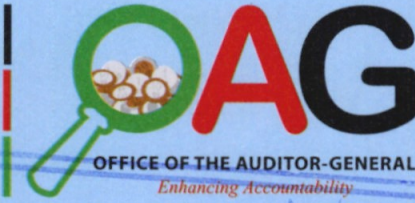


REPUBLIC OF KENYA



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**REPORT**

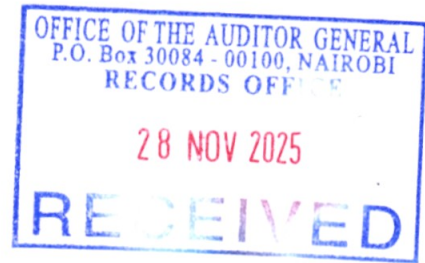
**OF**

**THE AUDITOR-GENERAL**

**ON**

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

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



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**NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG  
ABUSE (NACADA)  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

## **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
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

### **B: Definition of Key Terms**

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

Comparative Year – Means the prior period.

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## **2. Key Entity Information and Management**

### **(a) Background information**

NACADA's history began in 1996 when the Inter-Ministerial Drugs Coordinating Committee was constituted. The Solicitor General chaired the Committee, and 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 unrest 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 chairman vide Kenya Gazette Notice No. 3749 of 19th May 2006.

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

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

In July 2012, 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.

### **(b) Principal Activities**

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

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

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

**(c) Key Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
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 Lianza
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

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No.	Designation	Name
13.	Deputy Director, Compliance	Mr. James Macharia
14.	Deputy Director, Quality and Risk Management	Ms. Esther Okenye

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	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 Lianza
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 Entity Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

**Corporate services & Planning Committee**

1. Hon. Elijah Lagat	-	Chairman
2. Ms. Beverly Opwora	-	Member
3. Ms. Florence Amoiti	-	Member
4. Mr. Kenneth Korir	-	Member
5. Dr. Josephine Etenyi	-	Member
6. Mr. Swaleh Nyamai	-	Member
7. Mr. Victor Radido	-	Member

**Board Programmes, Research and Standards Committee**

1. Mr. Swaleh Nyamai	-	Chairperson
2. Hon. Elijah Lagat	-	Member
3. Ms. Anne Mathu	-	Member
4. Mr. Al-Hajj Ole Naado	-	Member
5. Ms. Josephine Etenyi	-	Member
6. Dr. Mercy Karanja	-	Member
7. Mr. Victor Radido	-	Member

**Board Compliance & Enforcement Committee**

1. Rev. Fredrick Ngugi	-	Chairperson
2. Ms. Anne Mathu	-	Member
3. Mr. Samuel Laboso	-	Member
4. Dr. Ephantus Maree	-	Member
5. Ms. Beverly Opwora	-	Member
6. Dr. Mercy Karanja	-	Member
7. Ms. Florence Amoiti	-	Member

**Board Audit & Risk Committee**

1. Mr. Al-Hajj Ole Naado	-	Chairperson
2. Rev. Fredrick Ngugi	-	Member
3. Mr. Samuel Laboso	-	Member
4. Dr. Ephantus Maree	-	Member
5. Mr. Kenneth Korir	-	Member

**(f) NACADA Headquarters**

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

**(g) NACADA Contacts**

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

**(h) NACADA Bankers**

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

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

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

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


**(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="316 913 751 981"><b>Rev. Dr. Stephen K. Mairori, EBS Board Chairperson</b></p>	<p data-bbox="826 405 1455 734">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="826 770 1455 1099">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="316 1682 555 1749"><b>Ann Mathu Vice Chairperson</b></p>	<p data-bbox="826 1137 1455 1391">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="826 1426 1455 1832">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>



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<p>3.</p>	 <p>Samwel Laboso HSC  <b>Board Member</b></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  <b>Board Member</b></p>	<p>Dr. Josephine S. Etenyi is a Director of Youth Development at the Ministry of Youth Affairs, Creative Economy and Sports. She is the Alternate to the Principal Secretary in the State Department 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 holds a Master's degree in Educational Planning and a Bachelor's degree in Education from the University of Nairobi.</p>




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<p>5.</p>	 <p>Beverly K. Opwora  <b>Board Member</b></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  <b>Board Member</b></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  <b>Board Member</b></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>




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<p>8.</p>	 <p>Rev. Fredrick Ngugi  <b>Board Member</b></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.</p> <p>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 Appex 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  <b>Board Member</b></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.</p> <p>He has over 25 years of experience in governance, prevention and countering violent extremism, national peacebuilding and conflict resolution.</p> <p>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>




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10.	 <p><b>Kenneth Korir</b>  <b>Board Member</b></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>
11.	 <p><b>Dr. Ephantus M. Maree</b>  <b>Board Member</b></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.</p> <p>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>
12.	 <p><b>Florence Amoiti</b>  <b>Board Member</b></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>




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<p>13.</p>	 <p><b>Dr. Mercy W. Karanja</b>  <b>Board Member</b></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><b>Dr. Anthony Omerikwa, MBS</b>  <b>Chief Executive Officer</b></p>	<p>Dr. Omerikwa has over 23 years of experience in Public Service. He holds a Doctorate Degree from the University of Georgia, a Specialist Advanced Degree in Workforce Development and Education and a Master of Science Degree in Human Resource Development, both from Pittsburgh State University. Further, Omerikwa holds a Bachelor of Arts in Economics from Kenyatta University. Dr. Omerikwa is a member of the Institute of Human Resource Management, Institute of Directors and Kenya Institute of Management.</p>
<p>15.</p>	 <p><b>Mr. Daniel Konyango</b>  <b>Corporation Secretary</b></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. Key Management Team**

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




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<p>4.</p>	 <p><b>Dr Yvonne Olando</b>  <b>Director Public Education and Advocacy</b></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.</p> <p>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><b>Mr. James Koskey</b>  <b>Director Compliance and Enforcement</b></p>	<p>Master's Degree in Public Administration and Management          Bachelor of Arts degree in Government and Public Administration.</p>
<p>6.</p>	 <p><b>Mr. Kirwa Lelei</b>  <b>Deputy Director, Planning and Performance Management</b></p>	<p>Master of Arts in Economics and Master of Arts in Project Planning and Management.</p>




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

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<p>10.</p>	 <p><b>Ms. Susan Maua</b>  <b>Deputy Director Capacity Building</b></p>	<p>Master of Arts in Counselling Psychology,          Bachelor of Psychology-Counselling          PG Diploma in Education</p>
<p>11.</p>	 <p><b>Mr. Simon Mwangi, MPRSK</b>  <b>Deputy Director Corporate</b>  <b>Communication</b></p>	<p>Master of Arts in Communication Studies          and Bachelor of Arts in Journalism and          Media Studies. Professional Diploma in          Broadcast Journalism. International          Diploma in Public Relations from the          Chartered Institute of Public Relations          (CIPR), UK.</p>
<p>12.</p>	 <p><b>Mr. Daniel Konyango</b>  <b>Deputy Director Legal and</b>  <b>Regulatory Services</b></p>	<p>Masters of Law, Masters of Public          Administration, Advocate of the High          Court of Kenya, Diploma in Advanced          Management and Leadership, Certificate          in Legislative drafting and a CPS (K).</p>
<p>13.</p>		<p>MSc Procurement and Logistics,          BBM (Purchasing and Supply),</p>

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

**5. Chairman's Statement**

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30th June 2025. The National Authority for the Campaign Against Alcohol and Drug Abuse Act of 2012 requires the Board of Directors to keep proper books and other records of accounts of the Authority's income, expenditure, assets, and liabilities hence, preparation of Financial Statements. The Board recognizes this responsibility and has prepared Financial Statements as of 30th June, 2025 based on prudence in judgment according to the International Public Sector Accounting Standards (IPSAS).

