

REPUBLIC OF KENYA



*PAPER LAID*  
*By the leader of*  
*majority party*  
*Hon. Aden Duale*

OFFICE OF THE AUDITOR-GENERAL

*on Tuesday*  
*14.3.2017*  
*[Signature]*

PARLIAMENT  
OF KENYA  
LIBRARY

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 2016



NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2016

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



|      |   |    |
|------|---|----|
| I.   | KEY INFORMATION AND MANAGEMENT .....            | 2  |
| II.  | CHAIRMAN'S STATEMENT .....                      | 5  |
| III. | REPORT OF THE CHIEF EXECUTIVE OFFICER .....     | 6  |
| IV.  | CORPORATE GOVERNANCE STATEMENT .....            | 10 |
| V.   | CORPORATE SOCIAL RESPONSIBILITY STATEMENT ..... | 11 |
| VI.  | REPORT OF THE DIRECTORS .....                   | 12 |
| VII. | STATEMENT OF DIRECTORS' RESPONSIBILITIES .....  | 13 |

## 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 19<sup>th</sup> May 2006.

In 2007, through Legal Notice No. 140 published in the Kenya Gazette Supplement No. 70 of 29<sup>th</sup> 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. Mrs. Gladys Nasieku Tarayia (Representing Legal interests) – Vice Chair
4. Mr. Mohamed Barre (Representing PS - Interior)
5. Mrs Anne Mugō (Representing PS - Treasury)
6. Dr. Kepha Ombacho (Representing PS - Health)
7. Mr. Mohammed Mwinyipembe (Representing PS - Education)
8. Mr. Mathias Wanyela (Representing Kenya Scouts Association)
9. Mr. Sheikh Juma Ngao (Representing Muslim religious interests)
10. Rev. Dr. Wilfred Kogo (Representing Christian religious interests)
11. Mr. Charles Kanyi (Representing Youth interests)
12. Rev. Dr. 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

1. Dr. William N. Okedi - Chief Executive officer
2. Mr. Enoch N. Onchwari- Director, Finance & Administration
3. Prof. John Muteti – Director, Research and Policy Development
4. Mr. John Muturi - Manager, Public Education and Advocacy
5. Ms Olivia Rachier – Corporation Secretary
6. Mrs Grace Otieno - Manager, Policy & Planning
7. Ms. Judith Twala - Manager, Regulatory Services
8. Mr. Zeka Wekesa - Manager Communication & Documentation
9. Ms. Evelyne Kangogo – Manager, Human Resource

**(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. Dr. Wilfred Kogo
6. Mr. Mohammed Barre

**Finance Board Committee**

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

**Staff & Welfare Committee**

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

**Technical Board Committee**

1. Rev. Dr. 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, 18<sup>th</sup> Floor  
P.O. Box 10774-00100 GPO  
Nairobi, KENYA

**(g) Authority's Contacts**

Telephone: (254) 0202 2721994  
E-mail: [info@nacada.go.ke](mailto:info@nacada.go.ke)  
Website: [www.nacada.go.ke](http://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 30<sup>th</sup> June 2016 based on prudence in judgement in accordance with the International Public Sector Accounting Standards (IPSAS).

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

**Committees of the Board**

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

Chairman:.....

Date: 24<sup>th</sup> Jan - 2017

### 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 2015-2019:

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

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

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 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. A unit has also been operationalized at headquarters to support Lower Eastern and North Eastern cluster countries.

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

##### (i) *Youth and children ADA prevention programs*

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 2016 anti-ADA theme in the Drama and Music festivals. Towards this, NACADA had remitted a total of Kshs. 8,300,000 to the Ministry of Education in the 1st quarter of FY-2015/16 towards sponsorship of the 2015 anti-ADA theme in the Drama and Music festivals. The anti-drug abuse message was disseminated through the artistic pieces on show at the festival from ECDE, Primary, Secondary, TTCs, TTIs and Universities from across the country.

The Authority also trained selected teachers/ school health educators from Central, Nyanza, Nairobi, Eastern, North Rift and Coast regions on life skills programme. In addition, the Authority facilitated a number of public lectures in Laikipia University, Maseno University, Kaimosi Teachers Training College, Kibabii University, Pwani University, Maasai Mara University, Zetech University and Egerton University among others. Finally, in the reporting period, the Authority supported twelve (12) youth tournaments across the country.

