

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER LAID BY  
THE LEADER OF  
THE MAJORITY  
PARTY ON  
16/05/2017  
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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL AUTHORITY FOR THE  
CAMPAIGN AGAINST ALCOHOL  
AND DRUG ABUSE - ALCOHOLIC  
DRINKS CONTROL FUND

FOR THE YEAR ENDED  
30 JUNE 2016







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

**ALCOHOLIC DRINKS CONTROL FUND**

**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)**

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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 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 Mugo (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

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

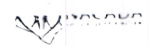
Equity Bank of Kenya Ltd  
Corporate Branch

**(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 Kajjado 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 15 to 19

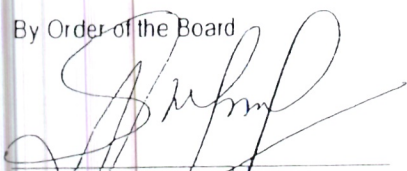
**Directors**

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. Okoma 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.

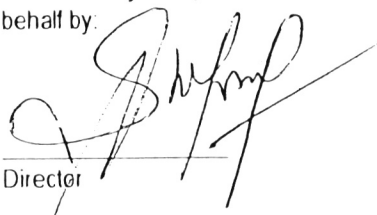
The Directors are responsible for the preparation and presentation of National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which give a true and fair view of the state of affairs of the National Authority for the Campaign Against Alcohol and Drug Abuse for and as at the end of the financial year (period) ended on June 30, 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 20/01/2016 2016 and signed on its behalf by:

  
Director

  
Director

Date 23/1/17



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE - ALCOHOLIC DRINKS CONTROL FUND 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 (NACADA) - Alcoholic Drinks Control Fund set out on pages 15 to 31, which comprise the statement of financial position as at 30 June 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 Fund'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 qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1. Investment in Treasury Bills**

As disclosed under Note 15 to the financial statements, cash and cash equivalents balance of Kshs.1,036,591,479 includes an investment of Kshs.787,758,128 in government treasury bills. However the investment has not been supported by Central Bank of Kenya CDS Account in the name of the Fund or any CDS account statement for the year 2015/2016 and certificate of balance as at 30 June 2016. Consequently, the existence and accuracy of the investment and related balance as at 30 June 2016 cannot be confirmed.

#### **2. Bank Reconciliation Statement**

Examination of bank statements, cash books and bank reconciliation statements for June 2016 in respect of the Fund's bank accounts at Kenya Commercial Bank, Milimani Branch and Cooperative Bank, Ukulima Branch show that amounts of Kshs.1,472,160.02 and Kshs.108,647.01 were in 2015/2016 financial year received in the two bank accounts respectively but not recorded in the cashbooks. No action has been taken by management to investigate the source of the receipts with a view to recording the same in the cash books.

#### **3. Accounts Payables**

The statement of financial position as at 30 June 2016 reflects an accounts payables balance of Kshs.91,590,678.00. The balance which includes an amount of Kshs.62,701,309.00 owed to various media houses for provision of advertising and publicity services. The amount owed to the media houses has been outstanding since 2013/2014 because the services were, apparently, procured without valid agreements and local service orders. The contingent aspect of the liability has not, however, been

disclosed appropriately in the financial statements inspite of admission by management that a lawsuit has been filed against the Authority by one of the media houses.

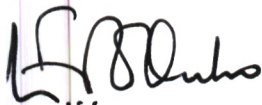
### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Authority for the Campaign Against Alcohol and Drug Abuse, Alcoholic Drinks Control Fund 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 Standards (Accrual Basis) and comply with the Alcoholic Drinks Control Act, 2010.

### **Emphasis of Matter**

#### **Operating Loss**

I draw attention to the statement of financial performance for the year ended 30 June 2016 which reflects an operating loss of Kshs.146,491,481 (2014/2015 operating loss Kshs.46,760,310.00).As indicated in my previous year's report, the loss has been attributed by the management to transfer of liquor licensing function to counties in accordance with Schedule 4 of the Constitution. Sustainability of the Fund's operations is, dependent, therefore on budgetary support by the National Government through NACADA. My opinion is not qualified in respect of this matter.