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


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

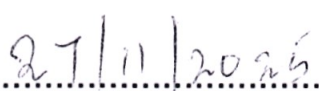
Central to ensuring long-term delivery in line with the strategy, is developing a culture that rewards high performance but also seeks to build on the values of the Authority. The Board is pleased to see employees support this, with a marked increase in employee engagement and performance in the implementation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

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

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

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

Chairperson: .....  .....

Date: .....  .....

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

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

On promoting Quality Rehabilitation and Reintegration for Persons with Substance Use Disorders, the Authority launched the Community-Based Rehabilitation Framework for Substance Use Disorders. The document provides a framework to ensure early detection and prompt management of substance use disorders, promote equitable, evidence-based rehabilitation and referrals, strengthen community systems, reduce stigma and encourage partnerships.

Pursuant to the implementation of section 5(f) of the NACADA Act, the Authority coordinated inspection and accreditation of rehabilitation centres. The objective of the inspection exercise is to assess the level of compliance to the National Standards for Treatment of Persons with Substance Use Disorders (SUDs) and for accreditation purposes. A total of 259 rehabilitation centres were inspected out of which one hundred and forty-seven (147) were accredited

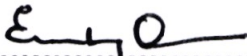
In addition, the Authority continued to provide counselling and referral services through outreach activities undertaken at the community level and through the toll-free helpline (1192). The helpline allows people with substance use disorders to access counselling and referral services remotely without physically visiting the Authority's service centre points.

Towards enhancing compliance to applicable laws and regulations, a total of 57 crackdowns were conducted during the financial year by both Counties and Headquarter teams. The crackdowns resulted to arrests, seizures and closure of numerous premises.

Through the National Alcoholic Drinks Licensing Committee, the Authority has coordinated the licensing of import and export of alcoholic drinks across the country in addition to inspecting manufacturers for clearance.

NACADA performs its coordinative role through development of policy emanating from research. In the period under review, we launched the National Policy on the Prevention, Management, and Control of Alcohol, Drugs, and Substance Abuse following its adoption by Cabinet on 24th June 2025. The Policy marks a major milestone in the country as it provides a framework for design and implementation of strategies towards reduction of alcohol and drug abuse in the country.

The Policy was informed by several surveys conducted by the authority including the recently launched report on Status of Drugs and Substance Use among University Students in Kenya 2024. Among others, the survey depicted the ravages of alcohol and drugs and outlined several recommendations to address the abuse of alcohol and drugs in universities and the community at large.

Chief Executive Officer: .....  ..... Date: 27/11/25 .....

## **7. Statement of Performance against Predetermined Objectives for FY 2024/2025**

The Authority implemented several programs during Quarter Four of the Financial Year 2024-2025 to ensure the delivery of its mandate as agreed in this Financial Year. These programs have been delivered through eight (8) programmatic areas: Public Education and Advocacy through demand reduction initiatives; Research, Standards, and Licensing; Compliance and Enforcement; Legal and Planning Frameworks; Partnerships, Collaborations and Stakeholder Coordination; Corporate Communication; Institutional Strengthening and Leadership and Integrity.

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, requires the accounting officer to include a statement of NACADA's performance against predetermined objectives in the financial statement. The Authority has eight (8) strategic pillars/themes/issues and objectives within the current Strategic Plan for the FY 2023/24- FY 2027/28. These strategic pillars are as follows:

- I. To enhance Public Education through drug demand reduction initiatives and advocacy campaigns;
- II. To enhance compliance and enforcement of alcohol and drug control laws, regulations and standards;
- III. To conduct research, develop standards, and undertake licensing;
- IV. To provide leadership in corporate planning, risk, and quality management;
- V. To strengthen partnerships and stakeholder collaboration for effective delivery of the Authority's mandate;
- VI. To enhance brand visibility;
- VII. To build quality and robust support services for the Authority; and
- VIII. To enhance the standards of leadership and integrity in the operations of the Authority.

The Authority develops its annual work plans based on the above eight strategic pillars. The assessment of the Board's performance against its annual work plan is done quarterly. The Authority achieved its performance targets set for the Fourth quarter FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
Enhance Public Education and Advocacy through demand-reduction initiatives.	Promote skills and opportunities for children and youth to choose healthy lifestyles.	No. of teaching staff, learners and parents sensitised on national school guidelines.	Facilitate implementation of National School Guidelines by sensitising 30,000 teaching staff, learners and parents.	Six thousand seven hundred and eighty-five (6,785) teaching staff, learners and parents were sensitized on national guidelines on management of ADA in schools reached in the following counties: Narok, Siaya, Makueni and Nakuru. A total of forty thousand, and sixty-two thousand (40,062) teaching staff, learners and parents were reached during the financial year.
	Develop supportive parenting and healthy social environments	Number of Parents reached on Positive parenting	Conduct positive parenting awareness campaigns targeting 50,000 parents/caregivers of children and youth through media, FBOs and other stakeholders	Six thousand, four hundred and eight (6,408) parents/caregivers were sensitized on positive parenting in the following counties: Kajiado, Busia, Kitui, TanaRiver, Kiambu, Kakamega, Nakuru, Kilifi, TransNzoia, Machakos, Marsabit, Nandi, UasinGishu, Kajiado, Nairobi, Laikipia, Makueni, TanaRiver, Busia, WestPokot, Homabay, Siaya and Meru. A total of fifty-three thousand eight hundred and seventy-one (53,871) parents and caregivers were sensitized during the financial year.
	Promote community-driven initiatives	Number of county-based workgroups established and trained	Conduct training and establish workgroup	Established and build capacity of 3 county community workgroups to address local risk factors, and

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
				champion enforcement of ADA policies at local level in the following counties: Narok, Kericho and Bomet. A total of 37 county community workgroups were established and trained during the reporting period.
	Build capacity of prevention professionals on universal prevention and treatment curriculum	Number of trainings held	Conduct UPC/UTC training	123 addiction treatment professionals and 20 prevention practitioners were trained on the universal treatment curriculum and the universal prevention curriculum respectively during the reporting period.
To provide evidence to inform standards development and licensing	To provide accurate and timely data on the status of alcohol and drug abuse in Kenya to inform policy and program	No. of ADA related research to fill existing and emerging data needs conducted	Conduct ADA related research to fill existing and emerging data needs to inform policy and programs	During the reporting period the Authority collected waste water samples from the following counties; Kisumu, Mombasa, UasinGishu, Nakuru, Busia, Nairobi, Kilifi, Garissa, Isiolo and Nyeri as part of a study to assess emerging new psychoactive substances in Kenya.
	Strengthen the National Drug Observatory	Number of AJADA Journals	Coordinate development and continuous publishing of the AJADA journal	During the period under review the Authority also published the 13 <sup>th</sup> edition of The African Journal of Alcohol and Drug Abuse (AJADA). A total of nineteen (19) papers were published during the financial year.

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
	Ensure compliance to the national standards of treatment and rehabilitation	Number of rehabilitation centers inspected	Quarterly inspection and accreditation for rehabilitation centers	During the period under review, the Authority conducted re-inspections of forty-eight (48) treatment and rehabilitation centers across Meru, Kwale, Mombasa, Kajiado, Kilifi, Kiambu, Nyeri, Kakamega, Busia, and Uasin Gishu counties to verify adherence to national substance use disorder (SUD) treatment standards. A total of 259 facilities were inspected during the financial year, out of these 147 were accredited for meeting operational standards.
To enhance compliance and enforcement of alcohol and drug control laws and legislation	Enforce compliance to alcohol and drug control laws, regulations and standard	Number of Crackdowns to enforce compliance with alcohol and drug control legislation undertaken	Undertake crackdowns to enforce compliance with Alcohol and Drug Control legislation	During the reporting period, crackdowns were carried out in seventeen (17) counties; Elgeyo Marakwet, Nairobi, Samburu, Turkana, Nyandarua, Homabay, Kitui, Baringo, Narok, Lamu, Kitui, Uasin Gishu, Kajiado, Nakuru, Bomet, Kericho and Laikipia. During the financial year, 57 county crackdowns were held across the country where 2,222 alcoholic outlets were inspected for compliance with the applicable laws.
		No. of County Multi-Agency committee forums held	Hold quarterly multi-agency forums for alcohol control in 47 counties	During the period under review, the Authority held three (3) inter-agency meetings in the following counties: Kericho, Samburu and Kiambu. A

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Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
				total of 47 county inter-agency meetings were held during the reporting period.
	Counter illicit drug trafficking, and alcohol by enhancing law enforcement and promoting judicial cooperation	Number of officers in law enforcement agencies at entry and exit points sensitized to detect illicit drugs / products	In collaboration with stakeholders, sensitize officers in law enforcement agencies at entry and exit points to detect illicit drugs / products	During the reporting period, a total of 112 facilities spread across the country were inspected for compliance and necessary action taken against the non-compliant.