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

During the reporting period, the Authority supported the development of evidence based preventive intervention programs in Central, Nyanza, North Rift, Coast, Nairobi and Eastern regions. This included the formation of county secretariats to drive the prevention science project in the six (6) regions.

In order to collaborate with county governments in sensitizing the public on ADA, the Authority participated in National Trade Fairs and ASK shows. During the period under review, the Authority exhibited in the following ASK shows: Kisumu ASK show, Nairobi ASK show, Nyeri ASK show, Mombasa ASK show, Kisii ASK show, Kakamega ASK show and Nakuru ASK show.

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 included the International Day Against Drug Abuse and Illicit Trafficking, International Youth Day, World Mental Health Day, Day of the African Child, World AIDS Day, Internal Day for Persons with Disability and World Cancer Day.

In the reporting period, the Authority collaborated with county governments to conduct public awareness campaigns through sensitization fora or barazas on ADA prevention. The beneficiary communities included Mukurweini, Nyeri and Mbogoni in Central; Kakamega, Busia and Kisumu; Tarakwa, Kipsinende, Cheptigit, Matharu and Muchorwe in North Rift; Kitui and Garissa; Kiambu and Mvita.

To support community based ADA prevention initiatives, the Authority continued collaborations with key institutions to mainstream drug prevention messages in their programs. In this regard, the Authority partnered with Kisii Scouts, Maseno University peer educators, Kibabii University peer educators, VCOs in Uasin Gishu, Kenya Marine and Fisheries Research Institute, GSU Embakasi and Kenya Scouts Association.

### **1.3 Strengthen collaboration with local and international partners on ADA programs;**

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 the National Inter-Agency Committee on Alcohol Management to conduct two 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 of County Governments to fully take up the devolved function of liquor licensing and drug control in their respective counties, the Authority trained the Alcoholic Drinks Control Boards of Nyamira, Kajiado, Kericho and Kitui counties. The Authority further facilitated quarterly County Inter-Agency Committee meeting in the 47 counties to identify challenges and formulate strategies to enhance coordination and effective responses to their local contexts.

Towards strengthening collaboration with local and international partners on ADA, the Authority held the 4<sup>th</sup> National ADA Conference at the Kenya School of Monetary Studies in March 2016 to review the global implementation of the '*Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem*'. The conference was organized in collaboration with the Open Society Foundation.

### **1.4 Facilitate the provision of evidence based quality and holistic treatment and rehabilitation programs for persons with substance use disorders in collaboration with county governments**

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 phase I, II and III 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 thirty (30) 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 continues to serve as the Kenya Certification Council for Addiction Professionals secretariat and supports its operations. Further, in the reporting period, the Authority validated guidelines on management of alcohol and drug abuse in the learning institutions.

### 1.5 Provide leadership on policy development and research coordination on matters pertaining to alcohol and drug abuse

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 to establish the status of alcohol and drug abuse among secondary school students in Kenya. The study was conducted in collaboration with the Ministry of Education, Kenya Institute of Curriculum Development (KICD), Kenya Education Management Institute (KEMI), Kenya Secondary School Heads Association (KSSHA), Kenya Union of Post Primary Education Teachers (KUPPET), Kenya Private School Association, Kenyatta University and University of Nairobi.

The Authority also conducted a baseline to determine the status of alcohol and drug abuse in Coast region in collaboration with the county governments of Kilifi, Mombasa, Kwale, Lamu, Taita Taveta and Tana River. This is part of an on-going community program on prevention science covering all the six (6) counties of Coast region. The Authority also supported the county governments of Uasin Gishu, Bomet, Lodwar and Kiambu to undertake ADA baseline surveys to facilitate them to implement evidence based programs.

In furtherance of support to academic research studies on ADA, the Authority has disbursed funds totalling to Ksh 1,500,000 to support five (5) PhD and five (5) Masters students undertaking ADA research during the reporting period. The summary of academic research studies is shown in Table 1 below.

**Table 1: 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 Kajiado County, Kenya  | Kenyatta University                                |
| 8.  | Masters   | Social- demographic, behavior and clinical determinants of hepatitis B sero-markers and genotypes in human   | Maseno University                                  |

| No. | Proposals | Proposal Title  | Affiliation           |
|-----|-----------|---|-----------------------|
|     |           | immunodeficiency virus-1 infected and uninfected injection drug users from Mombasa- Kenya |                       |
| 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 |

Towards strengthening policy development of ADA, the Authority developed the national drug control master plan and the national prevention, treatment and rehabilitation policy.