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

**Nairobi**

**28 April 2017**

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

	Notes	2015/2016 Kshs	2014/2015 Kshs
<b>INCOME</b>			
Licences fees(non Exchange Transaction) (Alcoholic Drinks control Act 2010)	3	34,981,971	103,208,834
Interest Earned( Exchange Transaction)	4	76,912,834	73,018,087
<b>Total income</b>		<b>111,894,805</b>	<b>176,226,921</b>
<b>EXPENDITURES</b>			
Refund of Licence fees(Non exchange Transactions)		246,000	826,500
Staff costs	5	45,156,475	29,954,957
Travelling costs	6	39,690,466	14,085,369
Campaign expenses	7	70,927,070	112,173,174
General costs	8	32,669,331	11,632,563
Training expenses	9	44,070,482	24,140,516
Board expenses	10	9,940,584	6,872,490
Maintenance costs	11	4,429,101	2,480,663
Provision for Audit fee		580,000	580,000
Depreciation Charge	12	11,006,771	12,821,590
Funding of Sub County Alcoholic Drinks Regulation Committees' operations	13	(329,994)	186,932
Funding of Civil society organizations	14		7,232,477
<b>Total Expenditures</b>		<b>258,386,286</b>	<b>222,987,231</b>
<b>Surplus/Loss</b>		<b>(146,491,481)</b>	<b>(46,760,310)</b>


notes set out on pages 20 to 31 form an integral part of the Financial Statements

**IX. STATEMENT OF FINANCIAL POSITION**

As at 30 June 2016

	Notes	2015/2016 Kshs	2014/2015 Kshs
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalent	15	1,036,591,479	1,214,087,128
Trade & others Receivables	16	69,758,332	19,093,856
		<b>1,106,349,811</b>	<b>1,233,180,984</b>
<b>Non- Current Assets</b>			
Property Plant & Equipment	12	37,520,187	40,406,458
<b>Total Assets</b>		<b>1,143,869,998</b>	<b>1,273,587,442</b>
<b>Current Liabilities</b>			
Accounts Payable	17	91,590,678	74,816,641
<b>NET ASSETS</b>		<b>1,052,279,320</b>	<b>1,198,770,801</b>
<b>REPRESENTED BY</b>			
Capital Fund		10,000	10,000
Retained Earnings		1,052,269,320	1,198,760,801
<b>Accumulated fund</b>		<b>1,052,279,320</b>	<b>1,198,770,801</b>

The Financial Statements set out on pages 15 to 19 were signed on behalf of the Board of Directors by:

  
 Ag. Chief Executive Officer  
 Date: 23/11/17

  
 Chairman of the Board  
 Date: 24 Jan 2017

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

	Capital Fund Kshs	Accumulated surplus Kshs	Total Kshs
<b>Balance as at 30 June 2014</b>	10,000	1,245,521,111	1,245,531,111
Deficit for the year		(46,760,310)	(46,760,310)
<b>Balance as at 30 June 2015</b>	10,000	1,198,760,801	1,198,770,801
Deficit for the year		(146,491,481)	(146,491,481)
<b>Balance as at 30th June 2016</b>	10,000	1,052,269,320	1,052,279,320

**XIV. STATEMENT OF CASH FLOWS**

Cash flows from operating activities	Note	2015-2016 Kshs	2014-2015 Kshs
<b>Receipts</b>			
Issue of Licenses(non exchange Transaction)		34,981,971	103,208,834
Interest Earned( Exchange Transaction)		76,912,834	73,018,087
Prior year adjustment		-	-
Less TB Interest overstated		-	-
Add Overstated liability		-	-
Fixed Assets expensed off		-	-
Less Understatement of Liabilities		-	-
		<b>111,894,805</b>	<b>176,226,921</b>
<b>Payments</b>			
Compensation of employees		45,156,475	29,954,957
Refund for Licenses		246,000	826,500
Travelling Cost		39,690,466	14,085,369
Campaign Expenses		70,927,070	112,173,174
General Cost		32,660,331	11,632,563
Training Expenses		44,070,482	24,140,516
Maintenance costs		4,429,101	2,480,663
Board Expenses		9,940,584	6,872,490
Funding CBO		-	7,232,477
Funding Counties		(329,994)	186,932
		<b>246,799,515</b>	<b>209,585,641</b>
<b>Net cash flows from operating activities</b>		<b>(134,904,710)</b>	<b>(33,358,720)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(8,120,501)	(26,357,480)
Increase /Decrease in current receivables		(50,664,476)	(1,914,874)
Increase in payables		16,774,037	29,594,363
<b>Net cash flows used in investing activities</b>		<b>(42,010,940)</b>	<b>1,322,009</b>
<b>Cash flows from financing activities</b>			
Prior year adjustment on surplus		(580,000)	(580,000)
<b>Net cash flows used in financing activities</b>		<b>(580,000)</b>	<b>(580,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(177,495,650)</b>	<b>(32,616,711)</b>
Cash and cash equivalents at 1 July		1,214,087,129	1,246,703,840
<b>Cash and cash equivalents at 30 June</b>		<b>1,036,591,479</b>	<b>1,214,087,129</b>