## **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.

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In the FY 2024-2025, the Board held four Board meetings. The dates and attendances at the meetings are indicated in the matrix below:

<b>S/ No</b>	<b>Name</b>	<b>Designation in</b>	<b>12/06/24</b>	<b>14/10/24</b>	<b>15/01/25</b>	<b>14/04/25</b>
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 8<sup>th</sup> August 2024.

**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.

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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**

### **NACADA's Compliance with Statutory Requirements**

NACADA does not have any major non-compliance that may expose it to potential contingent liabilities and there are no potential court cases and defaults to report.

### **Key projects and investment decisions NACADA is planning/implementing.**

NACADA implements Miritini Rehabilitation Facility which is a project initiated by the Presidential directive of 2014. The facility is currently funded by Exchequer, NACADA is exploring alternatives to bring on board the Private partners to supplement the Exchequer funding. The Facility is currently treating over 370 people suffering from alcohol and substance use abuse. The facility once established is envisaged to be self-sustaining.

### **Major risks facing NACADA.**

#### **NACADA Risk Management Framework**

The Authority has embarked on implementing the risk management framework that addresses all significant strategic, financial, operational, and compliance-related risks that could undermine the Authority's ability to sustain its mandate. The risk management framework is designed to be flexible to ensure that it remains relevant at all levels of the organization given the diversity of the Authority's stakeholders to ensure that it remains current and responsive to the dynamic Alcohol & Drug Abuse regulatory environment. Continuous monitoring of risk and control processes across all key risk areas provides the basis for regular reports to Management, the Board Audit Committee, and the Full Board quarterly.

#### **Risk management system**

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

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

The Risk Management Committee presents its report on risk management to the Board Audit Committee through the Director Compliance, Quality Control, and Risk Management.

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

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

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

### **Risk reporting**

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

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

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

**RISK ANALYSIS**

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

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<b>TYPE OF RISK</b>	<b>RISKS ANTICIPATED</b>	<b>MITIGATION MEASURES</b>
	iii. Changes in organizational structure from time to time may destabilize staff equilibrium	Develop a restructuring policy that is linked to strategy to eliminate frequent unnecessary change to organization structure
	ix. Duplication of roles and lack of inter-departmental cohesion	Enhance teamwork and inter-departmental co-ordination and harmony
	x. Lack of Accountability	Develop a sound performance management framework that commits all staff to work within a framework of clear objectives, targets, and performance measures linked to the corporate goals and objectives spelt out in the Strategic Plan.
	xi. Failure to implement the Plan	Proper scanning of the operational environment and aligning Agency operations to changes in the operating environment; and Proper scanning of risks and putting in place mitigation measures.
	xii. Lack of a clear policy framework on operational issues.	Develop clear operational manuals.
	xiii. Insecurity of the ADA database	Develop proper ICT security policy.
<b>Financial Risks</b>	i. Inadequate financial resources	Put in place financial measures for self-sustenance, including appropriate resource mobilization strategies.
	ii. Fraud/corruption leading to financial losses	Develop and institutionalise stringent controls.
	iii. Lack of resource allocation for certain planned activities.	Prioritize resource allocation on the basis of the strategic plan implementation matrix.
<b>Technological Risks</b>	i. Lack of investment in new technology.	Develop sound investment policy on new technology.
	ii. Lack of system security.	Ensure secure system security.
	iii. Failure to embrace new technologies.	Embrace new and appropriate technologies.

**Material arrears in statutory/financial obligations**

Currently, NACADA has no material arrears in statutory/financial obligations.

## **The NACADA financial probity and serious governance issues**

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

## **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](http://www.nacada.go.ke)), Facebook, Twitter, Instagram, and LinkedIn pages. In addition, the Authority disseminates information on procurement issues via its in-house training. The Authority ensures strict adherence to provisions of the Public Procurement and Asset Disposal Act in terms of engagement through to timely payments to suppliers who satisfactorily offer goods and services to the Authority.

**c) Responsible marketing and advertisement**

The Authority conforms to Government Advertisement guidelines and maintains ethical marketing practices by ensuring information reaches as many of its customers as possible, especially when vacancies arise, or when opportunities for procurement of 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

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

## **11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of NACADA's affairs.

### **i) Principal activities**

The principal activities of NACADA are as indicated on pages (v) and (vi).

### **ii) Results**

The results of NACADA for the year ended June 30, 2025, are set out on page 20.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page (x). During the year, Director Mrs. Veronica Okoth retired and Director Kenneth Korir was appointed with effect from 6<sup>th</sup> February 2025.

### **iv) Surplus remission**

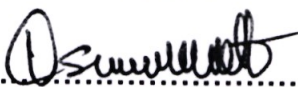
In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per cent of their surplus funds reported in the audited financial statements after the end of each financial year.

NACADA remitted Kshs 16,502,062 during the financial year ended 30<sup>th</sup> June 2024 but did not make any surplus during the year ended 30<sup>th</sup> June 2025 hence will remit Nil Ksh.

### **v) Auditors**

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

By Order of the Board

  
.....

**Name**

**Corporation Secretary/Secretary to the Board**

## **12. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 14(i) of the State Corporations Act require the Directors to prepare financial statements in respect of that National Authority for the Campaign Against Alcohol and Drug Abuse, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the National Authority for the Campaign Against Alcohol and Drug Abuse for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which reasonably accurately disclose the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the National Authority for the Campaign Against Alcohol and Drug Abuse.

The Directors are responsible for the preparation and presentation of National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which give a true and fair view of the state of affairs of the National Authority for the Campaign Against Alcohol and Drug Abuse for and as at the end of the financial Quarter ended 30th June, 2025. This responsibility includes (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of National Authority for the Campaign Against Alcohol and Drug Abuse; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors think that the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements give a true and fair view of the state of the National Authority for the Campaign Against Alcohol and Drug Abuse's transactions during the Quarter ended June 30, 2025, of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the National Authority for the Campaign Against Alcohol and Drug Abuse, which have been relied upon in the preparation of the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements as well as the adequacy of the systems of internal financial control.

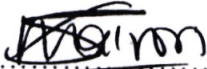
Nothing has come to the attention of the Directors to indicate that the National Authority for the Campaign Against Alcohol and Drug Abuse will not remain a going concern for at least the next twelve months from the date of this statement.

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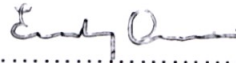
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**Approval of the financial statements**

NACADA's financial statements were approved by the Board on 27<sup>th</sup> August 2025  
and signed on its behalf by:



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



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

# REPUBLIC OF KENYA

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-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 FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General 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 set out on pages 1 to 40, 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 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 the Public Finance Management Act, 2012 and the National Authority for Campaign Against Alcohol and Drug Abuse Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Authority for the Campaign Against Alcohol and Drug Abuse Management in accordance with ISSAI 130 on 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.

### **Emphasis of Matter**

#### **Long Outstanding Receivables**

The statement of financial position reflects a balance of Kshs.5,178,774 in respect of receivables from exchange transactions as disclosed in Note 22 to the financial statements. However, the ageing analysis for the receivables revealed that a balance of Kshs.4,316,574 has been outstanding for more than two years.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xx which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief executive Officer,

Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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 conclusion 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

During the year under review, thirty-five (35) employees received a net salary less than one-third ( $\frac{1}{3}$ ) of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries.

