

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL <i>Enhancing Accountability</i>	
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TABLED BY:	Hon. Naomi Wago, CSM MP (Deputy Majority Whip)
CLERK AT THE TABLE:	Inzofu Mwale, Atsc

REPORT

PARLIAMENT
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THE AUDITOR-GENERAL

ON

**NATIONAL AUTHORITY FOR THE CAMPAIGN
AGAINST ALCOHOL AND DRUG ABUSE CAR
LOAN AND MORTGAGE SCHEME**

**FOR THE YEAR ENDED
30 JUNE, 2025**



**NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG
ABUSE (NACADA) CAR LOAN & MORTGAGE SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Scheme information and management

a) Background information

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

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

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

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

In August 2010, the Authority's mandate was expanded to facilitate the Alcoholic Drinks Control Act 2010.

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

The scheme was established in line with the constitutional principles under Article 230(5) of the Constitution of Kenya, 2010, on the attraction and retention of requisite skills in the public service. The scheme is owned by NACADA and domiciled in Kenya.

b) Principal Activities

The scheme's principal activity is to offer low-interest loan facilities to members of the Authority for the purchase of motor vehicles, existing residential property, purchase of land and construction, construction, renovation and improvement of an existing residential property, and takeover of loans on existing mortgages or equity release.

c) Board of Trustees/Scheme Administration Committee

SN	Position	Name
1.	Chief Executive Officer	Dr. Anthony Omerikwa
2.	Director, Corporate Services	CPA. Patrick Obura
3.	Director, Research & Policy Planning	Prof. John Muteti
4.	Director, Public Education, Advocacy & Rehabilitation	Dr. Yvonne Olando
5.	Deputy Director, Planning and Performance Management	Mr. Kirwa Lelei
6.	Deputy Director, Human Resource and Administration	CHRP. Joyce Lisanza
7.	Deputy Director, Standard & Licensing	Dr. Samwel Makini
8.	Deputy Director, Public Awareness and Advocacy	Ms. Judith Twala
9.	Deputy Director, Legal and Regulatory Services	Mr. Daniel Konyango
10.	Deputy Director Corporate Communication	Mr. Simon Mwangi
11.	Deputy Director Supply Chain Management	Mr. Jeremiah Muchembi
12.	Deputy Director Public Education and Capacity Development	Ms. Susan Maua
13.	Deputy Director, Compliance	Mr. James Macharia
14.	Deputy Director, Quality and Risk Management	Ms. Esther Okenye

Key Scheme and Information Management (Continued)

d) Key Management

SN	Position	Name
1.	CPA. Patrick Obura	Director, Corporate Services (Chairperson)
2.	Prof. John K. Muteti	Director, Research, Policy and Planning
3.	CHRP. Joyce Lianza	Deputy Director, Human Resource and Administration (Secretary)
4.	Dr. Samwel Makini	Deputy Director, Standard & Licensing
5.	Mr. Daniel Konyango	Deputy Director, Legal and Regulatory Services
6.	Ms. Susan Maua	Deputy Director Public Education and Capacity Development
7.	Mr. James Macharia	Manager, Compliance & Regional Manager, Nairobi
8.	Ms. Pauline Maina	Representative, Staff Welfare
9.	Ms. Triza Mwangi	Chairperson, Staff Welfare.

e) Fiduciary Oversight Arrangements

SN	Position	Name
1.	Internal Auditor	CPA. John Kaguri
2.	Staff Mortgage and car Loan Advisory Committee	i. CPA. Patrick Obura ii. Prof. John K. Muteti iii. CHRP. Joyce Lianza iv. Dr. Samwel Makini v. Mr. Daniel Konyango vi. Ms. Susan Maua vii. Mr. James Macharia viii. Ms. Pauline Maina ix. Ms. Triza Mwangi

f) Registered Offices

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

g) Scheme Contacts

Telephone: (254) 0202 2721994

E-mail: info@nacada.go.ke

Website: www.nacada.go.ke

Helpline: 1192

Facebook: NACADA Kenya

Twitter: @NACADAKenya

h) Scheme Bankers

Housing Finance Corporation of Kenya

Rehani House Branch

P.O. Box 30088- 00100

Nairobi, Kenya

i) Independent Auditor

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice



Harambee Avenue



P.O. Box 40112




City Square 00200



Nairobi, Kenya




3. The Board of Directors




Ref	Directors	Details
1.	 <p data-bbox="300 801 743 869">Rev. Dr. Stephen K. Mairori, EBS Board Chairperson</p>	<p data-bbox="778 271 1374 633">Rev. Dr. Stephen Kiptoem Mairori is an experienced board-level leader with a wealth of experience in leadership, conflict resolution, and corporate governance. He holds an Honorary Doctor of Ministry from Georgia Central University, USA, a Masters of Divinity from Frensko Pacific Seminary, CA, USA, and a Bachelor of Arts from Global University, USA.</p> <p data-bbox="778 674 1374 1003">In his current role, he is a senior minister at the Africa Inland Church, Milimani, and he also serves at the International Christian Ministries in Kenya. In addition, he is the Regional Coordinator at the Global Leadership Network, USA, and a Regional Director at the Walk Thru the Bible, USA, amongst other management positions in Kenya and the USA.</p>
2.	 <p data-bbox="300 1626 547 1693">Ann Mathu Vice Chairperson</p>	<p data-bbox="778 1043 1374 1335">Ann Mathu is the author of Sober Again and the founder of the Sober Again Outreach Programme (a community-based organisation that campaigns against alcohol and drug abuse). She is a Recovery Coach at the Dove Mental Hospital and has previously worked at NACADA.</p> <p data-bbox="778 1375 1374 1809">A passionate recovery coach, Ann Mathu reaches out to people living with substance use disorders and provides assistance to support long-term recovery. She is a leader, mentor, partner, therapist, spiritual guide, and cheerleader. She works with clients after they leave rehabilitation services to reinforce and encourage a healthy lifestyle. She also works with families, helping everyone cope with changes that accompany substance use disorder.</p>