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

	Original budget 2015-2016 Kshs	Adjustme nts 2015-2016 Kshs '	Final budget 2015-2016 Kshs	Actual on comparable basis 2015-2016 Kshs '	Performance difference 2015-2016 Kshs '
<b>Revenue</b>					
Liquor Licensing	330,000,000	-	330,000,000	35,303,081	(294,696,919)
Finance Income	12,000,000	-	12,000,000	76,912,834	64,912,834
<b>Total income</b>	<b>342,000,000</b>	<b>-</b>	<b>342,000,000</b>	<b>112,215,915</b>	<b>(229,784,085)</b>
<b>Capital Budget</b>					
Purchase of Vehicles	0	0	0	0	0
Purchase of Furniture & Fittings	6,500,000	-	6,500,000	2,820,739	3,679,261
Purchase of Computer & Equipments	8,000,000	1,000,000	9,000,000	5,299,762	3,700,238
<b>Expenses</b>					
Compensation of employees	38,967,473	7000000	45967473	45,156,475	810,998
Travelling Costs	39,020,000	1000000	40020000	39,690,466	329,534
Campaign Expenses	134,126,278	(3000000)	131126278	70,927,070	60,199,208
General cost	34,516,252	(1500000)	33016252	32,669,331	346,921
Training Expenses	44,647,080	-	44647080	44,070,482	576,598
Maintenances cost	10,642,917	(3500000)	7142917	4,429,101	2,713,816
Board Expenses	13,000,000	(1000000)	12000000	9,940,584	2,059,416
Funding of Counties	-	-	-	(329,994)	329,994
Audit fees	580,000	-	580,000	580,000	-
<b>Total expenditure</b>	<b>330,000,000</b>	<b>-</b>	<b>330,000,000</b>	<b>255,254,016</b>	<b>74,745,984</b>
<b>Surplus/Deficit</b>	<b>12,000,000</b>	<b>-</b>	<b>12,000,000</b>	<b>(143,038,101)</b>	<b>(155,038,101)</b>

**Notes**

1. Variance between budgeted income and actual income arose following devolvement of liquor licencing function to Counties.
2. Variance between budgeted Finance income and actual was due to investment of reserve generated from liquor licensing in previous financial years in Government Treasury Bills.
3. Variance in Purchase of Furniture & Fittings, Computer & Equipment was due to austerity measures given by the National Treasury.
4. Variance in campaign expenses is due to funds given to parent Ministry of 60 Million for mapping of manufacture of portable spirits which is yet to be accounted by the Ministry
5. The Board was not fully constituted as anticipated resulting to the under expenditure.
6. The difference between the financial performance and the statement of comparison of budget and Actual amounts is Kshs 8,120,501 which is the cost of fixed assets purchased during the financial year

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of compliance and basis of preparation –

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 and all values are rounded to the nearest thousand (Kshs). 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.

### 2. Summary of significant accounting policies

#### a) Revenue recognition

##### (i) Revenue from non-exchange transactions

###### *Licence fees*

Licensing Income arising from issuance of Alcoholic Drinks Licenses to Retails, Distributors and Manufacturers of as Alcoholic Drinks. The Income is accounted for on cash basis. This is governed by Alcoholic Drinks Control Act 2010.

##### (ii) Revenue from exchange transactions

Authority invest the fund amount with government securities namely the 91 days Treasury Bills

#### b) 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.

##### (i) 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.

###### *Impairment of financial assets*

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for receivable impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are included in profit or loss.

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 profit or loss.

**Government securities**

Government securities comprise treasury bills and treasury bonds which debt securities are issued by the Government of Kenya. Government securities are classified as held to maturity and are stated at amortised cost.

**(ii) Financial liabilities****Trade payables**

Trade payables are current and are stated at their nominal value

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

**c) Budget information –**

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 bases, timing or Authority's 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.

**d) 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.

**e) Employee benefits –****Retirement benefit plans**

Other than the mandatory provident fund scheme which Authority contribute to, it has established a pension fund for its employees where an employee contributes ten percent of the basic salary and the Authority contributes double the amount to the pension.