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

#### **2. Non-Compliance with Public Procurement Capacity Building Levy Order**

During the year under review, the Authority made various procurements worth Kshs.65,381,268. However, the Authority did not deduct and remit to the Public Procurement Regulatory Authority the 0.03% capacity building levy as required. This was contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 (The Levy Order, 2023) which requires all procuring entities to deduct and remit to the Authority a levy of 0.03% of the value of the signed contracts between the supplier and procuring entity exclusive of all applicable taxes.

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

### **3. Unbalanced Budget**

The statement of budgeted versus actual amounts reflects final revenue budget of Kshs. 1,000,060,000 and final expenditure budget of Kshs. 1,014,008,660 resulting in unbalanced budget with deficit of Kshs. 13,948,660. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that budget revenue and expenditure appropriations shall be balanced.

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

### **4. Delay in Transfer of Land Ownership Documents**

As previously reported, the Presidency and Ministry of Interior and Coordination of National Government directives dated 28 August, 2015 and 13 August, 2019, respectively resulted in the renovation and transformation of the National Youth Service - Miritini Camp, into a Rehabilitation Centre for youth affected by drug and substance abuse. However, by the time of audit in November 2025, the land on which the Centre was built had not been transferred to the Authority. This was contrary to Section 79(1)(c)(i) of the Public Finance Management Act, 2015, which requires the Accounting Officer to ensure that adequate arrangements are made for the proper use, custody, safeguarding and maintenance of public property.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

Review of the Authority's staff establishment records indicated that the Authority had an approved staff establishment of two hundred and eighty-seven (287) employees.

However, as at the time of the audit in November 2025, the Authority had only one hundred and nineteen (119) employees, resulting to an understaffing by one hundred and sixty-eight (168) employees.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 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**

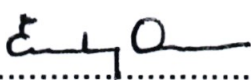
**Nairobi**


**08 December, 2025**


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

	Notes	24-25	23-24
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	968,060,004	894,471,438
Deferred Income		11,563,385	-
<b>Total Receipts</b>		<b>979,623,389</b>	<b>894,471,438</b>
<b>Expenses</b>			
Employee costs	10	357,403,505	310,385,333
Board Expenses	11	36,320,516	34,273,324
Depreciation and amortization expense	12	26,512,684	25,912,004
Repairs and maintenance	13	21,940,005	18,812,097
Campaign Expenses	14	290,034,523	191,946,293
Travelling Expenses	15	37,683,011	70,306,214
General Expenses	16	124,043,165	152,553,900
Training Expenses	17	22,565,570	42,371,072
Rendering Service	18	613,056	1,336,170
Miritini Project-Recurrent	19	20,774,443	15,553,079
Research Standards & Licensing	20	39,736,973	10,448,515
<b>Total expenses</b>		<b>979,627,450</b>	<b>873,898,001</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(4,061)</b>	<b>20,573,437</b>
Remission to National Treasury 90%		-	(18,516,093)
<b>Net Surplus for the year</b>		<b>(4,061)</b>	<b>2,057,344</b>

The notes set out on pages 7 to 41 form an integral part of these Financial Statements.

  
.....  
Dr. Anthony Omerikwa  
Accounting Officer  
Date 27/11/2025

  
.....  
CPA Henry Thaithi  
Ag. Head of Finance  
ICPAK M/No: 8492  
Date 27/11/2025

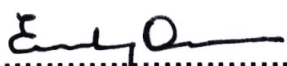
  
.....  
Dr. Stephen Mairori  
Chairman of the Board  
Date 27/11/2025

NACADA  
Annual Report and Financial Statements  
for the year ended June 30, 2025

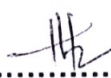
15. Statement of Financial Position as at 30 June 2025


	Notes	24-25	23-24
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	21	110,879,599	85,672,696
Receivables from Exchange Transactions	22	5,178,774	5,926,976
Receivables from Non-Exchange Transactions	23	5,386,291	32,948,653
<b>Total Current Assets</b>		<b>121,444,664</b>	<b>124,548,325</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24	257,702,182	256,747,889
Intangible Assets	25	4,980,806	7,467,475
<b>Total Non- Current Assets</b>		<b>262,682,988</b>	<b>264,215,364</b>
<b>Total Assets</b>		<b>384,131,714</b>	<b>388,763,689</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	26	117,077,206	130,488,915
Current Provision	27	5,464,323	19,966,385
Deferred Income	28	-	11,563,385
<b>Total Current Liabilities</b>		<b>122,541,529</b>	<b>162,018,685</b>
<b>Net Assets</b>		<b>261,586,123</b>	<b>226,745,004</b>
<b>Represented by:</b>			
Reserves			
Accumulated Surplus		8,247,386	10,724,165
Capital Fund		253,338,738	216,020,839
<b>Net Assets</b>		<b>261,586,123</b>	<b>226,745,004</b>

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

  
.....  
Dr. Anthony Omerikwa  
Accounting Officer

Date 27/11/2025

  
.....  
CPA Henry Thaithi  
Ag. Head of Finance  
ICPAK Member Number: 8432  
Date 27/11/2025

  
.....  
Dr. Stephen Mairori  
Chairman of the Board  
Date 27/11/2025

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

Description	Accumulated Reserves	Capital Fund	Total
	Kshs	Kshs	Kshs
<b>As at July 1, 2024</b>	<b>10,724,166</b>	<b>216,020,839</b>	<b>226,745,004</b>
Prior year adjustment	(2,472,719)		(2,472,719)
<b>Re stated</b>	<b>8,251,447</b>	<b>216,020,839</b>	<b>224,272,286</b>
deficit	(4,061)	-	(4,061)
Reclassification of AIA to finance Capital	-	37,317,899	37,317,899
<b>As at June 30, 2025</b>	<b>8,247,386</b>	<b>253,338,738</b>	<b>261,586,123</b>

Note:

*The error relates to error of commission where surrendered imprest was expensed twice*

*NACADA*  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

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

		<b>24-25</b>	<b>23-24</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts			
Transfer from other government entities	6(a)	968,060,004.00	1,029,060,000.00
Public Contributions and Donations	7(a)	4,101,215.00	6,235,633.00
Licenses and permits	8(a)	51,874,484.00	8,979,699.00
Rendering of services	9(a)	285,680.00	1,379,851.00
<b>Total</b>		<b>1,024,321,383.00</b>	<b>1,045,655,183.00</b>
Payments			
Employee costs	10(a)	361,594,143	316,078,208.00
Remuneration of directors	11	36,320,516	34,273,324.00
Repairs and maintenance	13	20,949,213	15,990,994.00
Campaign Expenses	14	283,801,204	191,946,293.00
Travelling Expenses	15	38,152,000	69,516,939 .00
General expenses	16(a)	136,102,253	173,568,273.00
Training	17	21,743,894	42,371,072 .00
Rendering of Service Expense	18	613,056	1,336,170.00
Miritini Project	19 (a)	15,881,158	15,091,324.00
Research Licensing & Standards	20	39,736,973	10,448,515.00
<b>Total payments</b>		<b>954,894,410</b>	<b>870,621,112.00</b>
<b>Net cash flows from operating activities</b>		<b>69,426,973</b>	<b>175,034,071.00</b>
Cash flows from investing activities			
Purchase of PPE and Intangible assets		-44,220,071	-98,799,790
Net cash flows from investing activities		-44,220,071	-98,799,790
<b>Net increase/decrease in cash and cash equivalents</b>		<b>25,206,902</b>	<b>76,234,280.00</b>
Cash and cash equivalent at 1 July 2023/2024		85,672,696	9,438,416.00
<b>Cash and cash equivalents at 30 June 2024/2025</b>		<b>110,879,599</b>	<b>85,672,696.00</b>

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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

