397,547	23,866,633
Grand total		35,771,656	81,462,905

16. Receivables from exchange transactions

Description	2016-2017	2015-2016
	Kshs	Kshs
Current receivables		
Trade receivables	2,260,461	2,019,520
Rental Deposits	3,123,530	3,677,284
Imprest Debtors	220,213	327,763
Staff debts	264,362	696,758
Provision for Bad Debts	-812,292	
Total current receivables	5,056,273	6,721,325
Non-current receivables		
Gok Grant in Transit by Year End	29,539,877	21,779,427
Adca Account	43,492,959	2,320,260
Total non-current receivables	73,032,836	24,099,687
Total receivables	78,089,110	30,821,012

17. Trade and other Payables

Payables List As At 30th June 2017		
Name	Amount	Amount
VAT	858,016	694,776
PAYE	2,138,949	3,133,176
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
Universal Cabs	-	224,200
Alcoholic Drinks Control Fund	9,903	9,903
Apex communications	1,000,000	1,000,000
People Media Group	-	568,400
The Standard Group	-	698,320
Capital FM		580,000

National Authority for the campaign against Alcohol and Drug Abuse

Reports and Financial Statements

For the year ended June 30, 2017

Family Media Group	-	440,800
Nation Media Group	-	1,957,920
Staff Payroll Control	1,091,350	716,820
Safaricom Ltd	211,219	211,219
Kenya Bureau of Standards	235,715	813,544
The Star	-	440,000
One Way Cleaning Services L.T.D	1,232,057	1,232,057
Kenya National Audit Office	1,160,000	580,000
Kenya Pipeline Company Limited	272,125	272,125
State Law Office	265,000	-
Jomo Kenyatta Foundation	103,449	-
Kenya school of Government	156,600	156,600
Examination Body- Colombo Plan	135,218	122,218
Morendat Training & Conference Centre	44,400	44,400
Kentron Industrial Supplies Ltd	360	32,200
Supplier Retention - Florato Construction	277,245	-
Payroll Creditors	7,158,644	-
NACECE	-	308,444
Tabitha Weru	-	13,000
Florato Construction	2,580,593	9,840,438
Unkwon Deposits	414,710	414,710
Topline Surgical	1,047,300	-
Two in One Agency	502,660	-
Mombasa Surgical Ltd	250,000	-
Southgate Investment	9,732,383	-
Alex Njeru	20,00	-
Alice Njagi	788	-
Owino	333	-
Diana Lalo	1,811	-
Total	31,701,771	25,306,215

ational Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
for the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Property, plant and equipment

	Motor vehicles	Furniture & fittings	Computers	Equipment	Total
Cost	Kshs	Kshs	Kshs		
At 1 July 2015	57,693,135	13,262,304	26,335,286	15,063,611	
Additions	-	-	124,009	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2016	57,693,135	13,262,304	26,459,295	15,063,611	
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2017	57,693,135	13,262,304	26,459,295	15,063,611	
Depreciation and impairment					
At 1 July 2015	44,995,327	5,802,997	21,875,625	13,010,376	
Depreciation	3,174,452	932,413	1,375,101	615,971	
Impairment	-	-	-	-	-
At 30 June 2016	48,169,779	6,735,410	23,250,726	13,626,347	
Depreciation	2,380,839	815,862	1,069,416	479,040	
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2017	50,550,618	7,551,272	24,320,142	14,105,387	
Net book values					
At 30th June 2017	7,142,517	5,711,032	2,139,153	958,224	
At 30th June 2016	9,523,356	6,526,894	3,208,569	1,437,264	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Cash generated from operations

	2016-2017	2015-2016
	Kshs	Kshs
Surplus for the year before tax	1,738,852	-24,527,150
Adjusted for:		
Depreciation	4,745,157	6,097,937
Working Capital adjustments		
Increase in receivables	-47,268,098	
Increase in payables	6,395,556	
Net cash flow from operating activities	-34,388,533	-18,429,213

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. 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

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 and available-for-sale financial investments.

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

The carrying amount of financial assets recorded in the financial statements representing NACADA'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
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
At 30 June 2016		
Receivables from exchange transactions	2,019,520	2,019,520
Receivables from non-exchange transactions	24,099,687	24,099,687
Bank balances	81,462,905	81,462,905
Total	107,582,112	107,582,112

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 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.

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 2017				
Trade payables			20,042,349	20,042,349
Contractor retention fee	277,245			277,245
Vat withheld	858,016			858,016
Employee benefit obligation	3,365,517	7,158,644		10,524,160.80
Total	4,500,778	7,158,644	20,042,349	31,701,771
At 30 June 2016				
Trade payables				20,639,225
Contractor retention fee				-
Vat withheld				694,776
Suspense account				-
Employee benefit obligation				3,972,214
Total				25,306,214

National Authority for the campaign against Alcohol and Drug Abuse
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management (Continued)

(iii) Market risk

NACADA is not a trading Institution.

21. 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.

NACADA 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

	2017	2016
		Kshs
	Kshs	
Directors'	917,334	8,091,835
Key management compensation	32,600,387	31,109,820

d) Due from related parties

Due from Parent Ministry	29,539,878	21,779,427
--------------------------	------------	------------

c) Due to related parties

Due from ADCA Account	43,492,959	2,518,735
-----------------------	------------	-----------

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Events after the reporting period

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

23. Ultimate and Holding Entity

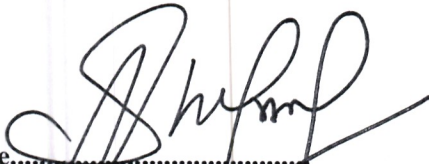
NACADA is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Interior and Coordination of Government. Its ultimate parent is the Government of Kenya.

24. Currency

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


Mr. Victor G. Okioma, EBS
Ag. Chief Executive Officer

Date.....


8/3/18

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

Date.....


29/3/18