<p>3.</p>	 <p>Samwel Laboso HSC Board Member</p>	<p>Mr. Laboso is the Director Anti-Narcotics Unit (ANU) in the Directorate of Criminal Investigations (DCI) at the National Police Service (NPS). He is an accomplished Senior Police Officer, having worked in various field stations, including the Teachers Service Commission (TSC), the General Service Unit (GSU), and the Directorate of Criminal Investigations (DCI). He has also served as the Commander, Sensitive Investigation Unit at the Drug Enforcement Administration.</p>
<p>4.</p>	 <p>Dr Josephine Syombua Etenyi Board Member</p>	<p>Dr. Josephine S. Etenyi is the Director of Youth Development at the Ministry of Youth Affairs, Creative economy and Sports. She is also the Alternate Director to the Principal Secretary in the Ministry responsible for Youth Affairs and Creative Economy. She is currently in charge of the Directorate of Policy, Research and Mainstreaming in the state department for Youth. She has served as Deputy Director of Youth Development and in other Senior Managerial positions in manpower planning and productivity improvement. She also served for two years as a human resource development specialist for the regional capacity-building project by IGAD in the Republic of South Sudan, on secondment by the Government of Kenya. Dr. Josephine holds a Doctorate degree in Research and Evaluation from the Catholic University of Eastern Africa. She also has a Master's in Educational Planning and a Bachelor's degree in Education from the University of Nairobi.</p>




<p>5.</p>	 <p>Beverly K. Opwora Board Member</p>	<p>Ms. Beverly K. Opwora will be the alternate to the Principal Secretary of Internal Security and National Administration on 19th January 2023. She is the Secretary National Administration in the Ministry of Internal Security and National Administration. Ms Opwora is an accomplished administrator who began her career in the defunct provincial administration and then transitioned to the national government administration under the current constitution.</p>
<p>6.</p>	 <p>Hon. Elijah Kiptarbei Lagat Board Member</p>	<p>Hon. Lagat holds a Bachelor of Arts Degree and a Diploma in Adult Education from the University of East Africa, Baraton. He is a two-time Member of Parliament, having represented the Emgwen and Chesumei constituencies, respectively. During his tenure in Parliament, he was the Vice Chairman of the Labour and Social Welfare Committee, the Chairman of the Sports Subcommittee, the Vice Chairman of the Catering and Health Services Committee, and the Chairman of the Health Services Subcommittee. Hon. Lagat served as the Deputy Human Resources Manager in Nandi County for five years. Winner of the 2000 Boston Marathon, he is a talented athlete who has represented the country in various sports activities worldwide.</p>
<p>7.</p>	 <p>Ali Swaleh Nyamai Board Member</p>	<p>Ali Swaleh is a consummate Public Relations professional and multi-linguist with a passion for education. He is proficient in full business unit management. He has a reputation for leading teams towards peak performance, driving the realisation of business targets with adept management of organisational diversity, and maintaining a firm focus on assured bottom-line gains and distinguished company performance. He is fluent in French and German and has also worked in the hospitality industry in Kenya.</p>




<p>8.</p>	 <p>Rev. Fredrick Ngugi Board Member</p>	<p>Fredrick Ngugi holds a Master of Theological Studies in Christian Counselling and a Bachelor of Theological Studies from Vision International University Ramona, California, USA. He also has a Diploma in Theological Studies from Vision International University in Australia. Rev. Ngugi is an Overseer at the Redeemed Gospel Churches of Kenya and Resident Pastor of the Redeemed Gospel Church in Kawaida, Kiambu County. He is the Deputy National Chairman of the Apex Clergy of Kenya (APPECK), an organisation with a membership of over 100,000 pastors. He is a part-time Lecturer at the Pan African University (PAC), teaching Transformational Leadership since 2017.</p>
<p>9.</p>	 <p>Al-Hajj Hassan Kirua Ole Naado Board Member</p>	<p>Hassan Ole Naado is the current National Chairman of the Supreme Council of Kenya Muslims (SUPKEM), a Chevening Fellow, an alumnus of the International Visitor Leadership Program (IVLP) under the Bureau of Education and Cultural Affairs of the Department of State of the USA. He is also a member of the Government of Kenya Interfaith COVID-19 Response and the Vaccine Steering Committee. He has over 25 years of experience in governance, prevention and countering violent extremism, national peacebuilding and conflict resolution. He holds a Postgraduate Diploma in Project Management, a diploma in Leadership and Islamic Governance from the University of Birmingham, UK, a certificate in Peace Building and Conflict Management from MS International Training Centre in Arusha, Tanzania, and an Islamic Civilization in the 21st Century from Al-Azhar University in Cairo, Egypt.</p>




<p>10.</p>	 <p>Kenneth Korir Board Member</p>	<p>Mr. Korir is the alternate to the Principal Secretary of the National Treasury on the board. He is an Economist and Public Financial Management (PFM) specialist with [20+] years of cross-sector expertise in banking, public procurement, and fiscal governance. He is a Certified Public Accountant (K) and CIPS-certified procurement professional.</p>
<p>11.</p>	 <p>Dr. Ephantus M. Maree Board Member</p>	<p>Dr. Ephantus M. Maree is the alternate member of the Principal Secretary the Ministry of Health in the Board. He is the Senior Deputy Director of Medical Services and a Technical Advisor to the Principal Secretary, Medical Services at the Ministry of Health. He is also a member of the Tobacco Control Board. He is an accomplished Senior Medical Officer who has worked in various field stations and was a previous Board Member at the Kenya Medical Training College (KMTTC). He has also served as the National Immunization Manager and Head of the Non-Communicable Disease unit. Dr. Maree holds a Master's in Public Health (MPH) and a Bachelor's in Medicine and Surgery (MBCHB).</p>
<p>12.</p>	 <p>Florence Amoiti Board Member</p>	<p>Mrs. Florence Amoiti is the alternate member of the Principal Secretary, Ministry of Education in the Board. She is the Secretary of Administration at the State Department for Basic Education at the Ministry of Education. She holds a Master's in Business Administration from the University of Nairobi, a Bachelor of Arts from Kenyatta University, and an Advanced Public Administration Certification from the Kenya School of Government, Nairobi. In addition, she has undergone professional training in strategic leadership, change management and performance management.</p>




