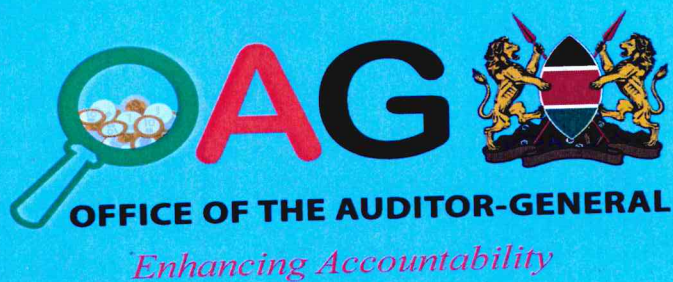


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**

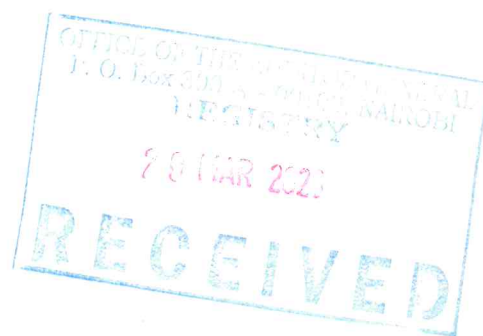


REPUBLIC OF KENYA



NACADA

FOR A NATION FREE FROM ALCOHOL AND DRUG ABUSE



NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE (NACADA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

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

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

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

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

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

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

(b) Principal Activities

i) Nacada Vision

A nation free from alcohol and drug abuse.

ii) Nacada Mission

To coordinate a multi-sectoral campaign against alcohol and drug abuse in Kenya.

Nacada Core Values

Compassion, Integrity, Professionalism, Equity, Courage, Creativity and Innovation

iii) Nacada Objectives

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

- (i) Carry out public education on alcohol and drug abuse directly and collaborate with other public or private bodies and institutions.
- (ii) Coordinate and facilitate public participation in the control of alcohol and drug abuse.
- (iii) Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol and drug demand reduction.
- (iv) In collaboration with other lead agencies, facilitate and promote the monitoring and surveillance of national and international emerging trends and patterns in the production,

- manufacture, sale, consumption, trafficking, and promotion of alcohol and drugs prone to abuse.
- (v) In collaboration with other lead agencies, provide and facilitate rehabilitation facilities, programmes, and standards for persons suffering from substance use disorders.
 - (vi) Subject to any other written law, license, and regulate operations of rehabilitation facilities for persons suffering from substance use disorders.
 - (vii) In collaboration with other lead agencies and non-State actors, coordinate and facilitate the formulation of national policies, laws, and plans of action on control of alcohol and drug abuse and facilitate their implementation, enforcement, continuous review, monitoring, and evaluation.
 - (viii) Develop and maintain proactive 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 alcohol and drug abuse data 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 carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other functions as may from time to time, be assigned by the Cabinet Secretary.

(c) Key Management

The Authority's day-to-day management is under the following key organs

- Board of Directors
- Chief Accounting Officer/ Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

- | | | |
|---------------------------|---|--|
| 1. Mr. Victor Okioma, EBS | - | Chief Executive Officer |
| 2. Mr. Patrick Obura | - | Director, Corporate Services |
| 3. Prof. John Muteti | - | Director, Research and Policy Development |
| 4. Mr. Kirwa Lelei | - | Manager, Policy and Planning |
| 5. Ms. Joyce Lisanza | - | Manager, Human Resource and Administration |
| 6. Mr. Samwel Makini | - | Manager, Finance and Accounts |
| 7. Ms. Judith Twala | - | Manager, Counseling and Rehabilitation |
| 8. Mr. Daniel Konyango | - | Corporation Secretary and Legal Services Manager |
| 9. Mr. Simon Mwangi | - | Manager, Corporate Communications |
| 10. Mr. Jeremiah Muchembi | - | Manager, Supply Chain Management |
| 11. Ms. Susan Maua | - | Acting Manager, Public Education and Advocacy |