#### 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, 2016 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, 2016 are set out on page 14 to 18.

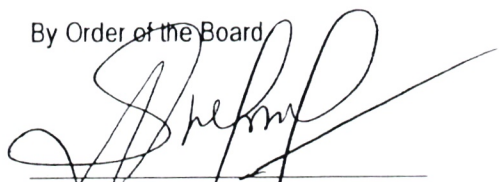
### Directors

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



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

## 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.

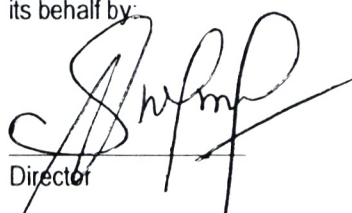
The Directors are responsible for the preparation and presentation of National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which give a true and fair view of the state of affairs of the National Authority for the Campaign Against Alcohol and Drug Abuse for and as at the end of the financial year (period) ended on June 30, 2016. 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.

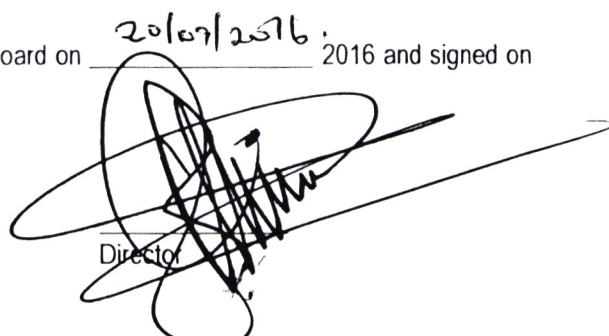
The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector 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, 2016, 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 20/07/2016 2016 and signed on its behalf by:

  
Director

  
Director

Date... 23/11/17

# REPUBLIC OF KENYA

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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 2016

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#### 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 14 to 27, which comprise the statement of financial position as at June 30 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### 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 the 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 47 of the Public Audit Act, 2015.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

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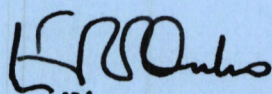
*Report of the Auditor-General on the Financial Statements of National Authority for the Campaign Against Alcohol and Drug Abuse for the year ended 30 June 2016*

the financial statements, whether due to fraud or error. In making those risk assessments, 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 National Authority for the Campaign Against Alcohol and Drug Abuse's internal control. An audit also includes evaluating the appropriateness of 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 audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Authority for the Campaign Against Alcohol and Drug Abuse as at 30 June, 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting (Accrual Basis) and the Public Finance Management Act 2012.



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

**Nairobi**

**14 February 2017**

**VIII. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2016**

|  | Notes | 2015/2016<br>Kshs   | 2014/2015<br>Kshs   |
|--|-------|---------------------|---------------------|
| <b>INCOME</b>                                |       |                     |                     |
| Recurrent Grants (non Exchange Transactions) | 14    | 142,324,464         | 225,026,800         |
| Other Income ( Exchange Transactions)        | 2     | 14,152,284          | 11,957,771          |
| <b>Total income</b>                          |       | <b>156,476,748</b>  | <b>236,984,571</b>  |
| <b>EXPENDITURES</b>                          |       |                     |                     |
| Staff costs                                  | 3     | 114,621,575         | 109,387,446         |
| Travelling costs                             | 4     | 10,047,400          | 31,741,438          |
| Campaign expenses                            | 5     | 4,343,259           | 26,621,755          |
| Administrative Expenses                      | 6     | 29,515,536          | 53,037,420          |
| Board expense                                | 7     | 8,091,835           | 12,614,617          |
| Training expenses                            | 8     | 4,760,290           | 20,382,281          |
| Maintenance costs                            | 9     | 2,791,562           | 3,979,606           |
| Audit fees                                   |       | 580,000             | 580,000             |
| Reimbursable                                 |       | 154,504             | -                   |
| Depreciation charge                          | 12    | 6,097,937           | 8,032,624           |
| <b>Total Expenditures</b>                    |       | <b>181,003,898</b>  | <b>266,377,187</b>  |
| <b>Surplus/Deficit</b>                       |       | <b>(24,527,150)</b> | <b>(29,392,616)</b> |