	Original budget	Adjustments	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*100
<b>Receipts</b>						
Transfer from Other Government Entities	968,060,000		968,060,000	968,060,004		
Licenses and permits	25,000,000		25,000,000	51,874,484	26,874,484	207
Rendering of Services	5,000,000		5,000,000	4,101,215	(898,785)	82
Other Income	2,000,000		2,000,000	285,680	(1,714,320)	14
<b>Total income</b>	<b>1,000,060,000</b>		<b>1,000,060,000</b>	<b>1,024,321,383</b>	<b>24,261,383</b>	
<b>Expenses: Recurrent</b>						
Staff cost	349,373,193		349,373,193	361,594,143	(12,220,950)	103
Board Expenses	31,347,241		31,347,241	36,320,516	(4,973,275)	115
Repairs & Maintenance	40,443,505		40,443,505	20,949,213	19,494,292	51
Campaign Expenses	297,747,195		297,747,195	283,801,204	13,945,991	95
Travelling Expenses	36,429,059		36,429,059	38,152,000	(1,722,942)	104
General Expenses	141,349,262		141,349,262	136,102,253	5,247,009	96
Training	22,356,400		22,356,400	21,743,894	612,506	97
Rendering of Service Expense	5,000,000		5,000,000	613,056	4,386,944	12
Miritini Project Recurrent	24,600,000		24,600,000	15,881,158	8,718,842	64
Research Standards & Licensing	36,100,000		36,100,000	39,736,973	(3,636,973)	110
<b>TOTAL</b>	<b>984,745,855</b>		<b>984,745,855</b>	<b>954,894,410</b>	<b>29,851,445</b>	
Capital Expenditure	29,262,805		29,262,805	44,220,071	14,957,266	151
<b>Total Budget</b>	<b>1,014,008,660</b>		<b>1,014,008,660</b>	<b>999,114,481</b>	<b>14,894,179</b>	<b>98</b>
<b>Surplus Deficit</b>	<b>(13,948,660)</b>		<b>(13,948,660)</b>	<b>25,206,902</b>	<b>9,367,204</b>	

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**Budget notes**

1. Licenses and permits, the variance is due to Cash held by e-citizen being Import/Export licensing for 2023-2024 which was remitted during the financial year 2024-2025.
2. Rendering of Service, the variance is due to outstanding invoices for financial 2024-2025 which were not settled by closer of financial year.
3. Other Income, not possible to predict the income accurately because the service is on need basis. expenses.
4. Board expenses, because of the nature of campaign activities in terms of magnitude and Frequent board engagement was inevitable hence the rise in Board expenses.
5. Repairs, underutilisation is due partly due to rescheduled repairs and maintenance in the following and efficiency /care in use and handling assets.
6. Training, it was not possible to undertake all trainings as planned as new county offices were opened and staff deployed to man the offices were busy settling down.
7. Rendering of service, this relates to training request received, the more the amount received the more the expenditure and vice versa as such amount received was too little as explained in note 3 above.
8. Research, Standards and Licensing, there was urgent need to sensitise and map the importers /and exporters of liquor licensing especially on boulder point on realising the revenue was on decline. Similarly, due to public complains on rehabilitation centres Authority has to conduct period and impromptu inspection on the facilities.
9. Capital Expenditure, this was due to settlement of outstanding invoices for the previous financial year.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	25,206,902
	Opening cash and cash equivalent as at 1 <sup>st</sup> July 2024	85,672,696
	Closing Cash and Cash Equivalent as per the statement of Cash flows	110,879,599

**19. Notes to the Financial Statements**

**1. General Information**

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

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of NACADA. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

## Notes to the Financial Statements (Continued)

## 3. Adoption of New and Revised Standards

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	<b>Applicable 1<sup>st</sup> January 2025</b> The IPSAS 43: does not apply to NACADAs Operations
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> NACADA did not have Non-Current Assets Held for Sale and Discontinued Operations hence no impact on the Standard
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> NACADA does not deal with Heritage assets as such the standard is not applicable.
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> <li>iv. The standard also introduces a public sector specific measurement bases called the current operational value.</li> </ul>
IPSAS 47: Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> 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

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		statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The standard will have no impact its reporting of Revenue
IPSAS 48: Transfer Expenses		<b>Applicable 1<sup>st</sup> January 2026</b> 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. <b>no impact of the standard to NACADA</b>
IPSAS 49: Retirement Benefit Plans		<b>Applicable 1<sup>st</sup> January 2026</b> 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. The standard has on impact on NACADA Operations
IPSAS 50: Exploration For & Evaluation of Mineral Resources		<b>Applicable 1<sup>st</sup> January 2027</b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: 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. The standard has no impact on NACADA Operations

**iii. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

### **Taxes, Levies and fines**

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

NACADA recognizes revenues from liquor licenses on a cash basis but recognizes direct credit in the Bank Accounts as revenue at the end of the financial year. Returns comprising deposit slips and a copy of the license issued are summarised by the sub-counties and delivered to the Authority for confirmation and acknowledgment by issuing receipts. These receipts are booked in the cash book as income from liquor licensing. At the end of each month, a cash book and bank reconciliation statement are prepared. Credit in the bank's statements that have not been acknowledged by issuing receipts are regarded as direct credits and recognized as revenue, which are subsequently confirmed by returns from the sub-counties.

### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to NACADA and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

#### **ii) Revenue from exchange transactions**

### **Rendering of services**

NACADA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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

#### **Sale of goods**

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

#### **Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly in *July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by NACADA upon receiving the respective approvals in order to conclude the final budget.

**Budget information (continued)**

NACADA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section of these financial statements.

**c) Taxes**

**Current income tax**

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

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

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

**Sales tax**

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

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

**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, NACADA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying

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amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**e) Leases**

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

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

**f) Intangible assets**

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

**g) Biological Assets**

NACADA recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to NACADA, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**h) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.

- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

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

#### **i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *NACADA does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, NACADA measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **a) Financial assets**

##### **Classification of financial assets**

NACADA classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both NACADA's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instrument

##### **Subsequent measurement**

Based on the business model and the cash flow characteristics, NACADA classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

##### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized

in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where NACADA manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**b) Financial liabilities**

**Classification**

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

**j) Inventories**

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

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

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

**k) Provisions**

Provisions are recognized when NACADA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or

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service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where NACADA expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. NACADA recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**m) Contingent liabilities**

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

**n) Contingent assets**

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

**o) Nature and purpose of reserves**

NACADA creates and maintains reserves in terms of specific requirements.

**Capital reserve**

This was the initial capital injected in the fund, which has consistently been reflected in the books of accounts, however funds received as AIA is capitalised for purpose of replacement of fixed assets.

**Revenue reserves**

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

**q) Employee benefits**

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

**i. Mortgage Facility**

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

**ii. Car loan Scheme**

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

**iii. Medical Benefits**

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

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

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

**iv. Accidents on Duty**

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

**v. Insurance Policies**

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

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

**vi. Medical Ex Gratia Assistance**

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

**vii. Pension Scheme and Gratuity for Senior Management**

The Authority manages a pension scheme with a registered administrator for all eligible employees on permanent and pensionable terms. This is a contributory scheme at the rates of 10% of basic salary for employee and 20% employer. This is aimed at ensuring employees lead a decent life upon retirement. Similarly, Authority makes monthly provisions for gratuity for senior Management who are on Contract.

**viii. Club Membership**

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

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

Notes to the Financial Statements (Continued)

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Summary of Significant Accounting Policies (Continued)

**s) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t) Related parties**

NACADA regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

**u) Service concession arrangements**

NACADA analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, NACADA also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v) 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.

**w) Comparative figures**

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

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

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

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	24-25	23-24
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant	968,060,004	963,060,000
Receivable's 2022-2023	-	(36,708,562)
Reallocation to Capital	-	(31,880,000)
<b>Total Unconditional Grants</b>	<b>968,060,004</b>	<b>894,471,438</b>

The purpose of funding is to enable Authority carry out its core mandate that is public Education and awareness and fight against illicit Alcohol and Drug abuse.