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




4. Management Team

	Management	Details
1.	 <p>Dr. Anthony Omerikwa, MBS Chief Executive Officer</p>	<p>Dr. Omerikwa has over 23 years of experience in Public Service. He holds a Doctorate Degree from the University of Georgia, a Specialist Advanced Degree in Workforce Development and Education and a Master of Science Degree in Human Resource Development, both from Pittsburgh State University. Further, Omerikwa holds a Bachelor of Arts in Economics from Kenyatta University. Dr. Omerikwa is a member of the Institute of Human Resource Management, Institute of Directors and Kenya Institute of Management.</p>
2.	 <p>Prof. John Muteti Director Research Standards and Licensing</p>	<p>Doctorate in Strategic Management; Masters in Economic and Social studies; Postgraduate Certificate in Project Planning, Appraisal and Financing; Post Graduate Diploma in Agri. Economics</p>
3.	 <p>CPA Patrick Obura Director, Corporate Services</p>	<p>CPA Patrick Obura holds a Master of Business Administration (Finance Option) and a Bachelor of Arts from the University of Nairobi. He is also a Certified Public Accountant of Kenya and a member of the Institute of Internal Auditors Kenya.</p>

<p>4.</p>	 <p>Dr Yvonne Olando Director Public Education and Advocacy</p>	<p>Doctorate Degree and Master of Science in Clinical Psychology from the University of Nairobi, and Bachelor in Social Sciences (Psychology Major) from Moi University. Certificate in Global Tobacco Control from John Hopkins School of Public Health, Bloomberg (USA), Diploma in Chemical Dependency studies (Support for Addictions Prevention and Treatment in Africa (SAPTA)). She is a Certified International Addiction Professional (ICAP IV) and Certified Tobacco Cessation Specialist (CTTS-MAYO, USA). She is a World Heart Federation Emerging Leaders Fellow and was the ISSUP-Kenya Chapter's first Secretary.</p>
<p>5.</p>	 <p>Mr. James Koskey Director Compliance and Enforcement</p>	<p>Master's Degree in Public Administration and Management Bachelor of Arts degree in Government and Public Administration.</p>
<p>6.</p>	 <p>Mr. Kirwa Lelei Deputy Director, Planning and Performance Management</p>	<p>Master of Arts in Economics and Master of Arts in Project Planning and Management.</p>
<p>7.</p>		<p>MBA (Corporate Management)</p>

	 CHRP. Joyce Lianza Deputy Director, Human Resource and Administration	Bachelor of Commerce in Human Resource Management; Diploma in Human Resource Management Certified Professional Coach (CPC) Certified International Change Manager (CICM) Certified and licensed Human Resource Professional CHRP(K) CPS Part I
8.	 Dr. Samuel Makini Deputy Director, Standard & Licensing	Doctor of Philosophy in Business Administration, The University of Nairobi Master's Degree in Finance, The University of Nairobi Bachelor's Degree in International Business Administration (Finance Option) – USIU Certified Public Accountant CPA(K) Certified Public Secretary CPS(K)
9.	 Ms. Judith Twala Deputy Director, Public Awareness and Advocacy	Master of Arts in Counselling Psychology; Bachelor of Arts-Theology (Hons) Certified Recovery Ally, Certified Counsellors' supervisor, Certified Addiction Counsellor ICAP 1, Certified Women's Intervention for Substance Exposure Trainer and Certified WHO Quality Rights Advocate
10.		Master of Arts in Counselling Psychology, Bachelor of Psychology-Counselling

	 <p>Ms. Susan Maua Deputy Director Capacity Building</p>	<p>PG Diploma in Education</p>
<p>11.</p>	 <p>Mr. Simon Mwangi, MPRSK Deputy Director Corporate Communication</p>	<p>Master of Arts in Communication Studies and Bachelor of Arts in Journalism and Media Studies. Professional Diploma in Broadcast Journalism. International Diploma in Public Relations from the Chartered Institute of Public Relations (CIPR), UK.</p>
<p>12.</p>	 <p>Mr. Daniel Konyango Deputy Director Legal and Regulatory Services</p>	<p>Masters of Law, Masters of Public Administration, Advocate of the High Court of Kenya, Diploma in Advanced Management and Leadership, Certificate in Legislative drafting and a CPS (K).</p>
<p>13.</p>		<p>MSc Procurement and Logistics, BBM (Purchasing and Supply), Diploma Supplies Management, SLDP, MKISM,</p>

	 <p>Mr. Jeremiah Muchembi Deputy Director Supply Chain</p>	Licensed Supply Practitioner, MCIPS(CS) Associate Member of Certified Fraud Examiners
14.	 <p>Mr. James Macharia Deputy Director, Compliance</p>	Master of Business Administration Bachelor of Education Diploma in Human Resource Management.
15.	 <p>Esther Monyangi S. Okenye Deputy Director, County Coordination</p>	Masters in education (G&C) Bachelor of Arts, Post Graduate Diploma in Education, Post Graduate Diploma in Management & Control Of HIV/AIDS, Certified Mediator, SMS, SLDP.

