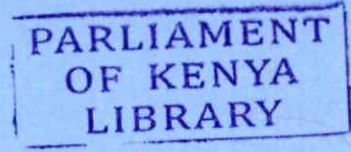




OFFICE OF THE AUDITOR-GENERAL

*Paper laid
By Hon. Katoo Ole Maitto MP
(Majority) on Tuesday, 08/03/2016 (pm)*



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2015**



NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2015

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

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

Corporate establishment

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

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

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

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

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

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

Vision:

A Nation free from alcohol and drug abuse.

Mission:

To lead and coordinate the fight against alcohol and drug abuse through prevention, advocacy, policy development, research, treatment and rehabilitation programmes, and execution of relevant statutes in Kenya.

(b) Principal Activities

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

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

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

(c) The Board Of Directors

1. Hon. John Mututho - Chairman
2. Dr. William Okedi -Chief Executive Officer
3. Mr. Mohamed Barre (Representing PS - Interior)
4. Mrs Anne Mugo (Representing PS - Treasury)
5. Dr. Kepha Ombacho (Representing PS - Health)
6. Mr. Mohammed Mwinyipembe (Representing PS - Education)
7. Ms. Gladys Nasieku Tarayia (Representing Legal interests)
8. Mr Mathias Wanyela (Representing Kenya Scouts Association)
9. Mr. Sheikh Juma Ngao (Representing Muslim religious interests)
10. Rev Wilfred Kogo (Representing Christian religious interests)
11. Mr. Charles Kanyi (Representing Youth interests)
12. Mr. Stephen Mairori (Representing Research interests)
13. Dr. Hamisi Massa (Representing Anti-Narcotics Police Unit)

(d) Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

1. Dr. William N. Okedi - Chief Executive officer
2. Mr. Enoch N. Onchwari- Director, Finance & Administration
3. Mr. John Muturi - Manager, Public Education and Advocacy
4. Ms Jane W. Githinji - Legal Manager
5. Mrs Grace Otieno - Manager, Policy & Planning
6. Mr. Thomas Obulutsa - Manager, Treatment & Rehabilitation
7. Mr. George Murimi - Manager, Regulatory Services
8. Mr. Zeka Wekesa - Manager Communication & Documentation

(e) Fiduciary Oversight Arrangements

Audit Board Committee

1. Sheikh Juma Ngao - Chair
2. Dr. Kepha Ombacho, MBS
3. Dr. Hamisi Massa
4. Mr. Charles Kanyi
5. Rev. Wilfred Kogo
6. Mr. Mohammed Barre

Finance Board Committee

1. Ms. Gladys Tarayia - Chair
2. Ms. Anne Mugo, MBS
3. Mr. Mohammed Mwinyipembe
4. Mr. Stephen Mairori
5. Mr. Mathias Wanyela, OGW

Staff & Welfare Committee

1. Mr. Stephen Mairori - Chair
2. Mr. Mathias Wanyela, OGW
3. Ms Anne Mugo, MBS
4. Ms. Gladys Tarayia
5. Mr. Charles Kanyi
6. Mr Barre Mohamed

Technical Board Committee

1. Rev. Wilfred Kogo – Chair
2. Mr. Charles Kanyi
3. Sheikh Juma Ngao
4. Dr. Kepha Ombacho, MBS
5. Dr. Hamisi Massa
6. Mr. Mohammed Mwinyipembe

(f) Authority's Headquarters

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

(g) Authority's Contacts

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

(h) Authority's Bankers

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

Kenya Co-operative of Bank Ltd
Ukulima Branch

Equity Bank of Kenya Ltd
Corporate Branch

(i) Independent Auditors

Auditor General
Kenya National Audit Office
P.O. Box 30084-00100 GPO
Nairobi, KENYA

(j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P O. Box 40112
City Square 00200
Nairobi

II. CHAIRMAN'S STATEMENT

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

The Board accepts this responsibility and therefore has prepared the attached Financial Statements as at 30th June 2015 based on prudence in judgement in accordance with the International Public Sector Accounting Standards (IPSAS).

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

Committees of the Board

- Finance Committee
- Staff and Welfare Committee
- Audit Committee
- Technical Committee

Chairman
Hon. John M. N. Mututho, EBS

Date

III. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the reporting period, NACADA implemented activities geared towards fulfilling its mandate as provided for under the NACADA Act (2012) and the strategic objectives set out in the Strategic Plan 2009-2014:

- (i) Strengthen the capacity to coordinate the campaign against ADA in Kenya
- (ii) Develop a comprehensive prevention program so as to reduce demand for alcohol and drugs of abuse
- (iii) Strengthen control measures for alcohol and drug abuse supply suppression
- (iv) Ensure quality treatment and rehabilitation for persons with Substance Use Disorders (SUDs)
- (v) Undertake quality research on alcohol and drug abuse in Kenya in order to guide policy and programmes
- (vi) Strengthen inter-sectoral coordination and collaboration amongst stakeholders

1.1 Strengthen capacity to coordinate the campaign against ADA in Kenya

The reporting period marked the end of the Authority's Strategic Plan (2009-2014). The University of Nairobi who had been engaged to develop a new Strategic Plan for 2015-19 for the Authority finalized the work and delivered the document upon validation at KICD in May 2015.

The Constitution of Kenya 2010 entrenched functions distribution between the two levels of Government. Subsequently, liquor licensing and drug control are devolved functions to County Governments. In light of this, NACADA prioritized on implementation of its decentralization policy in order to support strengthening of the capacity of County Governments to facilitate their taking up the function on liquor licensing and drug control fully in line with the constitution. The support is provided through the five regional offices in Nairobi, Kisumu, Nyeri, Mombasa and Eldoret. During the period under review, the Authority operationalized a unit at headquarters to support Lower Eastern and North Eastern cluster countries.

1.2 Develop a comprehensive prevention program so as to reduce demand for ADA

(i) *Youth and children ADA prevention programs*

In an effort to scaling up uptake of anti-drug abuse awareness and life skills amongst youth and children in learning institutions, the Authority continued partnering with the Ministry of Education to support 2015 anti-ADA theme in the Drama and Music festivals. Towards this, NACADA had remitted a total of Kshs. 8,000,000 to the Ministry of Education in the 1st quarter of FY-2014/15 towards sponsorship of the 2014 anti-ADA theme in the Drama and Music festivals. NACADA attended the National Music Festival in Mombasa County from 4th to 16th August 2014. The anti-drug abuse message was disseminated through the artistic pieces on show at the festival to over 124,000 learners from ECDE, Primary, Secondary, TTCs, TTIs and Universities from across the country. Nine winners of the Anti-ADA theme were also presented with trophies. The final Kenya National Drama Festivals were held in Nakuru County from 7th to 17th April 2015.

To support policy formulation and implementation targeting youth in learning institutions, NACADA supported Nkubu High School to develop the School ADA Policy. The Policy was launched at the School on 27th September 2014.

The Authority continued to forge partnerships and collaborations with the youth organizations to implement ADA activities particularly at the county level. During the period under review, the Authority partnered with youth and children organizations as shown in table 3.

Table 1: Collaboration with youth and children organizations

No	Name of Group	County
1.	Moi University sports day/ youth	Eldoret
2.	Kirwara Secondary school students	Kiambu
3.	Animal Health and Industry Training Institute (AHITI) cultural day	Kiambu
4.	Gatehouse Foundation Secondary school	Kiambu
5.	Daystar university, City campus	Machakos
6.	Intersarsity debate on alcohol organized by Students Campaign against Drugs (SCAD - Kenya)	Nairobi
7.	university of Nairobi- Chiromo and the Main Campus	Nairobi
8.	Dr. Mwenje Secondary school	Nairobi
9.	Matafu Welfare Association (MWA)/Youth working in matafu sector in respectively	Kilifi and Mombasa Counties
10.	Kenya Association (2014 Inter-patrol National competition)	National
11.	Young Men Christian Association	National
12.	Young Women Christian Association	National
13.	Kenya Girl Guide Association	National
14.	Kenya Muslim Youth Alliance	National
15.	Kenya National Police Service	National
16.	National Youth Service	National
17.	Africa Inland Church(AIC)	Nairobi
18.	Kenya National University Student Union	National
19.	Lamu Youth Alliance	Lamu
20.	Nkubu High School	Meru
21.	Alliance Girls High School	Kiambu
22.	Anglican Church of Kenya	National

(ii) **Implement a coordinated IEC strategy**

During the reporting period, NACADA stocked 59 Kenya National Library Services (KNLS) and 10 University libraries across the country with anti-ADA prevention and advocacy materials. A further 5,000 copies of anti-drug abuse Comic Strip were developed and disseminated to 60 KNLS libraries targeting young readers.