6.(a) Transfers from Other Government entities

Description	24-25	23-24
	KShs	KShs
<b>Transfers from Other Government entities</b>		
Operational Grant	968,060,004	963,060,000
Development Grant	-	66,000,000
<b>Total Unconditional Grants</b>	<b>968,060,004</b>	<b>1,029,060,000</b>

6.b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
State Depart of Interior and Coordination of National Government	968,060,004	-	-	968,060,004	968,060,004
<b>Total</b>	<b>968,060,004</b>	<b>-</b>	<b>-</b>	<b>968,060,004</b>	<b>968,060,004</b>

## Notes to the Financial Statements (Continued)

## 7. Public Contributions and Donations

Description	24-25	23-24
	Kshs	Kshs
AIA	106,130	48,721
Miritini Admissions	4,857,285	5,662,212
<b>Total Transfers and Sponsorships</b>	<b>4,963,415</b>	<b>5,710,933</b>

Authority runs a model rehabilitation Centre at Miritini rehab centre, which for both inpatient and out patients. Inpatient pays concessionary fee of Ksh 55,000 for a period of three months for inpatient and free service for women and outpatient which is way below the market rate. The amount earned was utilised in financing the fixed assets and is being accounted for in the statement of change in net Capital

## 7.(a) Public Contributions and Donations

Description	24-25	23-24
	Kshs	Kshs
Public Contributions and Donations	4,963,415	5,710,933
Unsettled/settled fee by 30 <sup>th</sup> June	(862,200)	(524,700)
<b>Total</b>	<b>4,101,215</b>	<b>5,186,233</b>

## 8) Licenses and Permits

Description	24-25	23-24
	Kshs	Kshs
Liquor Licensing from Isiolo County	4,374,844	3,479,699
Import/Export of Alcoholic Drinks	27,750,000	25,250,000
<b>Total</b>	<b>32,124,844</b>	<b>28,729,699</b>

NACADA licences the Importers and Exports of Alcoholic Drinks, the licences fee varies with the volume imported or exported the minimum fee charged be Ksh 250,000 and the Maximum fee being Ksh 1,000,000. Isiolo County requested Authority to continue with Liquor licensing under it jurisdiction. The amount earned was utilised in financing the fixed assets and is being accounted for in the statement of change in net Capital.

## Notes to the Financial Statements (Continued)

## 8a) Licensing and Permits

Description	24-25	23-24
	Kshs	Kshs
Licensing and permits	32,124,484	28,729,699
Funds Held by eCitizen	19,750,000	(19,750,000)
<b>Total</b>	<b>51,874,844</b>	<b>8,979,699</b>

## 9. Rendering of Services

Description	24-25	23-24
	KShs	KShs
Training Fees	230,000	1,435,531
<b>Total Revenue from The Rendering of Services</b>	<b>230,000</b>	<b>1,435,531</b>

NACADA Conducts trainings on workplace sensitization on Alcohol and Drug Abuse at a cost sharing fee. The amount earned was utilised in financing the fixed assets and is being accounted for in the statement of change in net Capital

## 9(a) Rendering Of Services

Description	24-25	23-24
	KShs	KShs
Rendering of Service	230,000	1,435,531
Unsettled invoices	55,680	(55,680)
<b>Total Revenue from The Rendering of Services</b>	<b>285,680</b>	<b>1,379,851</b>

## 10. Employee Costs

Description	24-25	23-24
	Kshs	Kshs
Salaries and wages	170,747,141	155,676,152
Employer contribution to pension schemes	23,498,446	27,973,398
Housing benefits and allowances	142,053,803	117,881,731
Social contributions (NSSF)	4,707,893	2,218,940
Gratuity	12,576,902	3,473,525
Employer Contribution -Housing Levy	3,819,319	3,161,586
<b>Employee costs</b>	<b>357,403,505</b>	<b>310,385,333</b>

## Notes to the Financial Statements (Continued)

## 10.a) Employee Costs

Description	24-25	23-24
	Kshs	Kshs
Employee costs	357,403,505	310,385,333
Salary Advance 2023/2024	(847,912)	(769,853)
Salary Advance 2025	79,987	847,912
Employee Accrued 2023/2024	35,149,284	40,764,100
Employee Accrued 2025	(30,190,721)	(35,149,284)
<b>Employee costs</b>	<b>361,594,143</b>	<b>316,078,208</b>

## 11. Board Expenses

Description	24-25	23-24
	Kshs	Kshs
Chairman/Directors' Honoraria	960,000	960,000
Sitting Allowances	10,760,000	7,260,000
Medical Insurance		
Induction and Training		
Travel and Accommodation	24,600,516	26,053,324
Other Allowances		
<b>Total</b>	<b>36,320,516</b>	<b>34,273,324</b>

## 12. Depreciation and Amortization Expense

Description	24-25	23-24
	Kshs	Kshs
Motor Vehicles	7,584,856	10,113,142
Intangible assets	2,486,669	3,728,140
Furniture & Fittings	3,644,692	4,165,362
Computers & Equipment	12,796,467	7,905,360
<b>Total depreciation and amortization</b>	<b>26,512,684</b>	<b>25,912,004</b>

## Notes to the Financial Statements (Continued)

## 13. Repairs and Maintenance

Description	24-25	23-24
	Kshs	Kshs
Vehicles	16,381,197	9,937,367
Furniture and fittings	1,511,283	885,131
Computers and Other Equipment	4,047,525	7,989,598
<b>Total Repairs and Maintenance</b>	<b>21,940,005</b>	<b>18,812,097</b>

## 13.a) Repairs and Maintenance

Description	24-25	23-24
	Kshs	Kshs
Repairs and Maintenance	21,940,005	18,812,097
Accrued ICT/Konza	2,451,534	(2,451,534)
Chrisc/Spy Shop	369,569	(369,569)
Accrued invoices 2025	(3,811,895)	-
<b>Total Repairs and Maintenance</b>	<b>20,949,213</b>	<b>15,990,994</b>

## 14. Campaign Expenses

Description	24-25	23-24
	Kshs	Kshs
Printing & Publishing	1,136,796	762,539
Advertising & Publicity	280,278,987	173,421,242
Subscription fees for newspapers	1,000,000	820,360
Catering Expenses	6,526,429	7,198,955
Consultancy Services	1,092,311	9,743,197
<b>Total contracted services</b>	<b>290,034,523</b>	<b>191,946,293</b>

## Notes to the Financial Statements (Continued)

## 14.(a) Campaign Expenses

Description	24-25	23-24
	Kshs	Kshs
Campaign Expenses	290,034,523	191,946,293
Accrued invoices	(6,233,319)	-
<b>Total contracted services</b>	<b>283,801,204</b>	<b>191,946,293</b>

## 15. Travelling Expenses

Description	24-25	23-24
	Kshs	Kshs
Domestic Travelling	13,211,699	13,930,501
Domestic Accommodation	16,699,221	39,737,460
Foreign Travelling	3,161,130	8,167,445
Foreign Subsistence	4,610,961	8,470,808
<b>Total</b>	<b>37,683,011</b>	<b>70,306,214</b>

## 15(a) Travelling Expenses

Description	24-25	23-24
	Kshs	Kshs
Travelling Expenses	37,683,011	70,306,214
Accrued Expenses 2024/2025	(320,285)	(789,275)
Settlement of accrued Expenses	789,275	-
<b>Total</b>	<b>38,152,001</b>	<b>69,516,939</b>

## Notes to the Financial Statements (Continued)

## 16. General Expenses

Description	24-25	23-24
	Kshs	Kshs
Communication & supplies	11,875,301	16,456,630
Rent & Parking	38,765,167	39,015,490
Bad debts provision	2,000,000	-
Audit Fees	638,000	638,000
Office & General Supplies	12,317,409	38,903,758
Medical Insurance	32,967,147	33,147,872
Motor Vehicle Insurance	2,603,871	2,576,155
Bank Charges	499,857	418,568
Fuel, oil & Lubricants	17,018,013	14,531,939
Cleaning services & Contracted Guards	7,358,400	6,045,308
Subscriptions	0	820,180.00
<b>Total</b>	<b>126,043,165</b>	<b>152,553,900</b>