(e) Fiduciary Oversight Arrangements

Finance Board Committee

- | | | |
|--------------------------|---|-------------|
| 1. Mr. John Cheruiyot | - | Chairperson |
| 2. Mr. Roy Sasaka Telewa | - | Member |
| 3. Ms. Alice Mutuma | - | Member |

- | | | |
|---------------------------|---|--------|
| 4. Ms. Farida Rashid, OGW | - | Member |
| 5. Mr. Arthur Osiya | - | Member |

Staff and Welfare Committee

- | | | |
|---------------------------|---|-------------|
| 1. Dr. Hamisi Massa, MBS | - | Chairperson |
| 2. Mr. John Cheruiyot | - | Member |
| 3. Dr. Fred Owiti | - | Member |
| 4. Mr. Andrew Rukaria | - | Member |
| 5. Ms. Farida Rashid, OGW | - | Member |
| 6. Mr. Roy Sasaka Telewa | - | Member |
| 7. Mr. Arthur Osiya | - | Member |

Technical Board Committee

- | | | |
|--------------------------|---|-------------|
| 1. Ms. Margaret Moitalel | - | Chairperson |
| 2. Ms. Alice Mutuma | - | Member |
| 3. Mr. Geroqe Ogalo | - | Member |
| 4. Dr. Fred Owiti | - | Member |
| 5. Dr. Hamisi Massa, MBS | - | Member |
| 6. Ms. Priscila Gathiga | - | Member |

Audit Board Committee

- | | | |
|--------------------------|---|-------------|
| 1. Mr. George Ogalo | - | Chairperson |
| 2. Ms. Margaret Moitalel | - | Member |
| 3. Mr. Andrew Rukaria | - | Member |
| 4. Ms. Priscila Gathiga | - | Member |

(f) **NACADA Headquarters**
 NSSF Building Block A
 Eastern Wing, 18th Floor
 P.O. Box 10774-00100 GPO
 Nairobi, KENYA

NACADA Nairobi Region
 NSSF Building ,Silo 9th Floor.
 P.o Box 10774-00100.
 Nairobi

NACADA Coast Region
 NSSF Building , 9th Floor, Nkrumah Road,
 P.O Box 586-80100 GPO Mombasa

NACADA Central Region
 Central Regional Commissioner Office Complex,
 Block A, Ground Floor,
 P.O Box, 948-10100,
 Nyeri

NACADA Nyanza Region
 New Nyanza regional Headquarters
 Wing 'C' 1st Floor

P.O. BOX 7783 - 40100
Kisumu

NACADA North Rift Region
KVDA Plaza 12th Floor
P.O Box 9217 - 30100
Eldoret

NACADA South Rift Region
Rift Valley Regional Headquarters,
Block A, 2nd Floor, Room 5A
P.O Box 10774-00100 GPO
Nakuru

NACADA North Eastern Region
North Eastern Region Headquarters
Social Welfare Children Dept
P.O Box Private Bug, Garissa

NACADA Western Region
Regional Commissioner's Office
Block A, Room 29
P. O. Box 10774 - 00100
NAIROBI

NACADA Eastern Region
Eastern Regional Headquarters
Regional Commissioner's Building
Ground Floor Room No. 34
P.O Box 10774-00100
NAIROBI.

(g) NACADA Contacts

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

(h) NACADA Bankers

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

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

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

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

(i) Independent Auditors

Auditor General
Office of the Auditor General
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, Kenya

2. THE BOARD OF DIRECTORS



Rev. Dr. Stephen K. Mairori
Board Chairperson

Rev. Dr. Stephen Kiptoem Mairori is an experienced Board level leader with a wealth of experience in leadership, conflict resolution, and corporate governance.