Towards strengthening the NACADA Resource Centre as a repository for anti-drug abuse data, 90 books with relevant alcohol and drug abuse information were purchased from Kenyatta University Library, 83 books sourced from the Kisumu Regional Office and 67 books donated by the United Nations Office on Drugs and Crime (UNODC) were stocked in the Resource Centre. The Resource Centre also subscribed to 4 online-resources, that is, HINARI, ARDI, GORA and OARE.

In response to alcohol related deaths crisis resulting from consumption of adulterated and counterfeit alcohol in the country, the Authority intensified public education and awareness campaign on the dangers of illicit alcohol. This was mainly through road-shows, public *barazas*, and distribution of assorted anti-drug abuse information education and communication (IEC) materials on ADA in collaboration with County Governments. During the period July to December 2014, cluster County roadshows were carried out in Bomet, Kajiado, Nakuru, Kericho, Narok, Siaya, Kisumu, Kisii, Kakamega, Kilifi, Tana River, Kitui, Makueni, Meru, Tharaka Nithi, Nyandarua, Nyeri, Laikipia and Embu Counties. Further, the Authority participated in public *barazas* held in Narok, Nairobi, Kirinyaga, Nyeri, Meru, Trans Nzoia, Baringo and Samburu Counties to sensitize the public on the negative effect of alcohol and drug abuse as well as receive feedback from the public on the progress and challenges in campaign against alcohol and drug abuse. The road-shows were conducted largely in partnership with the County Governments, Civil Society and Faith Based Organizations, and were utilized to disseminate anti-drug abuse information, education and communication (IEC) materials countrywide.

Towards public education and awareness advocacy through media, the Authority focused on press releases on radio channels, social media, dissemination of anti-ADA audio-visual content through TV and web-based platforms to facilitate ease of access to information by the public on ADA issues.

These were transmitted as shown in table 1 below:

Table 2: Media public education and advocacy

OUTLET	TARGET POPULATION
1. Infomercials, Announcements, Presenter Mentions And Talk-Ups	
a) Changei FM	Kalenjin speakers on 16th-31 July, 2014
b) Kass FM	Kalenjin speakers on 16th-31 July, 2014
c) Kameme FM	Kikuyu speakers on July 25, 2014 - October 10, 2014.
d) Mwatu FM	Kamba speakers on July 25, 2014 - October 10, 2014
e) Sidai FM	Maasai Speakers on 4 -19 Sept, 2014.
f) West FM	Swahili speakers on 4 -19 Sept, 2014.
g) Kalya FM	Pokot Speakers on September 2014-December 31, 2014
h) Koch FM	Korogocho Slum community on September 2014-December 31, 2014
i) Pamoja FM	Kibera slum community on September 2014-December 31, 2014
2. Audio-visual content	
a) Television	Audio visual message on counterfeit alcohol produced and disseminated countrywide through Citizen TV from 27th September to 17th October 2014.
b) Reception screens	Assorted anti-ADA documentaries disseminated to the public via office screens at NACADA headquarters
c) web-based platforms	The anti-counterfeit alcohol message is also disseminated on web-based platforms (NACADA website and Facebook page) from 29th September 2014 to-date

In order to collaborate with County governments in sensitizing the public on ADA, the Authority participated in National Trade Fairs and ASK shows. During the period under review, the Authority exhibited in shows as tabulated below:

Table 3: National trade fairs and ASK shows

Name	County	Period
Kisumu National ASK Show	Kisumu County	July 2014
Mombasa International Trade Fair	Mombasa County	August 2014
Nyeri National ASK Show	Nyeri County	September 2014
Nairobi International Trade Fair	Nairobi County	Sept-October 2014.
Kabarnet ASK Show	Baringo County	October 2014
North Rift ASK Show	Trans Nzoia County	October, 2014
Eldoret ASK Show	Uasin Gishu County	March 2015

The Authority also took the opportunity to sensitize the public on ADA through the five regional offices in Nairobi, Kisumu, Nyeri, Mombasa and Eldoret during the various international commemorative days observed within the reporting period. These include the Worlds AIDS Day on 1st December 2014 and the World Consumer Rights Day on 15th March 2015,

(iii) Develop and enhance community driven prevention initiatives on ADA

Towards capacity building in the public sector, the Authority carried out trainings/sensitizations in various public sector institutions:

NAME OF INSTITUTION	DATE/S SENSITISED
National Water	1 st – 2 nd July 2014
Retirement Benefits Authority	20 th September 2014
SASRA	4 th September 2014

To support community based ADA prevention initiatives, the Authority continued collaborations with FBOs/CSOs/NGOs to enhance their participation in the campaign against alcohol and drug abuse. In this regard, the Authority partnered with youth organizations as shown in table 4.

Table 4: Collaboration with community based organizations

No	Name	Target group
1.	Community baseline survey which was carried out in September last year.	Busia County
2.	Facilitated Lamu County ADA stakeholder forum	Lamu ADA stakeholders
3.	Dissemination of ant-ADA messages in collaboration with Muslim FBOs	Hola, Tana River and Lamu
4.	Supported a youth tournament in Machakos Kenyatta stadium	Machakos county
5.	Collaborated with Rhamu Youth Group Against ADA to distribute IEC materials	Mandera County
6.	Collaborated with Ridgeways Baptist Church during an Outreach mission in Meru	Meru County
7.	Community Anti-Drugs Coalition of Kenya [CADCKE] validation workshop on ADA situation	Nairobi County
8.	Supported a youth tournament at Murungaru Catholic Parish,	Nyandarua County
9.	Supported youth tournament at Aguthi Ward, Gaaki	Nyeri County
10.	Catholic Peace and Justice Commission [CJPC]	St Martin Church, Karuri, Kiambu

1.3 Strengthen control measures for ADA supply suppression

Control measures for alcohol and drug abuse supply suppression aims at reducing the availability of illicit and controlled drugs through various interdiction activities and legal processes. Here, the drug problem is seen as a criminal activity. It is primarily through enforcement of legislations, policies and control regulations.

Interventions are carried out by enforcement agencies and have both domestic and international dimensions in the detection of offenders, seizures, arrest and prosecution of offenders as well as incarceration of drug traffickers. It also includes control of chemical precursors and anti-money-laundering initiatives. The role of NACADA in regard to ADA supply, suppression is the coordination and facilitation for the formulation of national policies, laws and plans of action on control of alcohol and drug abuse.

During the year under review, NACADA supported development of an abridged version of all laws on alcohol and drugs offences. The handbook will be used by law enforcement officers as a guide when dealing with alcohol and drugs cases. Further, towards alcohol control measure in the country, the Authority supported the National Inter-Agency Committee on Alcohol Management to conduct a random alcoholic drinks collection. The committee is composed of all agencies that play enforcement roles in the control of the production, distribution and sale of alcoholic drinks. Besides the Authority, the other agencies include the Ministry of Interior and Coordination of National Government, Kenya Police Service, Criminal Investigation Department (CID), Kenya Bureau of Standards (KEBS), Kenya Revenue Authority (KRA), Anti-Counterfeit Agency, the Directorate of Public Health and the Government Chemist within the Ministry of Health (Public Health). The samples were analyzed to inform on compliance with the quality and public health standards.

Towards strengthening the capacity County Governments to fully take up the devolved function of liquor licensing and drug control in their respective counties, the Authority continued to sensitize the leaders on the

draft model County Alcoholic Drinks Control Act to aid them in developing their legislations. The Authority further facilitated periodic County Inter-Agency Committees on alcohol control meetings in all the counties which identify challenges and formulated strategies to enhance coordination and effective responses to their alcohol and drug abuse challenges.

In line with the Authority mandate to facilitate and promote 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, the Authority partnered with the United Nations Office on Drugs and Crime (UNODC) to establish the National Drug Observatory (NDO) in 2013. The NDO information system supports collection, collation and analysis of alcohol and drug-related information to meet the national, regional and international reporting obligations by the country as well as support designing of evidence-based intervention programs and formulation of policies.

1.4 Ensure quality treatment and rehabilitation for persons with Substance Use Disorders (SUDs)

NACADA is charged with the responsibility to facilitate provision of treatment and rehabilitation services for persons with substance use disorders. In bid to address shortage of trained personnel in alcohol and drugs addiction prevention and management, the Authority facilitated the National Certification Education Training Programme for Addiction Professionals and the national certification examination for Addiction professionals in liaison with the International Centre for Certification and Education of Addictions Professionals. The Authority further inspected fifty five (55) treatment centres to monitor compliance with the National Standards for treatment and rehabilitation services and is in the process of accrediting facilities that meet the standards. The Authority also continue to serve as the Kenya Certification Council for Addiction Professionals secretariat and supports its operations.