**f) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**g) Comparative figures**

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

**h) Subsequent events –**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016

<b>3. Licensing</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Amount received	27,928,600	52,642,900
Direct credit to Bank	7,053,371	50,565,934
<b>Total</b>	<b>34,981,971</b>	<b>103,208,834</b>

<b>4. Interest Earned</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Treasury Bills Investments	76,866,720	72,637,497
Interest from Fund Held by Fund Managers	46,114	380,590
<b>Total</b>	<b>76,912,834</b>	<b>7,3018,087</b>

<b>5 Staff Costs</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Kshs</b>	<b>Kshs</b>
a) Basic Salaries	16,152,312	13,950,620
b) Personal Allowances	12,633,620	11,463,264
c) Staff medical insurance	13,356,923	1,865,628
d) Contribution to pension	2,945,220	2,606,445
e) Contribution to NSSF	68,400	69,000
<b>Total</b>	<b>45,156,475</b>	<b>29,954,957</b>

<b>6.Travelling Costs</b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Kshs</b>	<b>Kshs</b>
a) Domestic Travelling costs	9,878,729	5,676,196
b) Domestic accommodation	23,357,769	6,915,868
c) Foreign Travelling costs	2,836,786	764,275
d) Foreign Subsistence	3,617,182	729,030
<b>Total</b>	<b>39,690,466</b>	<b>14,085,369</b>

<b>7.Campaign expenses</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Kshs.</b>	<b>Kshs.</b>
a) Printing and Publishing Expenses	6,289,478	6,384,840
b) Advertising and Publicity	48,583,250	95,882,896
c) Subscription fees for newspapers	224,674	257,837
d) Catering services	4,282,186	2,735,365
e) Trade Shows & Exhibitions	1,678,442	1,285,010
f) Consultancy services	9,868,834	5,627,226
<b>Total</b>	<b>70,927,070</b>	<b>112,173,174</b>

### 8. General Costs

	<u>Kshs.</u>	<u>Kshs.</u>
a) Communication & supplies	2,710,770	2,720,796
b) Rent	19,872,614	4,635,120
c) Office and general supplies services	3,363,502	1,082,294
d) Motor Vehicle Insurance	1,181,346	1,800,246
e) Bank Charges	122,536	120,860
f) Fuel Oil and Lubricants	4,269,499	1,273,247
g) Cleaning Services	1,149,064	-
<b>Total</b>	<b><u>32,669,331</u></b>	<b><u>11,632,563</u></b>

### 9. Training and Research Expenses

	<u>2015/2016</u>	<u>2014/2015</u>
	<u>Kshs</u>	<u>Kshs</u>
a) Research	15,260,215	4,665,493
b) Staff Training	1,779,664	1,627,495
c) Hire of training facility	27,030,603	17,847,528
<b>Total</b>	<b><u>44,070,482</u></b>	<b><u>24,140,516</u></b>

### 10 . Board Expenses

	<u>2015/16</u>	<u>2014/2015</u>
	<u>Kshs</u>	<u>Kshs</u>
a) Board Committees & conferences/Seminars	8,996,491	6,452,490
b) Board Allowances	944,093	420,000
<b>Total</b>	<b><u>9,940,584</u></b>	<b><u>6,872,490</u></b>

### 11. Maintenance Costs

	<u>2015/16</u>	<u>2015/2015</u>
	<u>Kshs</u>	<u>Kshs</u>
c) Motor Vehicles	3,623,181	2,383,461
d) Other assets	805,920	97,202
<b>Total</b>	<b><u>4,429,101</u></b>	<b><u>2,480,663</u></b>

## 12. FIXED ASSETS SCHEDULE AS AT 30 JUNE 2015

	Motor Vehicles (Kshs.)	Furniture & Fittings (Kshs.)	Computers & Equipments (Kshs.)	TOTAL Kshs
Cost: at 1 July 2014	30,081,130	2,695,821	6,046,397	38,823,348
Additions:	18,513,706	4,600,359	3,243,414	26,357,479
Cost: at 30 June 2015	<b>48,594,836</b>	<b>7,296,180</b>	<b>9,289,811</b>	<b>65,180,827</b>
Additions:	-	2,820,739	5,299,762	8,120,501
<b>Cost: at 30 June 2016</b>	<b>48,594,836</b>	<b>10,116,919</b>	<b>14,589,573</b>	<b>73,301,328</b>
Depreciation:				
At 1 July 2014	9,551,775	469,486	1,931,519	11,952,780
Depreciation	9,760,765	853,337	2,207,488	12,821,590
Depreciation:				
At 30 June 2015	<b>19,312,540</b>	<b>1,322,823</b>	<b>4,139,007</b>	<b>24,774,370</b>
<b>Depreciation</b>	<b>7,320,574</b>	<b>851,920</b>	<b>2,834,277</b>	<b>11,006,771</b>
Depreciation:				
At 30 June 2016	26,633,114	2,174,743	6,973,284	35,781,141
<b>Net book value as At 30.06.16</b>	<b>21,961,722</b>	<b>7,942,176</b>	<b>7,616,289</b>	<b>37,520,187</b>
<b>Net book value as At 30.06.15</b>	<b>29,282,296</b>	<b>5,973,357</b>	<b>5,150,804</b>	<b>40,406,457</b>