He holds an Honorary Doctor of Ministry by Georgia Central University, USA, and a Masters of Divinity by Frenco Pacific Seminary, CA, USA, as well as a Bachelor of Arts from the Global University, USA.

In his current role, he is a Senior Minister at the Africa Inland Church, Milimani, and also serves at the International Christian Ministries, Kenya. In addition, he is the Regional Coordinator at the Global Leadership Network, USA, and a Regional Director at the Walk Thru the Bible, USA amongst other management positions in Kenya and USA.



John Cheruyoit
Vice Chairperson

Mr. Cheruyoit holds a Bachelor of Science degree in Chemistry and Physics from Moi University. He is a growth-oriented and highly skilled general management professional with extensive operational and managerial experience in business leadership, procurement, and agriculture and manufacturing.



Ms. Margret Moitalliel
Board Member

Ms. Moitalliel was born on 28th February 1980. She holds a Diploma in Nursing and has previously worked with the Ministry of Health. Currently, she is a Health Director at My Chosen Vessels Organisation. She is an Independent Director at the Board.



Farida Rashid
Board Member

Ms. Rashid was born on 23rd July 1954. She has been a renowned Coast Anti-Drugs Activist for the last two decades. She is also the Chairlady of Kenya Muslim Women Alliance and has previously served as a Treasurer of Maendeleo ya Wanawake (Coast region). Currently, she heads the Coast Community Anti-Drug Coalition.



Mr. George Ogalo
Board Member

Mr. Ogalo was born on 15th April 1974. He is currently the National Coordinator of Fellowship of Christian Unions (Focus-Kenya). He holds a Bachelor of Education (Arts), Master of Divinity, Biblical Studies, and is currently a Ph.D. candidate in the same field. He is a Teaching Fellow at Africa International University, teaching undergraduate students and offering tutorials (Hebrew language). Mr. Ogalo is also a Board Member in many institutions and has a wealth of experience in leadership and strategic management. He represents the National Council of Churches of Kenya at the Board.



Priscilla Thairu Gathiga
Board Member

Ms. Gathiga was born on 29th January 1966. She is the National Executive Officer of the Kenya Girl Guides Association – one of Kenya's largest and oldest girl's only organization. She holds a Bachelor's Degree in Social Work and an Executive Master of Business Administration from the Management University of Africa. She is an accomplished professional in Social work and management with over 25 years of experience gained within and outside the country.



Hon. Esther Gathogo
Board Member

Hon. Esther Nyambura Gathogo was born on 1st January 1971. She is an accomplished and creative Businesswoman and a leader possessing multifaceted experience and proven ability to re-energize and restructure organizations, develop strategic initiatives and

Capture emerging opportunities. She is a results-oriented, decisive leader adept at forging lucrative relationships with key partners to achieve sustained growth.



Dr. Hamisi Salim Massa
Board Member

Dr. Hamisi was born on 30th December 1962. He holds a Bachelor of Science Degree in Veterinary Medicine and Surgery from the University of Nairobi and has attended several police and leadership development training both locally and abroad. He is the current Officer-In-Charge at the Anti-Narcotics Unit. Has previously served as Commandant, Kenya Police Dog Unit and has over 20 years' experience in the Civil Service. He represents the National Police Service at the Board.



Dr. Kepha Ombacho
Board Member

Dr. Kepha Ombacho, FAIPH, EBS was born on 29th November 1957. He is A Public Health specialist. He is the Director of Public Health Kenya and the Head of the Directorate of Special Programs at the Ministry of Health. Previously head of Research Department of MOH, Member of Global Committee on water and Secretary to Tobacco Control Board and Board to the Science Consortium for Human Health.



Andrew G. Rukaria
Board Member

Mr Andrew Rukaria was born on 27th December 1964. He is currently the Director of Administration in the State Department of Early Learning and Basic Education in the Ministry of Education. In addition, he is the Alternate Director to Permanent Secretary in the Ministry of Education, Science, and Technology and represents the ministry at the Board.