5. Chairperson's Report

It gives me great pleasure to announce the successful establishment of the Car and Mortgage Scheme for our staff members. This is a significant milestone in our commitment to improving the welfare and professional development of our team. This initiative represents our dedication to ensuring that our employees are rewarded for their hard work and commitment and supported in achieving personal and financial security.

The Car and Mortgage Scheme has been carefully designed to provide staff members with affordable financing options for purchasing vehicles and acquiring homes. By alleviating some of the financial burdens associated with these significant life investments, we aim to empower our employees to achieve excellent stability and work-life balance.

Our staff are the backbone of our organisation, and we recognise that their well-being directly influences the success of our mission. This scheme is not just a benefit but an investment in the people who contribute to our continued growth and success. Enhancing their quality of life fosters a more motivated, engaged, and loyal workforce, ultimately driving our organisation forward.

I want to extend my gratitude to the management running the scheme. Their dedication and attention to detail have ensured that this initiative is both sustainable and beneficial to our staff. I am confident that this scheme will make a meaningful impact on the lives of our employees and serve as a model for future initiatives aimed at improving employee welfare.

As we move forward, we will continue to monitor and evaluate the scheme to ensure it meets our staff's evolving needs. We remain committed to providing our employees with the tools and resources they need to succeed professionally and personally.

Chairperson:
.....

Date: 5/12/2025

Rev. Dr Stephen Mairori

6. Report Of the Scheme Manager/ Administrator

The Car Loan and Mortgage Scheme was established in 2015. The scheme's funds were utilized in accordance with the provisions of the Public Finance Management (PFM) Act, 2012, the Public Financial Management Regulation, 2015, and all other applicable legislation and for the purpose for which it was intended.

The scheme's principal activity is to offer low-interest loan facilities to members of the Authority for the purchase of motor vehicles, existing residential property, land and construction, renovation and improvement of an existing residential property, and takeover of loans on existing mortgages or equity release.

During the financial year a staff was advanced with a car loan of Ksh. 1,220,000 and four staff were advanced Ksh. 42,328,327 as House Mortgage. As at the end of the financial year, outstanding loan amounts held by thirty-nine staff amounted Ksh. 209,419,005

At the end of the period, the scheme had grown cumulatively to Kshs 253,448,474 of which Kshs 23,448,474 was interest. In the period NACADA reported a total revenue of Kshs 6,847,938, a slight decrease from the previous year's total of Kshs 7,233,951. This revenue was primarily derived from interest earned on mortgage balances, which contributed Kshs 5,880,151, and interest earned from scheme balances, which added Kshs 1,353,800.

On the expenses side, total costs amounted to Kshs 6,083,221, a reduction from Kshs 6,263,074 in the previous year. The main expense categories were withholding tax on interest earned, totalling Kshs 203,070, and scheme administration expenses, which matched the interest earned on mortgage balances at Kshs 5,880,151.

After accounting for expenses, NACADA realized a net surplus of Kshs 1,150,730, an improvement from the previous year's surplus of Kshs 820,883. The entire surplus was attributable to the owners of NACADA, with no taxation reported for either fiscal year.

The following financial statements provide a comprehensive overview of the scheme's performance.

Chief Executive Officer:  Date: 

Dr. Anthony Omerikwa, MBS

7. Statement of Performance Against Predetermined Objectives

Loan Advances and Repayments: During the financial year, the scheme advanced loans to support staff asset acquisition, including a car loan of Ksh. 1,220,000 and a house construction advance of Ksh. 42,328,327. This reflects the scheme's commitment to assisting staff with personal and asset development objectives.

2. Repayment Completion. The scheme met its repayment objectives, with four staff members completing car loan repayments, two completing mortgage loan repayments, and one completing a plot loan repayment. Additionally, in the case of a staff member's passing, the remaining balance on their mortgage and car loan was retired, adhering to the scheme policy on compassionate loan retirements.

3. Outstanding Loan Balances: At the end of the financial year, the total outstanding loan balance across forty-three staff members amounted to Ksh. 209,419,005. This aligns with the scheme's objective of maintaining and monitoring credit extended to staff.

4. Scheme Growth and Revenue Generation: The scheme's cumulative growth reached Ksh. 253,448,474, including interest income totalling Ksh. 23,448,474. NACADA's total revenue for the year was Ksh. 7,233,951 a slight increase from Ksh. 7,083,961 in the previous year, which aligns with targeted revenue growth from interest income sources. This revenue came from interest on mortgage balances (Ksh. 5,880,151) and interest from scheme balances (Ksh. 1,353,800).

The scheme's performance demonstrates alignment with its objectives to support staff financial needs, facilitate structured loan repayment, ensure scheme growth, and sustain revenue generation primarily through interest income.

8. Corporate Governance Statement

NACADA is a State Corporation established through the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012. The Authority subjects to and adheres to all the provisions and requirements of corporate governance.

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

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

To ensure effective implementation, the NACADA Board has been trained on corporate governance, which consisted of the following modules:

- i. Overview of NACADA Act 2012
- ii. Governance Audit Training
- iii. Board Performance Improvement Programme workshop
- iv. The relationship and Roles of the Board and Management
- v. Formulation of an effective Board Charter
- vi. (The Board Programmes, Research & Standards Committee underwent a
- vii. training on Women's Intervention for Substance Exposure (WISE)
Comprehensive Care for Substance Use Disorder

Through these training, the Board's capacity was built to ensure that NACADA operations are geared towards applying principles and practices in the best interest of the 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 the FY 2024-2025, the Board held four Board meetings. The dates and attendances at the meetings are indicated in the matrix below:

S/ No	Name	Designation in	12/06/24	14/10/24	15/01/25	14/04/25
1.	Rev. Dr. Stephen K. Mairori	Chairperson	√	√	√	√
2.	Ms. Anne Njeri Mathu	Vice Chairperson	√	√	√	√
3.	Ms. Beverly Opwora	Alternate to PS, Interior	x	√	x	x
4.	Dr. Ephantus Maree	Alternate to PS, Health	√	√	√	x
5.	Ms. Florence Amoit	Alternate to PS, Education	√	x	√	x
6.	Ms. Josephine Etenyi	Alt. PS – State Department for Youth Affairs	x	√	√	√
7.	Mr. Veronica Okoth	Alternate to PS, National Treasury	√	√	√	n/l
8.	Mr. Samuel Laboso	Anti-Narcotics Police Unit	√	√	√	√
9.	Hon. Elijah Lagat	Independent Member	√	√	√	√
10.	Mr. Ali Swaleh Nyamai	Independent Member	√	√	√	√
11.	Rev. Fredrick Ngugi	Religious Representative	√	√	√	√
12.	Dr. Mercy Karanja	Rep. Medical Practitioners & Dentists Board	√	x	√	x
13.	Mr. Hassan Ole Naado	Religious Representative	√	√	√	√
14.	Victor Radido	Rep of Youth Organizations	n/a	n/a	n/a	√
15.	Dr. Anthony Omerikwa.	CEO/Board Secretary	√	√	√	√

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

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

I. Appointments and Succession

The Chairperson of the Board is appointed by H.E. the President, while the other members are Principal Secretaries who are members of the Board by virtue of their respective offices. They, however, designate their alternates to the Board. The alternates may be changed from time to time by their principals. The other members are

appointed by the Cabinet Secretary in charge of National Security. As soon as the term of any Board member ends, the appointing Authority makes a replacement. Once the Chairperson of the Board's term ends, the appointing Authority makes a replacement. A vice-chairperson is usually elected as provided by paragraph 3 of the Schedule to the NACADA Act, 2012 and presides over the Board matters without the Chairperson.

The Board has its own customised Charter; and its operations are complemented by the Mwongozo Code of Governance for State Corporations. However, the Audit committee has established its audit charter that governs its operations.

II. Roles and functions of the Board:

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

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

III. Induction and training:

In the FY 2023-24, all the new Board members attended an induction Workshop for Board members of State agencies conducted by the State Corporations Advisory Committee and the Institute of Certified Secretaries (Kenya). The members also underwent various internally organized capacity-building activities.

IV. Board and Members' performance:

The Board Evaluation is scheduled to be done on 8th August 2025.

Functions of the Committees of the Board:

i. Board Corporate Services & Planning Committee:

The Committee is charged with the following functions:

- (a) Reviewing the quarterly budget performance report.
- (b) Financial management policy and strategy.
- (c) Financial reporting systems and statutory compliance.
- (d) Procurement policy and planning monitoring.

- (e) Corporate planning.
- (f) Information technology policy and planning.
- (g) Human Resource.
- (h) Terms and Conditions of Service for employees.
- (i) Staff training and performance review policies and planning.
- (j) Staff welfare and industrial relations.
- (k) Recruitment, disciplinary measures, and performance reviews for positions at the senior level.
- (l) Asset management policies and procedures.
- (m) Corporate protection policies.
- (n) Corporate planning and Performance Management
- (o) Public relations.
- (p) Corporate Social responsibility.

ii. Board Programmes, Research & Standards Committee:

The Committee is charged with the following oversight functions:

- a) Public Education.
- b) Advocacy and awareness.
- c) Research and Policy formulation.
- d) Treatment and rehabilitation.
- e) Standards development and licensing.

iii. Compliance & Enforcement Committee:

The Committee is charged with the following oversight functions

- a) Surveillance Strategies and Plans.
- b) Enforcement Implementation Plan.
- c) Monitoring compliance levels.
- d) Interagency meetings report.

iv. Audit and Risk Committee:

- Review the semiannual internal audit report as well as any other internal audit reports and make recommendations.
- Review and approve the internal audit programme.
- Review the external auditor's management letter and management comments thereon
- Monitor the operation and application of Board Procedures
- Review internal control structures of the Authority
- Review the internal risk management systems of the Authority.
- Review the audit programme for the external audit

V. Board Remuneration:

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

VI. Ethics, Conduct and Governance Audit:

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

VII. Conflict of Interest:

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

VIII. NACADA Risk Management Framework

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

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

IX. Risk management system

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

The Audit & Risk Committee is a management committee that examines and analyses the Risk reports before they are presented to the Board Audit & Risk Committee and ask critical questions of risk owners. The committee is also responsible for follow-up action plans recommended by the Board Audit & Risk Committee, approve of mitigating risk actions taken as delegated by the Board to contribute to the

development of the Risk Management process. The Audit & Risk Committee presents its report on risk management to the Board Audit Committee through the Director Internal Audit.

X. Risk recognition, evaluation, and Management

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

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

XI. Risk reporting

The Director Internal Audit are central in risk reporting through the Coordination of units included in the risk reporting process. Uniform standards apply throughout the Authority to report the status of any significant risks and any changes in those risks. Departmental Risk champions make their risk reports using the predetermined template to be forwarded to the Risk owners for concurrence.

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

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

9. Management Discussion and Analysis

a) Operational and financial performance

As at the close of the Fourth quarter, the scheme's financial position was **Ksh 230,000,000** in capital and **Ksh 23,448,474** as interest earned from utilized funds held in the call-deposit account. During the period under review, the scheme had **Kshs 43,548,327** worth of withdrawals.