### 13.

#### Funding of County Alcoholic Drinks Regulation Committees' operations

	<u>2015/16</u> <u>Kshs</u>	<u>2014/15</u> <u>Kshs</u>
e) County Commissioners	-	-
f) Sub Counties	-	300,000
g) A.I.E Refunds	(329,994)	(113,068)
<b>Total</b>	<u><u>(329,994)</u></u>	<b>186,932</b>

### 4.

#### Funding of Civil society organizations

	<u>2015/16</u> <u>Kshs</u>	<u>2016/2015</u> <u>Kshs</u>
h) Opening Balance	-	10,252,199
i) Cash remitted to Fund Managers during the year	-	-

j) Less Cash Held by Fund Managers at the End of Financial Year

(3,019,722)

Total cash remitted during the year

7,232,477

**15. Cash and cash equivalent**

	<u>2015/2016</u>	<u>2014/2015</u>
	<u>Kshs</u>	<u>Kshs</u>
Cash at hand	72,306	527,422
<b>Bank accounts Balances</b>		
HFC -Staff Mortgage	150,000,000	
K.C.B ADC Fund a/c- Milimani Branch	94,128,485	11,835,367
K.C.B – NACADA Central office	126,534	2,600
K.C.B – NACADA Coast office	76,102	108,800
K.C.B – NACADA Eldoret regional office	(735)	395
K.C.B – NACADA Nairobi regional office	52,511	304,021
K.C.B – NACADA Nyanza office	7,109	(715)
Co-operative Bank of Kenya Ukulima Branch	4,371,039	40,708,490
Investment in Govt. Treasury Bills	787,758,128	1,160,600,748
<b>Total</b>	<u>1,036,591,479</u>	<u>1,214,087,128</u>

**16. Trade and Others Receivables**

	<u>2015/16</u>	<u>2014/2015</u>
	<u>Kshs</u>	<u>Kshs</u>
k) Interest from T/Bills	3,363,151	14,719,889
l) Legal Deposit	100,000	100,000
m) Imprest Debtors	61,163,600	61,220
n) UAP-Medical Cover prepaid	1,005,023	1,013,166
o) Ernest & Young –Un-disbursed Fund	3,119,986	3,073,872
p) Toyota Kenya Ltd	59,709	59,709
q) Staff debts	849,926	
r) KCB-Eldoret Branch	20,000	
s) Gok Account	24,000	66,000
<b>Total</b>	<u>69,758,332</u>	<u>19,093,856</u>

17 **Accounts payables**

	2015/16 Kshs	2014/15 Kshs
Walter Thompson	-	-
Kenafic Diaries	36,000	36,000
Nation Media Group	1,846,894	1,846,894
Presbyterian guest house	209,300	209,300
Kenya Broadcasting Corporation	49,502,000	49,502,000
Royal Media services	2,242,929	2,242,929
Standard Group Ltd	3,123,920	3,123,920
Audit fees	1,160,000	1,160,000
Media Max	2,434,720	2,434,720
Factual Films	1,777,862	1,777,862
3 Stones TV	406,000	406,000
Classic 105	500,000	500,000
Un presented cheques/unaffected credits	-	880,094
Bibilia Husema	464,000	464,000
The Star	402,984	402,984
Rift Valley Technical Training Institute	70,000	70,000
Kenyatta University Conference Centre	931,060	931,060
Silver Bird Travel Ltd	-	198,475
Kenya Bureau of Standards	-	117,160
Paul Ndungu	-	11,000
Kisumu Polytechnic	-	69,600
Hotel Horizon	-	343,600
Deves Advertising & Design	-	1,470,000
Africa General Entertainment	-	27,600
Ramex Enterprises	-	226,050
Elly. B. Ltd	-	24,480
Mbunga Suppliers	-	32,596
Ngong Hills Hotel	-	100,000
Originell Restaurant	-	185,950
Roskar Travel Ltd	-	80,499
Cathyanes Enterprises	-	42,000
Radio Salaam	-	600,000
RMA Motors	-	168,286
Ernst & Young	-	2,550,231
GOK Grant Account	2,518,735	2,089,535
Samima Investments Ltd	-	161,349
Crinon Enterprises Ltd	41,638	41,638
Safaricom Ltd	-	265,088
Crystal Valuers	-	22,620