In addition, the Authority facilitated a training for Prison, Probation and Children Officers on ADA to review criminal justice programmes and rehabilitation for drug related offenders from 9th to 11th March 2015 at Kenya Institute of Curriculum Development in which 54 officers participated.

Towards increased access to treatment and rehabilitation for persons with Substance Use Disorders, the Authority collaborates with County Governments towards the development and operation of rehabilitation facilities as well as regulate operations of these facilities. In the current financial year, it's proposed to support establishment of ten (10) additional public treatment and rehabilitation facilities in collaboration with County Governments. Discussions with willing County Governments are on-going. Further, NACADA continues to operate the 24 hour helpline which received 32,782 calls during the period under review.

1.5 Undertake quality research on ADA in order to guide policy and programmes

A key mandate of NACADA is to collaborate with public and private agencies to facilitate, conduct, promote and coordinate research findings on data on alcohol and drug abuse and serve as the repository of such data to guide policy and programmes. During the period under review, the Authority commissioned a study on the use of narcotics drugs in the production of confectioneries in Kenya in partnership with the Government Chemist Department. Data and sampling was completed and laboratory analysis on-going.

In furtherance of support to academic research studies on ADA, the Authority has funded five (5) PhD and five (5) Masters students undertaking ADA research during the reporting period. The summary of academic research studies funded is as shown in Table 11.

Table 5: Summary of successful Ph.D. Proposals

No.	Proposals	Proposal Title	Affiliation
1	PhD	Effectiveness of screening, brief intervention and referral to treatment approach in organization-based mitigation of alcohol and drug abuse	Daystar University
2	PhD	Efficacy of cognitive behavioral coping skills therapy on alcohol and cannabis use among daystar university undergraduate students	Daystar University
3.	PhD	Effectiveness of life skills enhancement training on substance use reduction and academic performance among secondary school students in Kieni, Nyeri County	Daystar University
4	PhD	Impact of substance use and abuse on adolescents' antisocial behaviour in public secondary schools in Kisumu east district, Kenya	Maseno University
5	PhD	Influence of alcohol expectancies and impulsivity on alcohol use and abuse among students in public universities in Uasin-Gishu county, Kenya	Maseno University
6	Masters	Factors associated with non- adherence to regulations on alcohol sale in Thika	Jomo Kenyatta University of Science and Technology
7	Masters	Relationship between family structure and drug use among the youth in Kajjado County, Kenya	Kenyatta University
8	Masters	Social- demographic, behavior and clinical determinants of hepatitis B sero-markers and genotypes in human immunodeficiency virus-1 infected and uninfected injection drug users from Mombasa- Kenya	Maseno University
9	Masters	Assessment of prevention measures mitigating alcohol abuse among youth	Mt. Kenya University
10	Masters	The prevalence of alcohol abuse among Egerton University students in Njoro-Kenya	University of Nairobi

In regard to dissemination of research findings, a policy brief on the status of shisha and kuber use in Kenya was developed and disseminated to policy makers for developing evidence based policy and programs. The study had been undertaken in the previous reporting period in partnership with the Government Chemist Department and the findings facilitated Ministry of Health to ban some Shisha flavors found to contain narcotics. These were Al Fakher Strawberry Flavor, Al Fakher Orange Flavor, Al Fakher Two Apples with Mint Flavor, Al Fakher Vanilla Flavor, Al Fakher Two Apples Flavor, Al Fakher Orange with Mint Flavor, Al Fakher Orange Flavor, Nakhala Molasses Tobacco Apple Flavor, Strong Formulated Shisha Cocktail, Medium Formulated Shisha Cocktail and Mild-formulated Shisha.

The Authority also continued to participate in forums to share research information and experiences in the country. These include Early Detection of Mental Illness Symposium on 10th October 2014 at Chiromo Lane Medical Centre and Global Youth Tobacco Survey conducted by the Ministry of Health. The forums provided an opportunity to share information and served as a platform for future research engagements and collaborations.

1.6 Strengthen inter-sectoral coordination and collaboration amongst stakeholders

The Authority continued to facilitate the work of the National Technical Committee on Drug Abuse and Trafficking (NTC) towards alcohol and drug supply suppression. In June 2015, the Authority procured and supplied to the National Transport and Safety Authority (NTSA) 10 alcohol breathalysers, and also commenced the process of acquiring narcotic drug test kits for the Anti-Narcotics Police.

Collaboration continued between the Authority and key youth institutions aimed at reaching out to the youth of this country who are hard hit by ADA. The institutions include National Youth Service, Kenya Scouts Association, Kenya Girl Guides Association, Kenya Muslim Youth Alliance, Young Men's Christian Association and Young Women Christian Association.

Between 21st August and 10th September 2014, NACADA organized and facilitated eight (8) regional consultative forums towards establishment of County Inter-agency Committees for County clusters countrywide. The forums took place in Eldoret for North Rift region, Lukenya in Athi River for Lower Eastern region, Kakamega for Western region, Kisumu for Nyanza region, KICC for Nairobi region, Garissa for North Eastern region, Njoro for South Rift region and Kilifi for Coast region. A total of 475 persons attended the 8 regional forums.

IV. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility (CSR) refers to a business or organization practice that involves participating in initiatives that benefit society. As customers' awareness about global social issues continues to grow, so does the importance these customers place on CSR when choosing where to shop or engage.

NACADA Corporate Social Responsibility Vision Statement

"To build strong, resilient and sustainable communities free from alcohol and drug abuse."

NACADA Corporate Social Responsibility Mission Statement

"We believe in a society free from drugs and substance abuse. We exist not only to serve the community, but also to give back to our community by serving as a catalyst for psychological and physiological wellbeing."

CSR Commitments

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

NACADA CSR Policy Statement

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

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

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

GUIDING Principles

NACADA will be responsible for:

- Collaborative engagement with employees, stakeholders, and local communities in setting priorities and implementing solutions pertaining to alcohol, drugs and substance abuse.
- Developing mutually beneficial partnerships with staff and the communities we serve.
- Using its influence to encourage others to limit their negative and enhance their positive alcohol, drug and substance abuse impacts
- Leveraging its resources, expertise, services and relationships for the benefit of our staff and the communities it serves.
- Working with its community partners/stakeholders and use its public voice to advance solutions to alcohol, drug and substance abuse in our communities.

VI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of National Authority for the Campaign against Alcohol and Drug Abuse's affairs

Principal activities

The principal activities of the Authority are campaign against alcohol & drug abuse

Results

The results of the Authority for the year ended June 30, 2015 are set out on page 9 to 24


Directors

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

Auditors

The Auditor General is responsible for the statutory audit of the Authority

By Order of the Board



Dr. William N. Okedi, HSC
Chief Executive Officer

7/12/2015

VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 23 of the Public Finance Management Act, 2012 and section 14(i) of the State Corporations Act, require the Directors to prepare financial statements in respect of that National Authority for the Campaign Against Alcohol and Drug Abuse, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the National Authority for the Campaign Against Alcohol and Drug Abuse for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of National Authority for the Campaign Against Alcohol and Drug Abuse.


The Directors are responsible for the preparation and presentation of National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which give a true and fair view of the state of affairs of the National Authority for the Campaign Against Alcohol and Drug Abuse for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of National Authority for the Campaign Against Alcohol and Drug Abuse; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements give a true and fair view of the state of National Authority for the Campaign Against Alcohol and Drug Abuse's transactions during the financial year ended June 30, 2015, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the National Authority for the Campaign Against Alcohol and Drug Abuse, which have been relied upon in the preparation of the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on _____ 2015 and signed on its behalf by:



Director

7/12/2015

Director

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Authority for the Campaign Against Alcohol and Drug Abuse set out on pages 17 to 30 which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of accumulated funds, statement of cash flows and the 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 14 of the Public Audit Act 2003. 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.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the Provisions of Section 13 of the Public Audit Act 2003.

Auditor-General Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the Provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected

depend on the auditor's Judgment, including the assessments of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

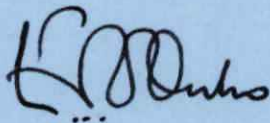
Basis for Qualification of Opinion

Development of Staff Establishment

The Authority engaged a consultant to carry out job evaluation at a cost of Kshs.1,320,000.00, without the requisite approval. The propriety of the expenditure Kshs.1,320,000.00 can therefore not be confirmed.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of NACADA as at 30 June 2015, 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 National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012.