Compliance with statutory requirements

The scheme terms of reference and regulations are anchored on the Authority Mortgage and Car Loan scheme guidelines.

b) Key activities the scheme is undertaking

The main reason for setting up the scheme is to provide financial support for the acquisition of a mortgage facility at a subsidized interest rate of 3% relating to;

1. Home development loans
2. Acquisition or purchase of residential homes
3. Purchase of land for home construction
4. Purchase of motor vehicles

c) Major risks facing the scheme

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet financial obligations when they fall due. This risk is managed by ensuring that the Scheme is liquid enough to meet its obligations whenever they fall due. This has since been managed over the previous years by ensuring sufficient budget allocations are appropriated to the Scheme.

Credit risk

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. The Scheme's exposure to credit risk is low because properties acquired are charged to the Bank and thus held as security.

The Scheme's financial integrity and governance issues

The NACADA Mortgage and Car Loan scheme operates through a committee whose main role is to oversee its operations and implementation by the Administrator and the Authority. The Committee's membership is drawn from all directorates and departments of the Authority for inclusivity purposes.

10. Environmental And Sustainability Reporting

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

I. Sustainability strategy and profile

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

a) UN Sustainable Development Goals

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

b) Africa Agenda 2063

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

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

The Authority has developed and operationalized an Anti-Corruption Policy; this policy seeks to enable the Authority to deal with corruption issues in an open, decisive, and timely manner to promote good governance and the attainment of zero tolerance for corruption.

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

II. Environmental Performance

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

III. Employee welfare

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

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

IV. Marketplace practices

a) Responsible competition practice

Responsible Competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices, and penalized for the converse (Accountability 2003, Responsible Competitiveness Index 2003). The Authority performs rehabilitation inspections geared towards the provision of accreditation certificates to operational rehabilitation centres annually.

b) Responsible Supply chain and supplier relations.

In the FY2024/25, 50% of the Authority's Annual procurement spend was taken up by special groups (Youth, Women, and PWD). Local content procurement accounted for 60% of the procurement budget. Prior to engaging suppliers, the Authority undertakes continuous supplier registration to ensure as many potential suppliers as possible are enlisted as service providers for the Authority. Authority sensitizes current and potential suppliers on procurement processes and opportunities using its online media platforms such as the website (www.nacada.go.ke), Facebook, Twitter, Instagram, and LinkedIn pages. In addition, the Authority disseminates information on procurement issues via its in-house training. The Authority ensures strict adherence to provisions of the Public Procurement and Asset Disposal Act in terms

of engagement through to timely payments to suppliers who satisfactorily offer goods and services to the Authority.

c) Responsible marketing and advertisement

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

d) Product stewardship

NACADA does not provide products in its operations.

V. Corporate Social Responsibility/Community Engagements

The Authority takes cognizance of the fact that it does not operate in isolation. It thus has to give back to society through strategic CSR activities that address wider societal issues. Alcohol and drug abuse continue to be one of the biggest threats to health, socio-economic, and political development across the globe. In Kenya, alcohol and drug abuse have significantly increased in the country over the last decade. The adverse effects of this vice have not spared the youth and children in school and out of school. As part of CSR, the Authority undertook an activity at the Mombasa Women Empowerment Network in Mombasa County. The organization is a local Community-Based Organization that operates a treatment and rehabilitation facility for psychotic clients. It is a privately owned facility running an inpatient programme for people suffering from various psychotic problems.

The facility has about 80 males and 20 females, and the facility does not charge for its services. It relies on well-wishers to run. The Authority donated foodstuffs to the facility, and the resultant cost is Kshs 150,000/=

11. Report of The Trustees/ Scheme Administration Committee

The Trustees/Scheme Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Scheme's affairs.

Principal activities

The principal activities of the Scheme are *listed in page number (iv)*

Performance

The performance of the Scheme for the year ended June 30, 2025, is set out on page 1.


Trustees

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

Auditors

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

By Order of the Board



.....

Corporation Secretary/Secretary to the Board

12. Statement of Management's Responsibilities

Section 84 of the PFM Act, 2012, requires that the Administrator of a Public Scheme shall prepare quarterly financial statements for the Scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Public Scheme is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of that period.

This responsibility includes:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy, at any time the financial position of the Scheme;
- c) 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;
- d) Safeguarding the assets of the Scheme;
- e) Selecting and applying appropriate accounting policies; and
- f) Making accounting estimates that are reasonable in the circumstances.


The Administrator of the Public Scheme accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Administrator of the Scheme believes that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the period ended June 30 2025, and of the Scheme's financial position as of that date. The Administrator confirms the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements and the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator has assessed the Scheme's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

NACADA's Mortgage and Car Loan Scheme financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:



.....

Dr. Stephen Mairori
Chairperson of the Board



.....

Dr. Anthony Omerikwa
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE CAR LOAN AND MORTGAGE SCHEME FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the National Authority for the Campaign Against Alcohol And Drug Abuse (NACADA) Car Loan And Mortgage Scheme

Report of the Auditor-General on National Authority for the Campaign Against Alcohol and Drug Abuse Car Loan and Mortgage Scheme for the year ended 30 June, 2025

set out on pages 1 to 21, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Authority for the Campaign Against Alcohol and Drug Abuse Car Loan and Mortgage Scheme as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012 and NACADA Authority Car Loan and Mortgage Scheme Regulations, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Authority for the Campaign Against Alcohol and Drug Abuse Car Loan and Mortgage Scheme Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the other information set out on page iii to xxxiv which comprise of Key Fund Information and Management, The Board of Trustees/ Fund Administration Committee, Management Team, Chairman's Report, Report of the Fund Manager/Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of The Trustees/ Fund Administration Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Scheme's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final budgeted receipts of Kshs.6,900,000, which exceeded the budgeted final expenditure of Kshs.6,305,000 by an amount of Kshs.595,000. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015, which states inter alia that the budget shall be balanced.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE 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 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, the Management is responsible for assessing the Scheme ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a


Report of the Auditor-General on National Authority for the Campaign Against Alcohol and Drug Abuse Car Loan and Mortgage Scheme for the year ended 30 June, 2025