The notes set out on pages 19 to 27 form an integral part of the Financial Statements

**XII. STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2016**

|  | Notes | 2015/2016<br>Kshs  | 2014/2015<br>Kshs  |
|--|-------|--------------------|--------------------|
| <b>ASSETS</b>                                    |       |                    |                    |
| <b>Assets</b>                                    |       |                    |                    |
| <b>Current assets</b>                            |       |                    |                    |
| Cash and cash equivalents                        | 10    | 81,462,905         | 125,898,340        |
| Receivables (Exchange Transactions)              | 11    | 30,821,012         | 8,011,695          |
|  |       | <b>112,283,917</b> | <b>133,910,035</b> |
| <b>Non-current assets</b>                        |       |                    |                    |
| Property, plant and equipment                    | 12    | 20,696,083         | 26,670,011         |
| <b>Total assets</b>                              |       | <b>132,980,000</b> | <b>160,580,046</b> |
| <b>LIABILITIES</b>                               |       |                    |                    |
| <b>Reserves</b>                                  |       |                    |                    |
| Reserves   |       | 26,773,428         | 26,773,428         |
| Accumulated surplus                              |       | 80,900,357         | 115,267,945        |
| Trade and other payables (Exchange Transactions) | 13    | 25,306,215         | 18,538,673         |
| <b>Total net assets and liabilities</b>          |       | <b>132,980,000</b> | <b>160,580,046</b> |

The Financial Statements set out on pages 14 to 18 were signed on behalf of the Board of Directors by:



Mr. Victor G. Okioma  
 Ag. Chief Executive Officer  
 Date: 23/11/17



LT.Col.(RTD) Julius Nyub Githiri  
 Chairman of the Board  
 Date: 24 Jan 2017

**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2016**

|   | Capital           | Accumulated Reserves | Total              |
|---|-------------------|----------------------|--------------------|
|   | (Kshs.)           | (Kshs.)              | (Kshs.)            |
| <b>Balance B/Fwd. 01.07.2014</b>                | <b>26,773,428</b> | <b>54,099,681</b>    | <b>80,873,109</b>  |
| Understated Asset-ADCA Account                  |                   | 560,880              | 560,880            |
| Rehab establishment                             |                   | 90,000,000           | 90,000,000         |
| Surplus for the year                            |                   | (29,378,903)         | (29,378,903)       |
| <b>Balances B/Fwd .01.07.2015</b>               | <b>26,773,428</b> | <b>115,267,945</b>   | <b>142,041,373</b> |
| Rehab establishment                             |                   | (9,840,438)          | (9,840,438)        |
| Deficit for the year                            |                   | (24,527,150)         | (24,527,150)       |
| <b>Balances as at 30<sup>th</sup> June 2016</b> | <b>26,773,428</b> | <b>80,900,357</b>    | <b>107,673,785</b> |

## I. STATEMENT OF CASH FLOWS

| Note   | 2015-2016<br>Kshs   | 2014-2015<br>Kshs  |
|--|---------------------|--------------------|
| <b>Cash flows from operating activities</b>                  |                     |                    |
| <b>Receipts</b>  |                     |                    |
| Recurrent Grant (non Exchange Transaction)                   | 142,324,464         | 225,026,800        |
| Rehab Establishment Grant (non Exchange Transaction)         | (9,840,438)         | 90,000,000         |
| Other income, ( Exchange Transaction)                        | 14,152,284          | 11,957,771         |
| Profit on disposal of Fixed asset                            | -                   | -                  |
| Understated asset-ADCA Account                               | -                   | 560,880            |
| <b>Payments</b>  | <b>146,636,310</b>  | <b>327,545,451</b> |
| Compensation of employees                                    | 114,621,575         | 109,387,446        |
| Travelling Cost  | 10,047,400          | 31,741,438         |
| Campaign Cost  | 4,343,259           | 26,621,755         |
| Administrative cost  | 29,515,536          | 53,037,420         |
| Board Expenses   | 8,091,835           | 12,614,617         |
| Others Expenses-Reimbursable                                 | 154,504             | -                  |
| Audit fee  | 580,000             | 580,000            |
| Training Expenses  | 4,760,290           | 20,362,261         |
| Maintenance Cost   | 2,791,562           | 3,979,606          |
|  | <b>174,905,961</b>  | <b>258,344,563</b> |
| <b>Net cash flows from operating activities</b>              | <b>(28,269,651)</b> | <b>69,200,888</b>  |
| <b>Cash flows from investing activities</b>                  |                     |                    |
| Disposal of Fixed Asset                                      |                     |                    |
| Purchase of property, plant, equipment and intangible assets | (124,009)           | (772,530)          |
| <b>Net cash flows used in investing activities</b>           | <b>(124,009)</b>    | <b>(772,530)</b>   |
| <b>Cash flows from financing activities</b>                  |                     |                    |
| Increase in Creditors  | 6,767,542           | 6,829,752          |
| Increase in receivables                                      | (22,809,317)        | (967,250)          |
| <b>Net cash flows used in financing activities</b>           | <b>(16,085,785)</b> | <b>5,862,502</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  | <b>(44,435,435)</b> | <b>74,290,860</b>  |
| Cash and cash equivalents at 1 July, 2015                    | 125,898,340         | 51,607,480         |
| <b>Cash and cash equivalents at 30 June ,2016 (Note 10)</b>  | <b>81,462,905</b>   | <b>125,898,340</b> |