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

Nairobi

28 January 2016

VIII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2015

	Notes	2014/2015 Kshs	2013/2014 Kshs
INCOME			
Recurrent Grants (non Exchange Transactions)		225,026,800	225,517,440
Other Income (Exchange Transactions)	2	11,957,771	9,807,073
Total income		236,984,571	235,324,513
EXPENDITURES			
Staff costs	3	109,387,446	93,513,335
Travelling costs	4	31,741,438	16,063,062
Campaign expenses	5	26,621,755	27,026,153
General Expenses	6	53,037,420	48,884,544
Board expense	7	12,614,617	12,031,623
Training expenses	8	20,382,281	20,808,756
Maintenance costs	9	3,979,606	4,250,926
Audit fees		580,000	580,000
Depreciation charge	12	8,032,624	10,623,271
Total Expenditures		266,377,187	233,781,670
Surplus/Deficit		(29,392,616)	1,542,843

The notes set out on pages 22 to 30 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	2014/2015 Kshs	2013/2014 Kshs
ASSETS			
Assets			
Current assets			
Cash and cash equivalents	10	125,898,340	51,607,480
Receivables (Exchange Transactions)	11	8,011,695	7,044,445
		133,910,035	58,651,925
Non-current assets			
Property, plant and equipment	12	26,670,011	33,930,105
Total assets		160,580,046	92,582,030
Reserves		26,773,428	26,773,428
Accumulated surplus		115,267,945	54,099,681
Trade and other payables (Exchange Transactions)	13	18,538,673	11,708,921
Total net assets and liabilities		160,580,046	92,582,030

The Financial Statements set out on pages 17 to 30 were signed on behalf of the Board of Directors by:



Dr. William N. Okedi, HSC
 Chief Executive Officer

Hon. John M. Mututho, EBS
 Chairman of the Board

Date: 7/12/2015

Date:

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2015

	Capital	Accumulated Reserves	Total
	<u>(Kshs.)</u>	<u>(Kshs.)</u>	<u>(Kshs.)</u>
Balance B/Fwd. 01.07.2013	26,773,428	51,861,738	78,635,166
Overstated liability		600,600	600,600
Overstated Expenditure		94,500	94,500
Surplus for the year	-	1,542,843	1,542,843
Balances B/Fwd .01.07.2014	26,773,428	54,099,681	80,873,109
Understated Asset-ADCA Account		560,880	560,880
Rehab establishment	-	90,000,000	90,000,000
Deficit for the year		(29,378,903)	(29,378,903)
Balances as at 30th June 2014	26,773,428	115,267,945	142,041,373

I. STATEMENT OF CASH FLOWS

Note	2014-2015 Kshs	2013-2014 Kshs
Cash flows from operating activities		
Receipts		
Recurrent Grant (non Exchange Transaction)	225,026,800	225,517,440
Rehab Establishment Grant (non Exchange Transaction)	90,000,000	-
Other income, (Exchange Transaction)	11,957,771	9,807,073
Profit on disposal of Fixed asset	-	695,100
Understated asset-ADCA Account	560,880	-
Payments	327,545,451	236,019,613
Compensation of employees	109,387,446	93,513,335
Travelling Cost	31,741,438	16,063,062
Campaign Cost	26,621,755	27,026,153
Administrative cost	53,037,420	48,884,544
Board Expenses	12,614,617	12,031,623
Others Expenses-Reimbursable	-	-
Audit fee	580,000	580,000
Training Expenses	20,382,281	20,808,756
Maintenance Cost	3,979,606	4,250,926
	258,344,563	223,158,399
Net cash flows from operating activities	69,200,888	12,861,214
Cash flows from investing activities		
Disposal of Fixed Asset		
Purchase of property, plant, equipment and intangible assets	(772,530)	(482,719)
Net cash flows used in investing activities	(772,530)	(482,719)
Cash flows from financing activities		
Increase in Creditors	6,829,752	2,190,687
Increase in receivables	(967,250)	7,981,151
Net cash flows used in financing activities	5,862,502	10,171,838
Net increase/(decrease) in cash and cash equivalents		
	74,290,860	22,550,333
Cash and cash equivalents at 1 JULY, 2014	51,607,480	29,057,147
Cash and cash equivalents at 30 JUNE ,2015	125,898,340	51,607,480

II. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2014-2015 Kshs	Adjustme nts 2014-2015 Kshs	Final budget 2014-2015 Kshs	Actual on comparable basis 2014-2015 Kshs	Performance difference 2014-2015 Kshs
Revenue					
Government Grant	315,026,800	-	315,026,800	315,026,800	-
Other Income	37,000,000	-	37,000,000	11,957,771	(25,042,229)
Total income	352,026,800	-	352,026,800	326,984,571	(25,042,229)
Expenses					
Capital Budget					
Purchase of Furniture & Fittings	500,000	-	500,000	397,850	102,150
Purchase of Computers & IT Equip	500,000	-	500,000	374,680	125,320
Expenses					
Compensation of employees	106,691,230	-	105,691,230	109,387,446	3,696,216
Campaign Expenses	36,076,065	-	36,076,065	26,621,755	9,454,310
Travelling Cost	20,567,684	-	20,567,684	31,741,438	11,173,754
General Expenses	56,266,800	-	56,266,800	53,037,420	3,229,380
Board Expenses	13,460,000	-	13,460,000	12,614,617	845,383
Training Expenses	23,000,000	-	23,000,000	20,382,281	2,617,719
Maintenance Costs	5,875,661	-	5,875,661	3,979,606	1,896,055
Audit Fees	580,000	-	580,000	580,000	-
Total expenditure	262,517,440	-	262,517,440	259,117,093	3,400,347
Surplus/Deficit	89,509,360	-	89,509,360	67,867,478	(28,442,576)

III. NOTES TO THE FINANCIAL STATEMENTS

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

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

1. Summary of significant accounting policies

(a) Revenue recognition

Revenue from non-exchange transactions – Grant from the Government

NACADA recognizes Grant from the Government when the cash is received.

Revenue from exchange transactions

NACADA charges fees for training services on cost sharing basis to other public and private sectors entities. The revenue is recognized as income when the services are deemed to have been rendered.

(b) Budget

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or NACADA differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

(c) Property Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation. Depreciation on assets is calculated on a reducing balance basis to write down the cost of assets to their residual values over estimated useful life. The following depreciation rates have been applied:

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

(d) Contingent liabilities

The Authority 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.

(e) **Employee benefits - Retirement benefit plans**

NACADA contributes to the NSSF as well as NACADA pension fund where an Employee contributes 10 percent of the basic salary and NACADA contribute twenty percent of the employee's basic salary. The amount is expensed off in the Income and Expenditure statement.

(f) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, Treasury Bills at Cost

(g) **Financial instruments**

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

(h) **Financial Assets**

Receivables

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

(i) **Financial liabilities**

Trade payables

Trade payables are current and are stated at their nominal value.

(j) **Credit risk management**

The table below represents company's maximum exposure to credit risk as at 30th June 2015 and 2014:

At 30 June 2015

	Fully performing Kshs	Past due	Impaired	Total Kshs
Bank balances	125,898,340	-	-	125,898,340
	=====	=====	=====	=====

At 30 June 2014

Bank balances	51,607,480	-	-	51,607,480
	=====	=====	=====	=====

(k) **Liquidity risk management**

The table below provides a contractual maturity analysis of the company's financial liabilities:

	1 - 6 Months Kshs	6 - 12 Months Kshs	1 - 5 years Kshs	Total Kshs
At 30 June 2015				
Financial liabilities				
Trade payables	18,538,673	-	-	18,538,673
	=====	=====	=====	=====
At 30 June 2014				
Financial liabilities				
Trade payables	11,708,921	-	-	11,708,921
	=====	=====	=====	=====

2. Other income

	2014/2015 Kshs	2013/2014 Kshs
Appropriation in Aid	267,808	290,287
Disposal	134,067	28,000
Reimbursable incomes	11,555,896	9,488,786
Total income	11,957,771	9,807,073

**3. Staff Costs
2013/2014**

	2014/2015 Kshs	2013/2014 Kshs
a) Basic Salaries	56,572,494	50,903,701
b) Gratuity	12,271,202	7,432,247
c) Personal Allowances	40,543,750	35,177,387
Total	109,387,446	93,513,335

4. Travelling Costs

	2014/2015 Kshs	2013/2014 Kshs
a) Domestic Travelling and subsistence	24,691,411	13,969,414
b) Foreign Travelling and subsistence	7,050,027	2,093,648
Total	31,741,438	16,063,062