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

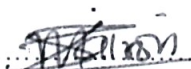
08 December, 2025

14. Statement of Financial Performance for the year ended 30th June 2025.

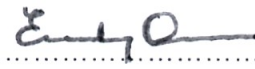
	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Revenue from exchange transactions			
Interest income	5(a)	1,353,800	970,907
Interest earned on Mortgage	5(b)	5,880,151	6,113,054
Total revenue		7,233,951	7,083,961
Expenses			
Withholding Tax on Interest	6(a)	203,070	145,636
Professional fee-HFC	6(b)	5,880,151	6,113,054
Interest charged on late remittance			4,384
Total expenses		(6,083,221)	(6,263,074)
Surplus/(deficit) for the period		1,150,730	820,887

The notes set out on pages 6 to 21 form an integral part of these Financial Statements

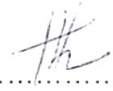
The financial statements were approved on 27th August 2025 by:



Dr. Stephen Mairori
 Chairperson of the Board



Dr. Anthony Omerikwa
 Scheme Administrator



CPA. Henry Thaithi
 Scheme Accountant
 ICPAK M/No.....
 2472


*NACADA Car loan & Mortgage Scheme
Annual Report and Financial Statements For the year ended 30th June 2025*

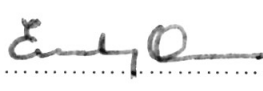
15. Statement of Financial Position as at 30th June 2025


	Note	24-25	23-24
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	7	44,606,192	61,583,328
Outstanding Mortgage Balance	8	209,419,005	186,370,290
		254,025,197	247,953,618
Debtors		226,921	4,949,056
Total Assets		254,252,118	252,902,674
Liabilities	11	803,644	604,930
Total liabilities		803,644	604,930
Net assets		253,448,474	252,297,744
Capital Fund		230,000,000	230,000,000
Accumulated surplus		23,448,474	22,297,744
Total		253,448,474	252,297,744

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Scheme financial statements were approved on 27th August 2025 and signed by:


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


.....
Dr. Anthony Omerikwa
Scheme Administrator


.....
CPA. Henry Thaithi
Scheme Accountant
ICPAK M/No. 5432

16. Statement of Changes in Net Assets for the year ended 30th June 2025

	Mortgage Scheme	Car Loan Scheme	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2023	200,000,000	30,000,000	21,476,857	251,476,857
Surplus for the period	-	-	820,887	820,887
Funds received during the year				
Interest capitalized*				
Transfers				
As at 30 June 2024	200,000,000	30,000,000	22,297,744	252,297,744
Balance as at 1 July 2024	200,000,000	30,000,000	22,297,744	252,297,744
Surplus for the period	-	-	1,150,730	1,150,730
Funds received during the year				
Interest capitalized*				
Transfers				
As at 30 June 2025	200,000,000	30,000,000	23,448,474	253,448,474

17. Statement of Cash Flows for the year ended 30th June 2025

	Note	24-25	23-24
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest earned	5(a)	1,353,800	970,906
Interest charged	5(b)	5,880,151	6,113,054
Net Instalment received during the year	9	20,499,613	24,176,455
Mortgage capital paid back			
Total Receipts		27,733,564	31,260,415
Payments			
Withholding tax	6(a)	203,070	145,636
Professional fee	6(b)	5,880,151	6,117,438
Mortgage given during the year	10	43,548,327	4,058,909
Total payments		49,631,548	10,321,983
Net cash flow from operating activities	12	(21,897,984)	20,938,432
Decrease/increase in liabilities		198,714	596,224
Decrease /Increase in current receivables		4,722,135	4,199,626
Net cash flows used in investing activities		4,722,135	4,795,850
Net increase/(decrease) in cash and cash equivalents		(16,977,135)	25,734,282
Cash and cash equivalents at beginning of the year		61,583,328	35,849,045
Cash and cash equivalents at end of the year		44,606,192	61,583,327

18. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2025

Description	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Receipts						
Interest earned	7 00,000		700,000	1,353,800	653,800	193% .1
Interest charged on Mortgage	6,200,000		6,200,000	5,880,151	(319,849)	95%
Total Receipts	6,900,000		6,900,000	7,233,951	333,951	104%
Withholding tax	105,000		105,000	203,070	(98,070)	193%. 2
use of goods and services	6,200,000		6,200,000	5,880,151	319,849	95%
Total Payments	6,305,000		6,305,000	6,083,221	221,779	
Surplus/Deficient	595,000		595,000	1,150,730	112,172	

Explanation for variance

1. Interest earned is determined by actual running balances in the high yield bank account, the more the uptake of Loans, the lesser the amounts will be in the bank account and inversely the low the interest earned. During the year uptake was lower and more funds we left in the bank accounts which resulted in higher interest earned.

2. The expense is actually withholding tax on Interest earned, it varies propionate with interest earned.

19. Notes to the Financial Statements

1. General Information

NACADA is established by and derives its Authority and accountability from National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012. It is wholly owned by the Government of Kenya and is domiciled in Kenya. NACADA's Principal activity is to carry out public education and awareness on alcohol and substance abuse.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared based on historical costs unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

3. Adoption Of New and Revised Standards

NACADA did not early – adopt any new or amended standards in the year 2024/2025.