**II. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

|                                  | Original<br>budget<br>2015-2016<br>Kshs | Adjustment<br>2015-2016<br>Kshs | Final budget<br>2015-2016<br>Kshs | Actual on<br>comparable basis<br>2015-2016<br>Kshs | Performance<br>difference<br>2015-2016<br>Kshs |
|----------------------------------|---|---------------------------------|-----------------------------------|--|--|
| <b>Revenue</b>                   |   |                                 |                                   |  |  |
| Government Grant                 | 160,000,000                             | 726,716                         | 160,726,716                       | 142,324,464  | (18,402,252)                                   |
| Other Income                     | 20,000,000                              | -                               | 20,000,000                        | 14,152,284   | (5,847,716)                                    |
| <b>Total income</b>              | <b>180,000,000</b>                      | <b>726,716</b>                  | <b>180,726,716</b>                | <b>156,476,748</b>                                 | <b>(24,249,968)</b>                            |
| <b>Expenses</b>                  |   |                                 |                                   |  |  |
| <b>Capital Budget</b>            |   |                                 |                                   |  |  |
| Purchase of Furniture & Fittings | 500,000                                 | -                               | 500,000                           |  | 500,000  |
| Purchase of Computers & IT Equip | 500,000                                 | -                               | 500,000                           | 124,009  | 375,991  |
| <b>Expenses</b>                  |   |                                 |                                   |  |  |
| Compensation of employees        | 109,065,927                             | 5,578,416                       | 114,644,343                       | 114,621,575  | 22,768   |
| Campaign Expenses                | 5,475,907                               | (1,037,802)                     | 4,438,105                         | 4,343,259  | 94,846   |
| Travelling Cost                  | 14,834,339                              | (3,988,312)                     | 11,346,027                        | 10,047,400   | 798,627  |
| Administrative Expenses          | 27,958,166                              | 1,697,698                       | 29,655,864                        | 29,515,536   | 140,328  |
| Board Expenses                   | 9,460,000                               | -                               | 9,460,000                         | 8,091,835  | 1,368,165                                      |
| Training Expenses                | 7,500,000                               | (2,500,000)                     | 4,500,000                         | 4,760,290  | 239,710  |
| Maintenance Costs                | 4,125,661                               | 250,000                         | 4,375,661                         | 2,791,562  | 1,584,099                                      |
| Audit Fees                       | 580,000                                 | -                               | 580,000                           | 580,000  |  |
| <b>Total expenditure</b>         | <b>180,000,000</b>                      | <b>-</b>                        | <b>180,000,000</b>                | <b>174,567,022</b>                                 | <b>5,432,978</b>                               |
| <b>Surplus/Deficit</b>           |   |                                 |                                   |  |  |

**Notes**

1. The variance under the Government grant arose due to reduction of the allocation by the Parent Ministry.
2. The variance under other income was due to receipt of fewer requests to undertake sensitization and baseline surveys in Government Institutions.
3. The Board was not fully constituted as anticipated resulting to the under expenditure.