5. Campaign expenses

	Kshs	Kshs
a) Printing and Publishing Expenses	2,636,145	2,599,838
b) Advertising and Publicity	20,828,233	21,842,916
c) Subscription fees for newspapers	805,010	854,135
d) Trade Shows & Exhibitions	1,803,239	1,333,696
e) Specialized materials and supplies	549,128	395,568
Total	26,621,755	27,026,153

6. General Expenses

	Kshs.	Kshs.
a) Communication & supplies	3,585,630	3,932,657
b) Rent	20,027,580	18,384,242
c) Subscription Fees	119,860	154,360
d) Office and general supplies services	3,417,492	2,466,695
e) Fuel Oil and Lubricants	4,780,919	4,449,306
f) Contracted Guards & Cleaning services	975,202	593,586
g) Hospitality, supplies and services	4,958,431	6,190,489
h) Medical Insurance	13,534,758	11,265,000
i) Motor Vehicle Insurance	1,442,658	1,238,720
j) Bank Charges	194,890	209,489
Total	53,037,420	48,884,544

7. Board Expenses

	2014/2015 Kshs	2013/2014 Kshs
Honoraria to Chairman	960,000	819,269
Accommodation & Conference	9,195,569	6,946,995
Sitting Allowance	2,459,048	4,265,359
Total	12,614,617	12,031,623

8. Training Expenses

	2014/2015	2013/2014
	Kshs	Kshs
a) Staff Training expenses	1,392,074	3,116,925
b) Contracted professional services	3,914,324	10,330,359
c) Hire of training facility	15,075,883	7,361,472
Total	20,382,281	20,808,756

9. Maintenance Costs

	2014/2015	2013/2014
	Kshs	Kshs
a) Motor Vehicles	3,297,152	3,808,042
b) Other assets	682,454	442,884
Total	3,979,606	4,250,926

10. Cash and cash equivalent

	2014/2015	2013/2014
	Kshs	Kshs
Cash on hand	218,082	53,794
KCB-A/C 1103199439	112,801,394	37,822,192
EQUITY-A/C 0180296330592	12,878,864	13,731,494
Total	<u>125,898,340</u>	<u>51,607,480</u>

11. Trade and other receivables

	2014/2015	2013/2014
	Kshs	Kshs
Imprest debtors	256,942	462,826
Staff Advances	563,095	324,926
ADCA Account	2,044,203	-
Other receivables	1,220,137	1,292,361
Prepayments	4,967,914	6,004,928
Provision for doubtful debt	(1,040,596)	(1,040,596)
Total	<u>8,011,695</u>	<u>7,044,445</u>

12. FIXED ASSETS SCHEDULE AS AT 30 JUNE 2015

	Motor Vehicles Kshs	Furniture & Fittings Kshs	Computers & accessories Kshs	Equipment (Kshs.)	Total (Kshs.)
Cost at 1 July 2013	57,693,135	12,547,384	25,887,872	14,970,696	111,099,087
Additions	-	317,070	115,654	49,995	482,719
Cost at 30 June 2014	57,693,135	12,864,454	26,003,526	15,020,691	111,581,806
Additions	-	397,850	331,760	42,920	772,530
Cost: at 30 June 2015	57,693,135	13,262,304	26,335,286	15,063,611	112,354,336
Depreciation					
At 1 July 2013	35,119,254	3,641,326	17,376,120	10,891,730	67,028,430
Depreciation	5,643,470	1,152,891	2,588,222	1,238,688	10,623,271
Depreciation					
At 30 June 2014	40,762,724	4,794,217	19,964,342	12,130,418	77,651,701
Depreciation	4,232,603	1,008,780	1,911,283	879,958	8,032,624
Depreciation					
At 30 June 2015	44,995,327	5,802,997	21,875,625	1,3010,376	85,684,325
Net book value as					
At 30.06.15	12,697,808	7,459,307	4,459,661	2,053,235	26,670,011
Net book value as					
At 30.06.14	16,930,411	8,070,237	6,039,184	2,890,273	33,930,105

13. Accounts payables

	2014/2015 Kshs	2013/2014 Kshs
VAT	883,519	605,168
P A Y E	2,044,203	421,847
Subscription fees	92,179	92,179
Motor vehicle repairs	338,595	162,266
Consultancy fees	180,900	615,005
Telkom (K) Ltd	56,500	36,417
Ministry of Nairobi Metropolitan	380,600	380,600
Universal Cabs	224,200	0
Alcoholic Drinks Control Fund	136,670	34,670

Apex Communications Ltd	1,000,000	1,000,000
People Media Group	568,400	568,400
The Standard Group	698,320	698,320
Capital FM	580,000	580,000
Family Media Group	440,800	440,800
Natron Media Group	1,957,920	1,957,920
Staff dues	678,530	115,561
Safaricom Ltd	17,700	77,867
Kenya Bureau of Standards	813,544	363,544
The Star	440,000	440,000
One Way Cleaning Services	1,232,057	321,067
NSSF	-	1,302,212
Mustek East Africa	-	23,374
Peak Destiny International	-	80,000
Ediface Enterprises	-	28,200
Kenya National Audit Office	580,000	580,000
Kenya Pipeline	272,125	272,125
Direct deposits	212,710	184,209
Afnca General Entertainment	-	49,170
Kenya National Library Services	813,949	-
Eldoret Polytechnic	420,000	-
Kenya School of Government	156,600	-
Tom Mboya Labour College	464,158	-
Examination Body	135,218	-
MFI Office solution	80,666	-
Originelle restaurant	44,970	-
Pillar Audio Visual Services	25,520	-
Money web	42,920	-
Arc Hotel Egerton University	745,200	-
Columbus Printing Ltd	1,320,000	-
3 rd National Conference	-	278,000
Board Allowances unpaid	460,000	-
TOTAL	18,538,673	11,708,921

14. Government Grant

Name of the entity sending the Fund	Amount recognized to statement of comprehensive Income	Amount Deferred	TOTAL Kshs 2015	TOTAL Kshs 2014
Ministry of Interior	225,026,800	90,000,000	315,026,800	225,517,440
Ministry of Interior	225,517,440	-		

Related Parties

NACADA regards Senior Management and the Board of Directors as related party as they have ability to exert controls individually or jointly, or to exercise significant influence over the Authority, or vice versa

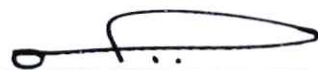
RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties	Kshs	Kshs
(i) Key management compensation		
Salaries and other short term employment benefits	29,987,899	27,654,856
	=====	=====
(ii) Board remuneration		
Transactions with related parties	12,614,617	12,031,623
	=====	=====
(iii) GOK Grants		
	315,026,800	225,517,440
	=====	=====

IV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
G.O.K Fund Financial Statements of 2013/2014	As reported in 2012/2013, a former National Coordinator was paid gratuity totalling Kshs 4,186,488 based on a basic salary of Kshs 3,201,432 per annum plus a house allowance of Kshs 985,056 following expiry of a three year contract. However, the contract agreement between the Coordinator and the Authority provided for gratuity to be calculated on the basis of 31% of the basic salary only, which therefore amounted to Kshs 3,201,432. There was therefore an overpayment of Kshs 986,056 in respect of gratuity paid to the Coordinator. Further, additional information shows that the Coordinator was paid a top-up allowance of Kshs.920,520 during the same year contrary to the agreement. Although the matter of overpayment totalling Kshs 1,905,576 is before court vide industrial Cause No. 1097 of 2014, the outcome is uncertain.	Management is still following the matter to ensure that its disposed off as quick as possible	Senior Finance Officer	Not resolved	1 year



Dr. William N. Okedi, HSC
Chief Executive Officer

Date: 7/12/2015

Hon. John Mututho, EBS
Chairman of the Board

Date:

LEGAL
To Be Published on... 26/02/2016
Send for Publication on... 24/02/2016
By [Signature]

LEGAL NOTICE NO.....

THE MERCHANT SHIPPING ACT, 2009
(NO. 4 of 2009)

MERCHANT SHIPPING (MINIMUM SAFE MANNING) REGULATIONS, 2016

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Paper laid by the Majority Party Whip on 9/3/2016 (pm)



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THE MERCHANT SHIPPING ACT, 2009
(NO. 4 of 2009)

IN EXERCISE of the powers conferred by section 450 of the Merchant Shipping Act, the Cabinet Secretary for Transport and Infrastructure makes the following Regulations –

THE MERCHANT SHIPPING (MINIMUM SAFE MANNING) REGULATIONS, 2016

Citation and Commencement.

1. These Regulations may be cited as the Merchant Shipping (Safe Manning) Regulations, 2016.

Interpretation.