## 16(a). General Expenses

Description	24-25	23-24
	Kshs	Kshs
General Expenses	124,043,165	152,553,900
Accrued Audit fee	(638,000)	(638,000)
Accrued Expenses paid	12,697,088	21,652,373
<b>Total</b>	<b>136,102,253</b>	<b>173,568,273</b>

## 17. Training Expenses

Description	24-25	23-24
	Kshs	Kshs
<i>Research</i>		17,725,240
<i>Staff Training</i>	14,872,147	19,595,043
<i>Hire of Training Facilitate</i>	7,693,423	5,050,789
<b>Total Training</b>	<b>22,565,570</b>	<b>42,371,072</b>

## Notes to the Financial Statements (Continued)

## 17( a).Training Expenses

Description	24-25	23-24
	Kshs	Kshs
Training Expense	22,565,579	42,371,072
Accrued Invoice	821,676	-
<b>Total Training</b>	<b>21,743,894</b>	<b>42,371,072</b>

## 18.Rendering of Service

Description	24-25	23-24
	Kshs	Kshs
Reimbursable Expenses	613,056	1,336,170
<b>Total gain on sale of assets</b>	<b>613,056</b>	<b>1,336,170</b>

## 19.Miritini Project

Description	24-25	23-24
	Kshs	Kshs
Recurrent Expenditure	20,774,443	15,553,079
<b>Total Recurrent Expenditure</b>	<b>20,774,443</b>	<b>15,553,079</b>

## 19.(a) Miritini Project

Description	24-25	23-24
	Kshs	Kshs
Recurrent Expenditure	20,774,443	15,553,079
Accrued Expenses	(5,355,040)	(461,755)
Settlement of Accrued Liabilities	461,755	-
<b>Total Recurrent Expenditure</b>	<b>15,881,158</b>	<b>15,091,324</b>

## 20.Research Standards &amp; Licensing

Description	24-25	23-24
	Kshs	Kshs
Research Standards & Licensing	39,736,973	10,448,515
<b>Total Research Standards &amp; Licensing</b>	<b>39,736,973</b>	<b>10,448,515</b>

Notes to the Financial Statements (Continued)

**21. Cash and Cash Equivalents**

Description	24-25	23-24
	Kshs	Kshs
Current Account	110,867,683	85,426,828
Savings Account		
On - Call Deposits		
Fixed Deposits Account		
Others (Specify)	11,916	245,868
<b>Total Cash and Cash Equivalents</b>	<b>110,879,599</b>	<b>85,672,696</b>

**22. Receivables from Exchange Transactions**

Description	24-25	23-24
	Kshs	Kshs
<b>Receivables</b>		
Trade receivables	4,316,574	5,442,776
Other Exchange Debtors-Treatment	862,200	484,200
<b>Total Current Receivables</b>	<b>5,178,774</b>	<b>5,926,976</b>

Description	24-25		23-24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	862,200	16.6%	484,200	8%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years	4,316,574	83.4%	5,442,776	92%
<b>Total (a+b)</b>	<b>5,178,774</b>	<b>100%</b>	<b>5,926,976</b>	<b>100%</b>

## Notes to the Financial Statements (Continued)

## 23.Receivables from Non-Exchange Transactions

Description	24-25		23-24	
	Kshs		Kshs	
Staff Advances	79,987		847,912	
Imprest Debtors	2,051,371		4,629,615	
AIE outstanding			1,227,371	
Rental Deposit	3,051,530		3,170,365	
Earnest & Young	-		3,119,986	
Legal Deposit	100,000		100,000	
KRA	103,403		103,403	
<b>Total receivables from non-exchange transactions</b>	<b>5,386,291</b>		<b>32,948,652</b>	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	2,012,523	37%	6,704,898	20%
Between 1-2 years		3%	-	%
Over 3 years	3,373,768	63%	26,243,754	80%
<b>Total</b>	<b>5,386,291</b>	<b>100%</b>	<b>32,948,652</b>	<b>100%</b>

NACADA

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Notes to the Financial Statements (Continued)

24) Property, Plant and Equipment

<b>Cost</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers &amp; Equip</b>	<b>Capital Work in progress</b>	<b>Total</b>
<b>Depreciation Rate</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As At 1 July 2023	116,093,696	63,967,878	80,299,500	153,446,372	413,807,446
Additions	31,880,000	3,635,796	12,232,542	27,991,465	75,739,803
As at 30 <sup>th</sup> June 2024	147,973,696	67,603,674	92,532,042	181,437,837	489,547,249
Additions			22,580,148	2,400,160	24,980,308
Revaluation adjustments					
As at 30 <sup>th</sup> June 2025	147,973,696	67,603,674	115,112,190	183,837,997	514,527,557
<b>Depreciation And Impairment</b>					
At 1 July 2023	107,521,129	34,280,778	68,813,590	-	210,615,497
Depreciation	10,113,142	4,165,362	7,905,360		22,183,864
Impairment					
Transfers/ Adjustments					
As At 30 <sup>th</sup> 2024	117,634,271	38,446,140	76,718,950	-	232,799,361
Depreciation	7,584,856	3,644,692	12,796,467		24,026,015
Disposals					
Impairment					
Transfer/Adjustment					
As at 30 <sup>th</sup> June 2025	125,219,127	42,090,832	89,515,417	-	256,747,376
<b>Net Book Values</b>					
As at 30 <sup>th</sup> June 2024	30,339,425	29,157,534	15,813,092	181,437,837	256,747,888
As at 30 <sup>th</sup> June 2025	22,754,569	25,512,842	25,596,773	183,837,997	257,702,181

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

Motor Vehicles, Computers, Furniture & Fittings, Equipment were valued by Ministry of Public Works from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020) on this date 30<sup>th</sup> June 2025. These amounts will be adopted by the Board on xxx with concurrence from the National Treasury.

**24 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Work in Progress	183,837,997	-	183,837,997
Motor Vehicles	147,973,696	125,219,127	22,754,569
Furniture & Fittings	67,603,674	42,090,832	25,512,842
Computers & Equipment	115,112,190	89,515,417	25,596,773
<b>Total</b>	<b>514,527,557</b>	<b>256,825,376</b>	<b>441,540,179</b>

**25. Intangible Assets**

Description	24-25	23-24
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	<b>22,697,010</b>	<b>18,876,786</b>
Additions	-	3,820,224
<b>At end of the year</b>	<b>22,697,010</b>	<b>22,697,010</b>
Additions—internal development	-	
<b>At end of the year</b>	<b>22,697,010</b>	<b>22,697,010</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	<b>15,229,535</b>	<b>11,501,395</b>
Amortization	2,486,669	3,728,140
<b>At end of the year</b>	<b>17,716,204</b>	<b>15,229,535</b>
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>	<b>4,980,806</b>	<b>7,375,391</b>

## Notes to the Financial Statements (Continued)

## 26. Trade and Other Payables

Description	24-25		23-24	
	Kshs		Kshs	
Trade payables	53,234,985		67,567,296	
Employee payables	24,806,811		32,067,309	
Other payables	39,035,409		30,854,310	
<b>Total trade and other payables</b>	<b>117,077,206</b>		<b>130,488,915</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
Under one year	50,185,690	%		%
1-2 years	2,573,157	%		%
2-3 years	22,695,448	%		%
Over 3 years	41,622,911	%		%
<b>Total (tie to above total)</b>	<b>117,077,206</b>		<b>130,488,915</b>	

## 27. Current Provisions

Description	Provision for 90% Surplus	Receivables	Audit fee	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	18,516,093	812,292	638,000	19,966,385
Additional provisions		2,000,000	638,000	2,638,000
Provision utilised	(16,502,062)		(638,000)	(17,140,062)
<b>Total provisions year end</b>	<b>2,014,031</b>	<b>2,812,292</b>	<b>638,000</b>	<b>5,464,323</b>

The deferred income movement is as follows:

## 28. Deferred Income

Description	24-25	23-24
	Kshs	Kshs
National Government	-	11,563,452
<b>Total Deferred Income</b>	<b>-</b>	<b>11,563,452</b>

**Notes to the Financial Statements (Continued)****Retirement benefit Asset/ Liability**

NACADA also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% on the gross per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by Zamara Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**a) Surplus Remission (for category 3 entities)**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Entity did not make any surplus during the year (Previous FY 18.5 M) and hence no remittance to the Consolidated Fund.