## 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 30<sup>th</sup> June 2016 and 2015:

|                        | Fully performing<br>Kshs | Past due | Impaired | Total<br>Kshs |
|------------------------|--------------------------|----------|----------|---------------|
| <b>At 30 June 2016</b> |                          |          |          |               |
| Bank balances          | 81,462,905               | -        | -        | 81,462,905    |
|                        | =====                    | =====    | =====    | =====         |
| <b>At 30 June 2015</b> |                          |          |          |               |
| Bank balances          | 125,898,340              | -        | -        | 125,898,340   |
|                        | =====                    | =====    | =====    | =====         |

(k) **Liquidity risk management**

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

|                              | <b>1 - 6<br/>Months<br/>Kshs</b> | <b>6 - 12<br/>Months<br/>Kshs</b> | <b>1 - 5<br/>years<br/>Kshs</b> | <b>Total<br/>Kshs</b> |
|------------------------------|----------------------------------|-----------------------------------|---------------------------------|-----------------------|
| <b>At 30 June 2016</b>       |                                  |                                   |                                 |                       |
| <b>Financial liabilities</b> |                                  |                                   |                                 |                       |
| Trade payables               | 25,306,215                       | -                                 | -                               | 25,306,215            |
|                              | =====                            | =====                             | =====                           | =====                 |
| <b>At 30 June 2015</b>       |                                  |                                   |                                 |                       |
| <b>Financial liabilities</b> |                                  |                                   |                                 |                       |
| Trade payables               | 18,538,673                       | -                                 | -                               | 18,538,673            |
|                              | =====                            | =====                             | =====                           | =====                 |

| <b>2. Other income</b> | <b>2015/2016<br/>Kshs</b> | <b>2014/2015<br/>Kshs</b> |
|------------------------|---------------------------|---------------------------|
| Appropriation in Aid   | 319,949                   | 267,808                   |
| Disposal               | 18,310                    | 134,067                   |
| Reimbursable incomes   | 13,814,025                | 11,555,896                |
| <b>Total income</b>    | <b>14,152,284</b>         | <b>11,957,771</b>         |

| <b>3. Staff Costs</b>  | <b>2015/2016<br/>Kshs</b> | <b>2014/2015<br/>Kshs</b> |
|------------------------|---------------------------|---------------------------|
| a) Basic Salaries      | 60,622,647                | 56,572,494                |
| b) Gratuity & Pensions | 9,317,095                 | 12,271,202                |
| c) Personal Allowances | 44,681,833                | 40,543,750                |
| <b>Total</b>           | <b>114,621,575</b>        | <b>109,387,446</b>        |

| <b>4. Travelling Costs</b>             | <b>2015/2016<br/>Kshs</b> | <b>2014/2015<br/>Kshs</b> |
|--|---------------------------|---------------------------|
| a) Domestic Travelling and subsistence | 8,387,192                 | 24,691,411                |
| b) Foreign Travelling and subsistence  | 1,660,208                 | 7,050,027                 |
| <b>Total</b>                           | <b>10,047,400</b>         | <b>31,741,438</b>         |

**5. Campaign expenses**

|                                       | <b>Kshs.</b>     | <b>Kshs.</b>      |
|---------------------------------------|------------------|-------------------|
| a) Printing and Publishing Expenses   | 889,723          | 2,636,145         |
| b) Advertising and Publicity          | 1,427,941        | 20,828,233        |
| c) Subscription fees for newspapers   | 564,210          | 805,010           |
| d) Trade Shows & Exhibitions          | 666,100          | 1,803,239         |
| e) Specialized materials and supplies | 795,285          | 549,128           |
| <b>Total</b>                          | <b>4,343,259</b> | <b>26,621,755</b> |

### **6. Administrative Expenses**

|  | <b>Kshs.</b>      | <b>Kshs.</b>      |
|--|-------------------|-------------------|
| a) Communication & supplies              | 4,043,280         | 3,585,630         |
| b) Rent                                  | 9,048,063         | 20,027,580        |
| c) Subscription Fees                     | 202,860           | 119,860           |
| d) Office and general supplies services  | 1,479,545         | 3,417,492         |
| e) Fuel Oil and Lubricants               | 2,341,903         | 4,780,919         |
| f) Contracted Guards & Cleaning services | 77,952            | 975,202           |
| g) Hospitality, supplies and services    | 4,364,261         | 4,958,431         |
| h) Medical Insurance                     | 6,319,907         | 13,534,758        |
| i) Motor Vehicle Insurance               | 1,500,000         | 1,442,658         |
| j) Bank Charges                          | 137,765           | 194,890           |
| <b>Total</b>                             | <b>29,515,536</b> | <b>53,037,420</b> |