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the

	infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

	<ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

I. Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

a. Contingent liabilities

The Scheme 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.

b. Contingent assets

The Scheme 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 Scheme 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.

c. Nature and purpose of reserves

The Scheme creates and maintains reserves in terms of specific requirements.

d. Changes in accounting policies and estimates

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

e. Related parties

The Scheme regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Scheme, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, the Scheme Managers, and Scheme Accountant.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

g. Comparative figures

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

h. Events after the reporting period

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

i. Ultimate and Holding Scheme

The Scheme is established under Section 24 (4) PFM Act under the Ministry of Internal Security and National Administration. Its ultimate parent is the Government of Kenya.

j. Currency

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

4. Significant judgments and sources of estimation uncertainty

The preparation of the Scheme's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the

disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(State all judgements, estimates, and assumptions made.)

a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Scheme. Such changes are reflected in the assumptions when they occur. *(see IPSAS 1.140.)*

b) Useful lives and residual values

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

- i) The condition of the asset is based on the assessment of experts employed by the Scheme
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

Notes to the Financial Statements

5. (a) Interest income from Bank Balances

Description	24-25	23-24
	Kshs.	Kshs.
Interest Earned from Bank Balances	1,353,800	970,907
Total Interest Income	1,353,800	970,907

(b) Interest Charged on Mortgage/Loans

Description	24-25	23-24
	Kshs.	Kshs.
Interest Charged on Mortgage & Car Loans	5,880,151	6,113,054
Total Interest Income	5,880,151	6,113,054

6. (a) Expenses

Description	24-25	23-24
	Kshs.	Kshs.
Withholding Tax Charges on Interest earned	203,070	145,636
Interest Charged by HFC		4,384
Income Tax expense	203,070	150,020

(b) Professional Fee HFC

Description	24-25	23-24
	Kshs.	Kshs.
Professional Fee Charge by Housing Finance	5,880,151	6,113,054
Total Expense	5,880,151	6,113,054

7. Cash and cash equivalents

Description	24-25	23-24
	Kshs.	Kshs.
Current account		
HFC- Rehani Account No	44,606,192	61,583,328
Total	44,606,192	61,583,328
Total Cash and Cash equivalents		

(b) Detailed analysis of the cash and cash equivalents

		24-25	23-24
Financial Institution	Account number	Kshs.	Kshs.
Mortgage and Car Loan Scheme			
House Finance Rehani House		44,606,192	61,583,328
Total		44,606,192	61,583,328

8. Receivables from non- exchange transactions

Description	24-25	23-24
	Kshs.	Kshs.
Current Receivables		
ACADA		2,442,220
HFC	226,921	2,353,630
Total	226,921	4,795,850
Non-Current Receivables		
Long Term Loan Repayments Due	209,419,005	210,840,668
Total Non- Current Receivables	209,419,005	210,840,668
	209,645,926	215,636,518

Note Current receivables are receivables from Housing Finance which relates to amounts over deductions from staff Mortgage and Car Loan

9. Net Instalments Received

Description	24-25	23-24
	Kshs.	Kshs.
Net Instalment received during the year	20,499,613	24,176,455
Total Instalments Received	20,499,613	24,176,455

10. Mortgage Loan Advanced.

Description	24-25	23-24
	Kshs.	Kshs.
Mortgage given during the year	43,548,327	4,058,909
Total Mortgage Advanced	43,548,327	4,058,909

11. Refundable Deposits and Prepayments from Customers

Description	24-25	23-24
	Kshs	Kshs
Prepayments	803,644	604,930
Total deposits	803,644	604,930

Note this amount relates to overpaid amount by staff to Housing Finance, the amount is due to staff

12. Net cash flows from operating activities

Description	24-25	23-24
	Kshs.	Kshs.
Surplus for the year before tax	1,150,730	820,887
Adjusted for:		
Net Instalment paid back during the year	20,499,613	24,176,455
Mortgage advance during the year	(43,548,327)	(4,058,909)
Net cash flow from operating activities	(21,897,984)	20,938,433

13. Financial risk management

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

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

a) Credit risk

The Scheme 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 Scheme'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 Scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025				
Receivables From Exchange Transactions-Car loans and mortgages	209,419,005	209,419,005		
Receivables From Non-Exchange Transactions-Car Loans and Mortgage	226,921	226,921		
Bank Balances	44,606,192	44,606,192		

Total	254,252,118	254,252,118		
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	186,370,290	186,370,290		
Receivables From Non-Exchange Transactions Car Loan and Mortgage	4,949,056	4,949,056		
Bank Balances	61,583,328	61,583,328		
Total	252,902,674	252,902,674		

b) Liquidity risk management

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

The table below represents cash flows payable by the Scheme 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.

c) Market risk

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

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

The Scheme's Finance Department is responsible for the development of detailed risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

There has been no change to the Scheme's exposure to market risks or the manner in which it manages and measures the risk.

d) Interest rate risk

Interest rate risk is the risk that the Scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The Scheme's interest rate risk arises from bank deposits. This exposes the Scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Scheme's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Scheme analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

e) Capital risk management.

The objective of the Scheme's capital risk management is to safeguard the Scheme's ability to continue as a going concern. The Scheme capital structure comprises of the following schemes:

Description	24-25	23-24
	Kshs.	Kshs.
Revolving fund	230,000,000	230,000,000
Accumulated surplus (<i>Reserves</i>)	23,448,474	22,297,744
Total funds	253,448,474	252,297,744
Less: cash and bank balances	(44,606,005)	(61,583,328)
Net debt/(excess cash and cash equivalents)	208,842,469	190,714,416
Gearing	82.4%	75.5%

14. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Scheme 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 scheme is related to the following entities:

- a) National government Scheme
- b) Key management;
- c) Board of Trustees/Committee; etc.

15. Events after the Reporting Period

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

16. Ultimate And Holding Entity

The Car Loan and Mortgage is a Scheme under the sponsorship of NACADA which is a State Corporation within the Ministry of Interior and National Administration.

17. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

21. Annexes

Annex I: Progress on Follow-Up of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
AUDIT REPORT 2023-2024	Use of Expired Contact	Contract has been renewed	Resolved	Done


 Chief Executive Officer NACADA

Date..... 5/12/2025