The Surplus Remission has been computed as follows:

Description	24-25	23-24
	Kshs	Kshs
Surplus for the period	(4,061)	20,573,437
Less: Allowable deductions by NT		
90% Computation (Included in Statement of Financial Performance)	-	18,516,093

**Surplus Remission Payable**

Description	24-25	23-24
	Kshs	Kshs
Payable at the beginning of the year	18,516,093	-
Paid during the year	(16,502,062)	
<b>Payable at end of the year</b>	<b>2,014,031</b>	<b>-</b>

**b) Cash Generated from Operations**

Description	24-25	23-24
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(4,061)</b>	<b>20,573,437</b>
<b>Adjusted for:</b>		
Depreciation	26,512,684	25,912,004
Contribution to provisions	2,638,000	19,154,093

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Description	24-25	23-24
	Kshs	Kshs
<b>Working capital adjustments</b>		
Decrease in liabilities	(36,839,156)	(43,024,089)
Increase/Decrease in receivables	28,310,564	18,662,462
Increase in deferred income/Net asset	48,808,942	133,756,164
Increase in payables		
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>69,426,973</b>	<b>175,034,071</b>

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	5,178,774	862,200	4,316,574	812,292
Receivables from non-exchange transactions	5,386,291	5,386,291	-	-
Bank balances	110,867,683	110,867,683	-	-
<b>Total</b>	<b>121,432,748</b>	<b>117,116,174</b>	<b>4,316,574</b>	<b>812,292</b>
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	5,926,976	484,200	4,630,484	812,292
Receivables from non-exchange transactions	32,948,652	32,948,652		
Bank balances	85,672,696	85,672,696		
<b>Total</b>	<b>124,548,324</b>	<b>119,105,548</b>	<b>4,630,484</b>	<b>812,292</b>

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**i) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over months	5	Total
	Kshs	Kshs	Kshs		Kshs
<b>As at 30<sup>th</sup> June 2025</b>					
Trade payables			53,234,985		53,234,985
Third party & Statutory Deductions			39,035,409		39,035,409
Provisions	2,638,000		2,826,323		5,464,323
Employee benefit obligation	24,806,811				24,806,811
<b>Total</b>	<b>27,444,811</b>		<b>95,096,717</b>		<b>122,541,528</b>
<b>As at 30<sup>th</sup> June 2024</b>					
Trade payables					67,567,296
Third party & Statutory Deductions					30,854,310
Provisions					19,966,385
Deferred income					11,563,452
Employee benefit obligation					32,067,309
<b>Total</b>					<b>162,018,752</b>

## Notes to the Financial Statements (Continued)

**Financial Risk Management**

The carrying amount of NACADA's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period is as follows:

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>			
<b>Financial Assets</b>			
Cash	110,879,599		96,789,370
Debtors	10,565,065		12,145,792
<b>Total Financial Assets</b>	<b>121,444,664</b>		<b>108,935,162</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	122,541,529		107,793,723
Borrowings			
<b>Total Financial Liabilities</b>	<b>122,541,529</b>		<b>107,793,723</b>
<b>Net current assets over liability</b>	<b>1,096,865</b>		<b>1,141,439</b>

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

**Notes to the Financial Statements (Continued)****iv) Capital Risk Management**

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings	8,247,386	10,724,166
Capital Reserve	253,338,738	216,020,838
<b>Total Funds</b>	<b>261,586,123</b>	<b>226,745,004</b>
Total Borrowings		
Less: Cash and Bank Balances	(110,879,599)	(85,672,696)
Net Debt/(Excess Cash And Cash Equivalents)	150,706,524	141,072,308
<b>Gearing</b>	<b>63%</b>	<b>62%</b>

**c) Related Party Disclosures****Nature of related party relationships**

Entities and other parties related to the *Entity* 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.

**Government of Kenya**

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

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC		
Rent expenses paid to govt agencies	38,765,167	39,015,490
Training and conference fees paid to govt. Agencies		
Others (specify)		

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Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Total</b>	<b>38,765,167</b>	<b>39,015,490</b>
<b>a) Grants /transfers from the government</b>		
Grants from national govt	968,060,004	1,029,060,000
Grants from county government		
Donations in kind		
<b>Total</b>	<b>968,060,004</b>	<b>1,029,060,000</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees		
Payments for goods and services for		
<b>Total</b>		
<b>c) Key management compensation</b>		
Directors' emoluments	36,320,516	34,273,324
Compensation to key management	74,280,755	75,917,667
<b>Total</b>	<b>110,601,271</b>	<b>110,190,991</b>

**d) Capital Commitments**

Capital Commitments	2025-2026	2024-2025
	Kshs	Kshs
Authorised for	65,000,000	-
Authorised and contracted for	65,000,000	-
<b>Total</b>	<b>65,000,000</b>	<b>-</b>

**e) Events after the Reporting Period**

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

**f) Ultimate And Holding Entity**

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Internal Security and National Administration. Its ultimate parent is the Government of Kenya.

**g) Currency**

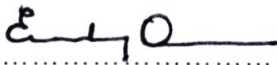
The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
2023-2024 Audit Report	Non-Compliance with One third Basic Salary Rule	12 staff members were affected, two have of already complied and the other ten were given one year to comply	Resolved	30 <sup>th</sup> June 2026
2023-2024 Audit Report	Delay in Transfer of the Ownership Document	Transfer documents were signed by both Director General of NYS and NACADA CEO and forwarded to the Ministry of Lands for registration	Resolved	30 <sup>th</sup> June 2026



.....  
Chief Executive Officer, NACADA

Date:

NACADA

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**NATIONAL CAMPAIGN AGAINST DRUG ABUSE**  
Confirmation of amounts received by (National Campaign Against Drug Abuse) as at 30th June 2025  
**Amounts Disbursed by Ministry of Interior and National Administration**

Reference Number	Date Disbursed	Recurrent Gok Grants (Ksh) A	Development Gok/Donor Grants (Ksh) B	Inter-Ministerial (Ksh) C	Total (Ksh) D=(A+B+C)	Amount Received by (NACADA) as at 30th June 2024 (Ksh) E	Difference (KShs)=(D-E)
FT24214TVPQJ	01-Aug-24	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT24249YGS2W	05-Sep-24	80,671,666.00	-	-	80,671,666.00	80,671,666.00	-
FT2428244908	08-Oct-24	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT24313W1T9W	08-Nov-24	80,671,666.00	-	-	80,671,666.00	80,671,666.00	-
FT24348XXTXC	13-Dec-24	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT25002DRS7Z	02-Jan-25	80,671,666.00	-	-	80,671,666.00	80,671,666.00	-
FT25038XPX97	07-Feb-25	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT2507172ZRZ	12-Mar-25	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT25097NGR05	07-Apr-25	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT25119X91WT	29-Apr-25	80,671,666.00	-	-	80,671,666.00	80,671,666.00	-
FT251618P6ZS	10-Jun-25	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
FT25181R5H3H	30-Jun-25	80,671,667.00	-	-	80,671,667.00	80,671,667.00	-
		<b>968,060,000.00</b>	-	-	<b>968,060,000.00</b>	<b>968,060,000.00</b>	-

I confirm that the amounts shown above are correct as of the date indicated  
Head of Accounts, State Department for Internal Security & National Administration

Name: Frederic E. Muthel

Signature: \_\_\_\_\_

Date: 17/07/2025

Head of Accounts & Finance, National Campaign Against Drug Abuse

Name: HENRY KIRIKA THATHI

Signature: \_\_\_\_\_

Date: 18/7/2025