### **7. Board Expenses**

|                            | <b>2015/2016<br/>Kshs</b> | <b>2014/2015<br/>Kshs</b> |
|----------------------------|---------------------------|---------------------------|
| Honoraria to Chairman      | 960,000                   | 960,000                   |
| Accommodation & Conference | 4,199,015                 | 9,195,569                 |
| Sitting Allowance          | 2,932,820                 | 2,459,048                 |
| <b>Total</b>               | <b>8,091,835</b>          | <b>12,614,617</b>         |

### **8. Training Expenses**

|                                     | <b>2015/2016<br/>Kshs</b> | <b>2014/2015<br/>Kshs</b> |
|-------------------------------------|---------------------------|---------------------------|
| a) Staff Training expenses          | 1,556,650                 | 1,392,074                 |
| b) Contracted professional services | 1,272,966                 | 3,914,324                 |
| c) Hire of training facility        | 1,930,674                 | 15,075,883                |
| <b>Total</b>                        | <b>4,760,290</b>          | <b>20,382,281</b>         |



### 9. Maintenance Costs

|                   | 2015/2016        | 2014/2015        |
|-------------------|------------------|------------------|
|                   | Kshs             | Kshs             |
| a) Motor Vehicles | 2,520,082        | 3,297,152        |
| b) Other assets   | 271,480          | 682,454          |
| <b>Total</b>      | <b>2,791,562</b> | <b>3,979,606</b> |

### 10. Cash and cash equivalent

|                          | 2015/2016                | 2014/2015                 |
|--------------------------|--------------------------|---------------------------|
|                          | Kshs                     | Kshs                      |
| Cash on hand             | 10,146                   | 218,082                   |
| KCB-A/C 1103199439       | 57,586,126               | 112,801,394               |
| EQUITY-A/C 0180296330592 | 23,866,633               | 12,878,864                |
| <b>Total</b>             | <b><u>81,462,905</u></b> | <b><u>125,898,340</u></b> |

### 11. Trade and other receivables

|                             | 2015/2016                | 2014/2015               |
|-----------------------------|--------------------------|-------------------------|
|                             | Kshs                     | Kshs                    |
| Imprest debtors             | 327,763                  | 256,942                 |
| Staff Advances              | 696,758                  | 563,095                 |
| ADCA Account                | 2,320,260                | 2,044,203               |
| Other receivables           | 24,611,238               | 1,220,137               |
| Prepayments                 | 3,677,284                | 4,967,914               |
| Provision for doubtful debt | (812,291)                | (1,040,596)             |
| <b>Total</b>                | <b><u>30,821,012</u></b> | <b><u>8,011,695</u></b> |

**12. FIXED ASSETS SCHEDULE AS AT 30 JUNE 2016**

|                              | <b>Motor<br/>Vehicles<br/>Kshs</b> | <b>Furniture &amp;<br/>Fittings<br/>Kshs</b> | <b>Computers &amp;<br/>accessories<br/>Kshs</b> | <b>Equipment<br/>(Kshs.)</b> | <b>Total<br/>(Kshs.)</b> |
|------------------------------|------------------------------------|--|---|------------------------------|--------------------------|
| Cost: at 1 July 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              |
| Additions:                   | -                                  | -  | 124,009   | -                            | 124,009                  |
| <b>Cost: at 30 June 2016</b> | <b>57,693,135</b>                  | <b>13,262,304</b>                            | <b>26,459,295</b>                               | <b>15,063,611</b>            | <b>112,478,345</b>       |
| Depreciation:                |                                    |  |   |                              |                          |
| At 1 July 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                                      | 13,010,376                   | 85,684,325               |
| <b>Depreciation</b>          | <b>3,174,452</b>                   | <b>932,413</b>                               | <b>1,375,101</b>                                | <b>615,971</b>               | <b>6,097,937</b>         |
| Depreciation:                |                                    |  |   |                              |                          |
| At 30 June 2016              | 48,169,779                         | 6,735,410                                    | 23,250,726                                      | 13,626,347                   | 91,782,262               |
| <b>Net book value as</b>     |                                    |  |   |                              |                          |
| <b>At 30.06.16</b>           | <b>9,523,356</b>                   | <b>6,526,894</b>                             | <b>3,208,569</b>                                | <b>1,437,265</b>             | <b>20,696,083</b>        |
| <b>Net book value as</b>     |                                    |  |   |                              |                          |
| <b>At 30.06.15</b>           | <b>12,697,808</b>                  | <b>7,459,307</b>                             | <b>4,459,661</b>                                | <b>2,053,235</b>             | <b>26,670,011</b>        |