2. In these Regulations unless the context otherwise requires-

‘administration’ means the Government of the Party whose flag the ship is entitled to fly;

‘Authority’ means the Kenya Maritime Authority;

‘Company’ means the owner of a ship and includes the manager, or the bareboat charterer or any other person or organization, who has assumed the responsibility for operation of the ship from the shipowner and who, and agreed to take over all the duties and responsibilities imposed on the company by these regulations;

‘Organisation’ means the International Maritime Organization;

‘STCW Code’ means the Seafarers’ Training, Certification and Watchkeeping (STCW) Code adopted by the 1995 Conference Resolution 2, as it may be amended from time to time by the International Maritime Organization;

‘Training and Certification regulations’ means the relevant regulations relating to seafarer training and certification currently in force.

Application

3. Unless expressly provided otherwise, these Regulations shall apply to-

(a) Kenyan ships wherever they may be;

(b) foreign ships within the territory of Kenya;
except-

- (i) warships, naval auxiliaries or other ships owned or operated by a State and engaged only on governmental non-commercial service;
- (ii) fishing vessels;
- (iii) pleasure yachts not engaged in trade

Exemptions.

4. The Director-General may grant, on such terms, if any, as he may specify, exemptions from all or any provisions of these Regulations for classes of cases or individual cases.

Ship Manning.

5. (1) A ship shall be sufficiently and efficiently manned.

(2) The Authority shall issue the minimum safe manning document set out in the First Schedule to every ship of 500GT or more as evidence of compliance with sub-regulation (1).

(3) It shall be the duty of the company after the issue of a minimum safe manning document to inform the Authority as soon as any of the circumstances which are pertinent to that minimum safe manning document change, for the purpose of enabling the Authority to review the document's continuing validity or approve fresh proposals from the Company.

(4) The Company shall ensure that every ship of 500 GT or more-

- (a) has a safe manning document is in force in respect of the ship;
- (b) has the safe manning document is kept on board the ship at all times; and
- (c) the manning of the ship is maintained at all times to at least the levels specified in the minimum safe manning document.

(5) A master of a ship shall ensure that the ship does not go to sea unless-

- (a) there is on board and in force in respect of the ship a valid minimum safe manning document; and

(b) the manning of the ship complies with minimum safe manning document.

Application for safe manning document.

6. (1) The Company shall prepare and submit to the Authority a proposal for the minimum safe manning based upon the assessment of the numbers and grades or capacities in the ship's complement required for its safe operation, for its security and for protection of the marine environment, justifying the proposal by explaining how the proposed ship's complement will deal with emergency situations, including the evacuation of passengers, where necessary.

(2) In preparing proposals under sub regulation (1) the company shall take into account the Principle of Minimum Safe Manning as may be adopted by the Organisation.

(3) A proposal for the minimum safe manning of a ship submitted by a company to the Authority shall be evaluated by the Authority in accordance with Principle of Minimum Safe Manning as may be adopted by the Organisation.

Responsibilities of companies, masters and crew members.

7. (1) Companies shall be held responsible for the assignment of seafarers for service on their ships.

(2) Companies, masters and crew members each have responsibility for ensuring that:

- (a) the obligations set out in these regulations are fully implemented; and
- (b) such other measures as may be necessary are taken to ensure that each crew member can make a knowledgeable and informed contribution to the safe operation of the ship.

(3) A Company shall ensure that-

- (a) each seafarer assigned to any of its ships holds an appropriate certificate in respect of any function he is to perform on that ship;
- (b) all masters, officers and radio operators holding certificates issued by foreign countries in accordance with Chapters II, III, IV or regulations V/1-1 or V/1-2 of the STCW Convention shall also have valid "recognition endorsement" issued by the Authority or proof that application for the recognition endorsement

have been received by the Authority;

- (c) its ships are manned in compliance with these regulations;
- (d) seafarers assigned to any of its ships have received refresher and updating training as required by the relevant training and certification regulations;
- (e) documentation and data relevant to all seafarers employed on its ships are maintained and readily accessible, and include, without being limited to, documentation and data on their experience, training, medical fitness and competency in assigned duties;
- (f) seafarers, on being assigned to any of its ships, are familiarized with their specific duties and with all ship arrangements, installations, equipment, procedures and ship characteristics that are relevant to their routine or emergency duties;
- (g) the ship's complement can effectively coordinate their activities in an emergency situation and in performing functions vital to safety, security and to the prevention or mitigation of pollution; and
- (h) at all times on board its ships there shall be effective oral communication in accordance with these Regulations.

(4) Nothing in sub-regulation (3) shall prohibit the allocation of tasks for training under supervision or in case of *force majeure*.

Company policies and procedures

8. (1) The Company shall provide written instructions to the master of each of its ships setting out the policies and the procedures to be followed to ensure that all seamen who are newly employed on board the ship are given a reasonable opportunity to become familiar with the shipboard equipment, operating procedures and other arrangements needed for the proper performance of their duties, before being assigned to those duties.

(2) The policies and procedures referred to in sub-regulation 1 shall include-

- (a) allocation of a reasonable period of time during which each newly employed seaman will have an opportunity to become acquainted with;

- (b) the specific equipment the seaman will be using or operating;
- (c) ship-specific watchkeeping, safety, environmental protection and emergency procedures and arrangements the seafarer needs to know to perform the assigned duties properly; and
- (d) designation of a knowledgeable crew member who will be responsible for ensuring that an opportunity is provided to each newly employed seaman to receive essential information in a language the seaman understands.

Familiarization
training

9. (1) Companies shall ensure that masters, officers and other personnel assigned specific duties and responsibilities onboard their ro-ro passenger ships shall have completed familiarization training to attain the abilities that are appropriate to the capacity to be filled and duties and responsibilities to be taken up.

(2) Before being assigned to shipboard duties, all persons employed or engaged on a seagoing ship, other than passengers, shall receive approved familiarization training in personal survival techniques or receive sufficient information and instruction to be able to-

- (a) communicate with other persons on board on elementary safety matters and understand safety information symbols, signs and alarm signals;
- (b) know what to do if-
 - (i) a person falls overboard;
 - (ii) fire or smoke is detected; or
 - (iii) the fire or abandon ship alarm is sounded;
- (c) identify muster and embarkation stations and emergency escape routes;
- (d) locate and wear lifejackets;
- (e) raise the alarm and have basic knowledge of the use of portable fire extinguishers;

(f) take immediate action upon encountering an accident or other medical emergency before seeking further medical assistance on board; and

(g) close and open the fire, weathertight and watertight doors fitted in the particular ship other than those for hull openings.

(3) Before being assigned to shipboard duties, all persons employed or engaged on a seagoing ship which is required to comply with the provisions of the ISPS Code, other than passengers, shall receive approved security-related familiarization training to be able to-

(a) report a security incident, including a piracy or armed robbery threat or attack;

(b) know the procedures to follow when they recognize a security threat; and

(c) take part in security-related emergency and contingency procedures

(4) Seafarers with designated security duties engaged or employed on a seagoing ship shall, before being assigned such duties, receive security-related familiarization training in their assigned duties and responsibilities.

(5) The security-related familiarization training shall be conducted by the ship security officer or an equally qualified person.

Working language.

10. (1) A working language shall be established on all ships and recorded in the official log- book.

(2) The company or the master, as appropriate, shall determine the appropriate working language.

(3) Each seafarer shall be required to understand and, where appropriate, give orders and instructions and to report back in that language.

(4) For a Kenyan ship, if the working language is not English, all plans and lists required to be posted shall include a translation into the working language.

(5) On all ships, English shall be used on the bridge as the

working language for bridge-to-bridge and bridge-to-shore safety communications as well as for communications on-board between the pilot and bridge watchkeeping personnel, unless those directly involved in the communication speak a common language other than English.

Fitness for duty.

11. (1) Every Company, and every employer shall-

- (a) establish and enforce rest periods for watchkeeping personnel and those whose duties involve designated safety, security and prevention of pollution duties in accordance with sub-regulations (2) and (3); and
- (b) adopt watch systems so arranged that the efficiency of all watchkeeping personnel is not impaired by fatigue and that duties are so organized that the first watch at the commencement of a voyage and subsequent relieving watches are sufficiently rested and otherwise fit for duty.

(2) All persons who are assigned duty as officer in charge of a watch or as a rating forming part of a watch and those whose duties involve designated safety, prevention of pollution and security duties shall be provided with a rest period of not less than-

- (a) a minimum of ten hours of rest in any twenty-four-hour period; and
- (b) seventy-seven hours in any seven day period.

(3) The hours of rest may be divided into no more than two periods, one of which shall be at least six hours in length, and the intervals between consecutive periods of rest shall not exceed fourteen hours.