Jamii Telecom	100,000	
Synantax Enterprises	969,000	
Aarafa Communications	225,000	
Kenya Literature Bureau	324,800	
Amko Logistics	1,050,000	
Columbus Printing Industries	2,208,000	
Ediface	2,308,400	
Africa General Entertainment	540,000	
Safaricom Ltd	207,000	
Peak Destiny International	23,000	
Kenya Institute of Curriculum Development	1,712,100	
Centre for Devolved Government	202,000	
Eldoret Polytechnic	237,000	
Kenya Institute of Supplies Management	98,600	
Kenya School of Government	40,100	
Sawela Lodges Naivasha	104,000	
Britam	408,069	
Money web supplies	84,500	
Bunson Enterprises	861,960	
Kenya Literature Bureau	112,300	
Toyota Kenya	35,306	
Vinstar Express	312,608	
Toyota Kenya	58,653	
Down to Earth Technology	1,978,735	
Down to Earth Technology	1,002,977	
Prof Isaac Nyamongo	3,730,755	
Richard Ngunjiri Maina	2,839,725	
Electro Serves Ltd	111,292	
PAYE	1,273,111	
Withholding Vat 6 percent	763,645	1,121
<b>Total</b>	<b>91,590,678</b>	<b>74,816,641</b>

**Related parties -**

Alcoholic Drinks Control Fund Senior Management and Boards of Directors as a related party as they have the ability to exert control individually or jointly, or to exercise significant influence over the Fund.

**Y TRANSACTIONS**

owing transactions were carried out with related parties

	Kshs	Kshs
(i) Key management compensation		
Salaries and other short term employment benefits	=====	=====
(ii) Board remuneration		
Transactions with related parties	9,940,584	6,672,490
	=====	=====
(iii) Outstanding balances with related parties		
GOK Grants	2,518,735	2,089,535
	=====	=====

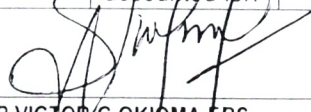
## PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
Alcoholic drinks Control Fund Financial Statements 2013/2014 Query No. 1	An income of Kshs 405,927,717 which includes Kshs 134,289,652 whose source has not been supported with bank in slips.				
Alcoholic drinks Control Fund Financial Statements 2013/2014 Query No. 2	Examination of statement of financial performance reflects Kshs 74,574,454 against funding of sub-County Alcoholic Drinks Regulation Committee operations, however, Expenditure returns in support of Kshs 27,461,750 were not made available for audit review. In the circumstance, it was not possible to confirm the accuracy and	The expenditure returns in support of Kshs 27,461,750 has been made to the tune of Kshs 16,152,050 therefore the Expenditure returns of Kshs 11,309,700 is still being pursued from Deputy County Commissioners.	Senior Finance Officer	. Not resolved fully.	At least one year

	validity of Kshs 74,574,454				
Alcoholic drinks Control Fund Financial Statements 2013/2014 Query No. 3	Issuance of licences across several districts had several improprieties on the part of officers entrusted to collect licence fees on behalf of NACADA at the district level leading to losses totalling Kshs 14,421,080. Although the management has indicated that it has written to criminal Investigation Department and the parent Ministry, the amount has not been recovered.	The matter was forwarded to EACC and Criminal investigation department	Internal Auditor	Not resolved	At least one year
Alcoholic drinks Control Fund Financial Statements 2013/2014 Query No. 4	The Authority issued licence and receipt books to the districts for licensing of premises selling alcohol drinks. This role was devolved to the Counties by the Transitional Authority through Legal notice No 16 dated 1 February	Some Counties have not taken up the function of Alcoholic Drinks licensing therefore the licensing books and receipts are being used.	Senior Finance Officer	Not resolved	Till the function of licensing is taken up fully by all Counties.

	2013. The licenses and receipt books issued by NACADA have not been accounted for.				
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MR.VICTOR G.OKIOMA EBS  
Ag.Chief Executive Officer



LT.COL (RTD) JULIUS AYUB GITHIRI  
Chairman of the Board