### 13.Accounts payables

|                                  | 2015/2016<br>Kshs | 2014/2015<br>Kshs |
|----------------------------------|-------------------|-------------------|
| VAT                              | 694,776           | 883,519           |
| P.A.Y.E                          | 3,133,176         | 2,044,203         |
| Subscription fees                | 92,179            | 92,179            |
| Motor vehicle repairs            | 162,266           | 338,595           |
| Consultancy fees                 | 165,900           | 180,900           |
| Telkom (K) Ltd                   | -                 | 56,500            |
| Ministry of Nairobi Metropolitan | 380,600           | 380,600           |
| Universal Cabs                   | 224,200           | 224,200           |
| Alcoholic Drinks Control Fund    | 9,903             | 136,670           |
| 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           |
| Nation Media Group               | 1,957,920         | 1,957,920         |
| Staff dues                       | 716,820           | 678,530           |
| Safaricom Ltd                    | 211,219           | 17,700            |
| Kenya Bureau of Standards        | 813,544           | 813,544           |
| The Star                         | 440,000           | 440,000           |
| One Way Cleaning Services        | 1,232,057         | 1,232,057         |
| Kenya National Audit Office      | 580,000           | 580,000           |
| Kenya Pipeline                   | 272,125           | 272,125           |
| Direct deposits                  | 214,710           | 212,710           |
| Kenya National Library Services  | -                 | 813,949           |
| Eldoret Polytechnic              | -                 | 420,000           |
| Kenya School of Government       | 156,600           | 156,600           |
| Tom Mboya Labour College         | -                 | 464,158           |
| Examination Body                 | 122,218           | 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         |
| Morendat Training and Conference | 44,400            | -                 |
| Kentron Industrial Supplies      | 32,200            | -                 |
| Florato Construction             | 9,840,438         | -                 |
| Board Allowances unpaid          | -                 | 460,000           |
| NACECE                           | 308,444           | -                 |
| Tabitha Weru                     | 13,000            | -                 |
| <b>TOTAL</b>                     | <b>25,306,215</b> | <b>18,538,673</b> |

**14. Recurrent Grants (non Exchange Transactions)**

| Name of the entity<br>Sending the Fund | Amount recognized<br>to statement of<br>Comprehensive Income | Amount Deferred | TOTAL<br>Kshs<br>2016 | TOTAL<br>Kshs<br>2015 |
|--|--|-----------------|-----------------------|-----------------------|
| Ministry of Interior                   | 142,324,464  |                 | 142,324,464           | 225,026,800           |

**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.

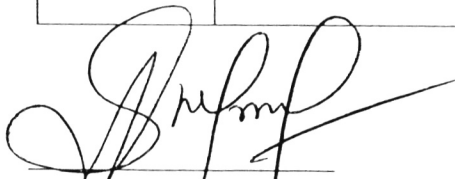
**RELATED PARTY TRANSACTIONS**

| The following transactions were carried out with related parties | Kshs        | Kshs        |
|--|-------------|-------------|
| (i) Key management compensation                                  |             |             |
| Salaries and other short term employment benefits                | 31,109,820  | 29,987,899  |
|  | =====       | =====       |
| (ii) Board remuneration  |             |             |
| Transactions with related parties                                | 8,091,835   | 12,614,617  |
|  | =====       | =====       |
| (iii) GOK Grants   |             |             |
|  | 142,324,464 | 225,517,440 |
|  | =====       | =====       |

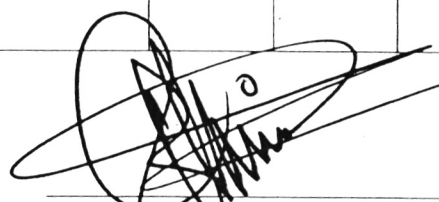
### III. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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   |

  
 MR. VICTOR G OKIOMA  
 AG.CHIEF EXECUTIVE OFFICER

Date: 29/1/17

  
 LT.COL.(RTD) JULIUS AYUB GITHIRI  
 CHAIRMAN - BOARD OF DIRECTORS

Date: 24<sup>th</sup> Jan 2017