(4) The requirements for rest periods laid down in sub-regulations (2) and (3) need not be maintained in the case of an emergency or in other overriding operational conditions. Musters, fire-fighting and lifeboat drills, and drills prescribed by national laws and regulations and by international instruments, shall be conducted in a manner that minimizes the disturbance of rest periods and does not induce fatigue.

(5) The Company shall post watch schedules where they are easily accessible and the schedules shall be set out in a standardized format prescribed in the Second Schedule, in the working language or languages of the ship and in English.

(6) When a seafarer is on call, such as when a machinery space is unattended, the seafarer shall have an adequate compensatory rest period if the normal period of rest is disturbed by call-outs to work.

(7) Companies shall maintain records of daily hours of rest of seafarers in a standardized format prescribed in Second Schedule, in the working language or languages of the ship and in English, to allow monitoring and verification of compliance with the provisions of this section and the seafarers shall receive a copy of the records pertaining to them, which shall be endorsed by the master or by a person authorized by the master and by the seafarers.

(8) Nothing in this regulation shall be deemed to impair the right of the master of a ship to require a seafarer to perform any hours of work necessary for the immediate safety of the ship, persons on board or cargo, or for the purpose of giving assistance to other ships or persons in distress at sea, and accordingly, the Master may suspend the schedule of hours of rest and require a seafarer to perform any hours of work necessary until the normal situation has been restored, and as soon as practicable after the normal situation has been restored, the master shall ensure that any seafarers who have performed work in a scheduled rest period are provided with an adequate period of rest.

(9) The Authority may allow exceptions from the required hours of rest in sub-regulations (2) and (3), provided that the rest period is not less than seventy hours in any seven-day period.

(10) Exceptions from the weekly rest period provided for in sub-regulation (9) shall not be allowed for more than two consecutive weeks. The intervals between two periods of exceptions on board shall not be less than twice the duration of the exception.

(11) The hours of rest provided for in sub-regulation (2) may be divided into not more than three periods, one of which shall be at least six hours in length and neither of the other two periods shall be less than one hour in length, with intervals between consecutive periods of rest not exceeding fourteen hours, and exceptions shall not extend beyond two twenty-four hour periods in any seven-day period.

Preventing drug and alcohol abuse.

12. (1) Companies shall implement on-board a clearly written policy of drug and alcohol abuse prevention.

(2) Consumption of alcohol within four hours prior to serving as a member of a watch shall be prohibited.

(3) Masters, officers and other seafarers shall not exceed a limit of 0.05% blood alcohol level (BAC) or 0.25 mg/l alcohol in the breath or a quantity of alcohol leading to such alcohol concentration while performing designated safety, security and marine environmental duties.

Watch keeping arrangements and principles to be observed.

13. (1) Companies, masters, chief engineer officers and all watch keeping personnel shall ensure requirements, principles and guidance set out in the STCW Code are observed during maintenance of watch or watches appropriate to the prevailing circumstances and conditions on all seagoing ships at all times.

(2) The master of every ship shall ensure that watch keeping arrangements are adequate for maintaining a safe watch or watches, taking into account the prevailing circumstances and conditions and that, under the master's general direction-

- (a) officers in charge of the navigational watch are responsible for navigating the ship safely during their periods of duty, when they shall be physically present on the navigating bridge or in a directly associated location such as the chartroom or bridge control room at all times;
- (b) radio operators are responsible for maintaining a continuous radio watch on appropriate frequencies during their periods of duty;
- (c) officers in charge of an engineering watch, as defined in the STCW Code, under the direction of the chief engineer officer, shall be immediately available and on call to attend the machinery spaces and, when required, shall be physically present in the machinery space during their periods of responsibility;
- (d) an appropriate and effective watch or watches are maintained for the purpose of safety at all times, while the ship is at anchor or moored and, if the ship is carrying hazardous cargo, the organization of such watch or watches takes full account of the nature, quantity, packing and stowage of the hazardous cargo and of any special conditions prevailing on board, afloat or ashore; and
- (e) as applicable, an appropriate and effective watch or

watches are maintained for the purposes of security.

Carriage of documents.

14. Without prejudice to regulation 5, the Company and the Master shall ensure that there are carried at all times on board ship all original certificates and other documents issued pursuant to the STCW Convention indicating the qualification of any member of the crew to perform the functions which they are required to perform aboard ship in the course of their designated duties.

Control of foreign ships.

15. Foreign ships while in the ports or territory of Kenya shall be subject to control by the inspector in accordance with regulation 16.

Control procedure.

16. (1) Control exercised by the inspector shall be limited to-

- (a) verification that all seafarers serving on board a ship who are required to be certificated in accordance with the Convention hold an appropriate certificate or a valid dispensation, or provide documentary proof that an application for an endorsement has been submitted to the Administration and such a certificate shall be accepted unless there are clear grounds for believing that it has been fraudulently obtained or that the holder is not the person to whom it was originally issued;
- (b) verification that the numbers and certificates of the seafarers serving on board are in conformity with the applicable safe manning requirements of the Administration; and
- (c) assessment, in accordance with STCW Code, of the ability of the seafarers of the ship to maintain watch keeping and security standards, as appropriate, as required by the STCW Convention if there are clear grounds for believing that such standards are not being maintained because any of the following have occurred-
 - (i) the ship has been involved in a collision, grounding or stranding; or
 - (ii) there has been a discharge of substances from the ship when under way, at anchor or at berth which is illegal under any international convention, or

(iii) the ship has been maneuvered in an erratic or unsafe manner whereby routing measures adopted by the Organization or safe navigation practices and procedures have not been followed; or

(iv) the ship is otherwise being operated in such a manner as to pose a danger to persons, property, the environment, or a compromise to security.

(2) Deficiencies which are deemed to pose a danger to persons, property or the environment include the following-

(a) failure of seafarers to hold a certificate, to have an appropriate certificate, to have a valid dispensation or to provide documentary proof that an application for an endorsement has been submitted to the Administration;

(b) failure to comply with the applicable safe manning requirements of the Administration;

(c) failure of navigational or engineering watch arrangements to conform to the requirements specified for the ship by the Administration;

(d) absence in a watch of a person qualified to operate equipment essential to safe navigation, safety radio communications or the prevention of marine pollution; and

(e) inability to provide, for the first watch at the commencement of a voyage and for subsequent relieving watches, persons who are sufficiently rested and otherwise fit for duty.

Power to detain.

17. Failure to correct any of the deficiencies referred to in sub-regulation 16(2), insofar as it has been determined by the Authority that they pose a danger to persons, property or the environment, shall be the only grounds on which the Authority shall detain a ship.

Offences, penalties and defences.

18. (1) Any Company in contravention of these regulations commits an offence and shall be liable upon conviction to a fine not exceeding one hundred, or in the case of an individual, to imprisonment not exceeding six months, or both;

(2) A person who commits an offence in terms of sub-

regulation (4) is liable on conviction to a fine of fifty thousand shillings or to imprisonment for a period not exceeding six months, or both.

(3) In proceedings for an offence in terms of this regulation it is a defence to prove that the accused took reasonable precautions and exercised due diligence to avoid committing the offence.

(4) In proceedings for an offence in terms of this regulation consisting of a failure to comply with a duty or requirement to do something so far as is reasonably practicable, it shall be for the accused to prove that it was not reasonably practicable to do more than what was in fact done to satisfy the duty or requirement.

Director General may impose penalty upon admission of guilt.

19. (1) If any person –

- (a) admits to the Director-General that he has contravened any provision of these regulations or Act, or that he has failed to comply with any such provision with which it was his duty to comply; and
- (b) agrees to abide by the decision of the Director-General; and
- (c) deposits with the Authority such sum as may be required of him, but not exceeding the maximum fine which may be imposed upon a conviction for the contravention or failure in question,

the Director-General may, after such enquiry as deems necessary, determine the matter summarily and may, without legal proceedings, order by way of penalty the whole or any part of the said deposit to be forfeited.

(2) The imposition of a penalty under sub-regulation (1) shall be deemed to be a conviction of a criminal offence, but no prosecution for the relative offence shall thereafter be competent.

(3) Nothing in this regulation shall in any way affect liability to forfeiture of ships, shares therein or cargo.

Revocation of L.N.
..... of 2014.

20. The Merchant Shipping (Safe Manning) Regulations, 2014 are revoked.

FIRST SCHEDULE

(R. 5(2))

Form 1

Number

MINIMUM SAFE MANNING DOCUMENT



Issued under the provisions of regulation V/14 of the INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1974, as amended under the authority of the Government of KENYA by KENYA MARITIME AUTHORITY

Particulars of the ship:

Table with 4 columns: Name of Ship, Port of Registry, IMO Number, Official Number; Gross Tonnage, Main Propulsion Power - (KW), Type of Ship, Call Sign; Operating Company.

Periodically unattended machinery space: Yes/No
Trading Area:

The ship named in this document is to be considered to be safely manned, if, when it proceeds to sea, it carries not less than the number and grades/capacities of personnel specified in the table below, subject to any attached conditions.

Table with 3 columns: GRADE/CAPACITY, Certificate (STCW regulation), Number of Persons

Special requirements or conditions if any:

Issued at..... on Day of 20.....

REGISTRAR OF KENYAN SHIPS AND SEAFARERS

SECOND SCHEDULE

Form 1

FORMAT OF SHIPBOARD WATCH SCHEDULES

(R. 11(5))



THE REPUBLIC OF KENYA
KENYA MARITIME AUTHORITY
MERCHANT SHIPPING (MINIMUM SAFE MANNING) REGULATIONS, 2016

TABLE OF SHIPBOARD WORKING ARRANGEMENTS

Name of Ship: _____ Flag of Ship: _____ IMO Number: _____
Last updated: _____

The minimum hours of rest are applicable in accordance with the Merchant Shipping (Maritime Labour) Regulations, 2014 and with any applicable collective agreement registered or authorized in accordance with that convention and the STCW 1978, as amended.

Minimum Hours of Rest: Minimum Hours of Rest shall not be less than (i) 10 hours in any 24-hour period; and (ii) 77 hours in any 7-day period. _____

Other Requirements: _____

Position / Rank 1	Schedule Daily Work Hours at Sea		Schedule Daily Work Hours in Port		Comments	Total Daily Rest Hours	
	Watch keeping (from-to)	Non - Watching Duties (from - to)	Watch keeping (from-to)	Non - Watching Duties (from - to)		At Sea	In Port

Signature of Master _____

Dated the 22ND FEBRUARY , 2016.

A handwritten signature in black ink, consisting of several overlapping, slanted strokes that form a stylized, somewhat abstract representation of the name James Macharia.

JAMES MACHARIA,
Cabinet Secretary for Transport and Infrastructure.

THE STATUTORY INSTRUMENTS ACT, Act No. 23 of 2013
(SCHEDULE s. 8)

**EXPLANATORY MEMORANDUM TO THE MERCHANT SHIPPING (SAFE
MANNING) REGULATIONS, 2016**

Year No. 2016

PART I

Name of the Statutory Instrument:

Merchant Shipping (Safe Manning) Regulations, 2016 (the Regulations)

Name of the Parent Act:

Merchant Shipping Act, Revised Edition 2012 (2009)

Enacted Pursuant to:

Section 170 read together with Section 450 of the Merchant Shipping Act, Revised Edition 2012 (2009)

Name of the Ministry/ Department:

Ministry of Transport and Infrastructure

Gazetted on:.....

Tabled on:.....

PART II

1. Purpose of the Statutory instrument:

- 1.1 The purpose of the Regulations is to establish the minimum number of seafarers required to work as part of the ship's complement on Kenyan ships of various types and sizes. Safe manning is a function of the number of qualified and experienced seafarers necessary for the safety of the ship, crew, passengers, cargo and property and for the protection of the marine environment. Given the fact that seafarers have to work

twenty-four hours a day, the Regulations allocate a minimum number of seafarers that should work on board certain types and sizes of ships to ensure that all members of the ship's crew have a right to the prescribed minimum hours or rest or maximum number of hours of work in order to achieve and maintain continued efficiency in the operation of the ship to ensure its safety.

2. Legislative Context

- 2.1** The regulations are intended to domesticate in Kenya the standards for watchkeeping for seafarers espoused in the International Convention on the Standards for Training, Certification and Watchkeeping for Seafarers, 1978 as amended, and the International Labour Organization's Maritime Labour Convention, 2006. As a member of both the International Maritime Organization and the International Labour Organization, Kenya is under an obligation to develop and adopt laws to implement the principles of minimum safe manning in Kenya. The enactment of the Regulations satisfies Kenya's obligation in this regard.

3. Policy Background

- 3.1** Under Part 6.8 of the Kenya Integrated National Transport Policy, 2009, the policy maker takes cognizance of the fact that the efficiency of manning legislation and administrative procedures are critical issues that ship owners evaluate in choosing an appropriate register under which to operate their vessels. Kenya is moving towards the establishment of an Open Registry of ships. The enactment of the Regulations is one of the mechanisms adopted by the Government of Kenya to attract shipowners to register their ships in the Kenya ship register.

Secondly, taking cognizance of the fact that the majority of shipping accidents are a result of human error resulting from among other things, exhaustion, it was deemed important to enact a law to regulate the number of minimum seafarers that should be employed on various types of ships to ensure their safe navigation. The implementation and enforcement of Regulations will ensure safety of navigation of Kenyan ships wherever they may be.

- 3.2 Consolidation:** In 2012, the Minister for Transport (as it then were) enacted the Merchant Shipping Regulations, 2012. In 2010, the International Maritime

Organizations undertook a significant review of the International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in Manila, the Philippines (the Manila Amendments). The Manila amendments came into effect from 1st January 2014 and are applicable to ships registered in all member States of the International Maritime Organization. As a result, a need was identified to amend the 2014 Safe Manning Regulations to align them with the Manila Amendments to ensure that Kenyan seafarers benefit from the benefits conferred on seafarers by the Manila Amendments. These regulations thus consolidate the Merchant Shipping (Safe Manning) Regulations, 2014 and the Manila amendments to the International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended.

4. Consultation outcome

4.1 The Cabinet Secretary of Transport and Infrastructure through the Kenya Maritime Authority, the maritime administration in Kenya conducted both sensitization and consultation meetings with the following groups of people to ensure public participation in the making of the Regulations-

- (a) members of the Seafarers Union of Kenya, the seafarers labour union in Kenya;
- (b) the registered shipowners in Kenya; and
- (c) members of the Kenya Ship Agent's Association, as representatives of the owners of foreign ships calling at Kenyan ports.

5. Guidance

5.1 The implementing agency, the Kenya Maritime Authority, with technical support from the International Maritime Organization held a stakeholder's sensitization and awareness creation workshop for the relevant stakeholders on the Regulations. The officers who inspect ships to ensure compliance with the safe manning standards set out in the Regulations are also sensitized and trained on a regular basis to ensure that they are up to date with the changes introduced under the Regulations to ensure their effective implementation.

6. Impact

6.1 The impact on Fundamental Rights and Freedoms: The regulations assure the seafarers' right to work in favourable conditions thus assuring their human dignity at

their place of work. The provisions of the regulations do not in any way violate the provisions of Chapter 4 of the Constitution.

6.2 The impact on the Private Sector: The Regulations do not introduce any additional financial obligations on shipowners. They ensure that there is in place a legal mechanism for risk management for ship owners by ensuring that risks that may accrue from accidents caused by human error are avoided. This translates to safety of navigation of ships and effectively the safety of life and property at sea and protection of marine environment as accidents will be avoided if the Regulations are fully implemented.

6.3 The impact on the public sector: The Regulations provide a legal basis for effective implementation and enforcement of safe manning requirements on board Kenyan ships and foreign ships while they are within a port in Kenya.

6.4 An impact assessment is attached to this memorandum or an impact assessment has not been prepared for this statutory instrument

An impact assessment has not been prepared for this statutory instrument because the Regulations do not have a direct, or a substantial effect on business and neither does they in any way restrict competition.

7. Monitoring and review

7.1 The regulations will be reviewed at any point when the International Maritime Organization undertakes a significant review of the International Convention on the Standards for Training, Certification and Watchkeeping for Seafarers, 1978 as amended by a Conference of State Parties. Since the adoption of the International Convention on the Standards for Training, Certification and Watchkeeping for Seafarers, 1978 in 1978, there have been two member conferences, in 1995 and in 2010. In any event, should a need to review be identified in case of emerging trends in the sector, the Cabinet Secretary for the time being responsible for shipping will amend the regulations as appropriate.

Implementation of the Regulations is monitored through conduct of port state and flag state ship inspections which are conducted by officers from Kenya Maritime Authority at least once every year.

8. Contact

In the event there is a need for clarification of any provisions of the regulations to which this Memorandum relate, please contact-

The Director-General

Kenya Maritime Authority

P.O. Box 95076-80104

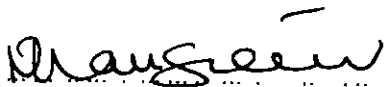
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Prepared By:



Joan

JAMES MACHARIA

CABINET SECRETARY FOR TRANSPORT AND INFRASTRUCTURE

THIS ^{7th}.....DAY OF *March*.....2016