Mr. Roy Sasaka Telewa
Board Member

Mr Roy Sasaka Telewa, CHRP, MCIPS, MKISM holds an MBA in Operations Management, a Bachelor of Arts in Communication and Political Science as well as a Bachelor of Commerce in Procurement and Supply Chain Management, from the University of Nairobi. He is also currently the Chief Executive Officer, National Youth Council (NYC)



Mr. Arthur Amug Osiya
Board Member

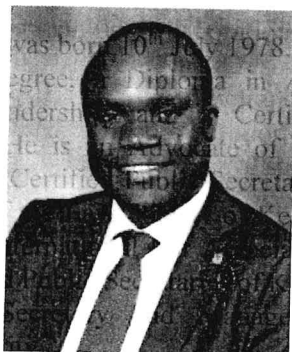
Mr Arthur Osiya was born on 20th October 1967. He is the Alternate to the Principal Secretary, State Department of Interior, and Citizen Services. As Secretary, National Administration, Mr. Osiya Coordinates the work of National Government Administrative Officers (NGAO) comprising of Regional Commissioners, County Commissioners, Deputy County Commissioners, Assistant County Commissioners, Chiefs, and Assistant Chiefs.



**Mr. Victor Okioma, EBS
Chief Executive Officer**

Mr. Victor Okioma was born on 1st January 1959. He has a master's degree in International Studies and a Bachelor's Degree in Economics and Government.




He is the Secretary to the Board in his capacity as the Chief Executive Officer of the Authority. He has worked as a Senior Officer at the Ministry of Interior and Coordination of National Government has risen to the rank of Secretary, in charge of Rehabilitation and Integration.



**Mr. Daniel Konyango
Corporation Secretary**

Mr. Daniel Konyango was born 10th July 1978. He holds a Master of Laws degree, a Diploma in Advanced Management and Leadership, and a Certificate in Legislative Drafting. He is an Advocate of the High Court of Kenya and a Certified Public Secretary (CPS-K). He is a member of the Law Society of Kenya, East Africa Law Society, International Bar Association, and the Institute of Certified Public Secretaries of Kenya. He is the Corporation Secretary and Manager, Legal Services for the Authority.

3. MANAGEMENT TEAM

Name	Key Responsibilities	Academic and Professional Qualifications	Key Responsibilities
 <p>Mr. Victor Okioma Chief Executive Officer</p>	<p>Master of Arts in International Studies and a Bachelor's Degree in Economics and Government.</p>	<p>In charge of overall leadership and management of the Authority's operations.</p>	
 <p>CPA Patrick Obura Director, Corporate Services</p>	<p>MBA Finance CPA (K)</p>	<p>In charge of overseeing overall operations in the Directorate of Corporate services including Finance, Accounts, Human Resources, ICT and Administration Departments.</p>	
 <p>Prof. John Muteti Director, Research, Policy and Planning</p>	<p>Doctorate in Strategic Management; Masters in Economic and Social studies; Postgraduate Certificate in Project Planning, Appraisal and Financing; Post Graduate Diploma in Agri. Economics</p>	<p>In charge of overseeing operations in the following department: Research, Regulatory, Policy and Planning, Monitoring and evaluation.</p>	

Name	Key Responsibilities	Academic and Professional Qualifications	Key Responsibilities
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Dr. Yvonne Olando
Director Public Education,
Advocacy and Rehabilitation

Doctorate in Clinical Psychology
Masters of Science in Clinical Psychology
Bachelor's Degree in Psychology
Graduate Certificate in Global Tobacco Control
Diploma in Chemical Dependency Treatment (Addictions)
Diploma in Public Relations
ICAP 111
CTTS- MAYO

In charge of overseeing operations in the following departments:

- Public Education and Advocacy
- Counseling and Treatment
- Regional Coordination



Mr. Kirwa Leley
Manager, Policy and Planning

Master of Arts in Economics and
Master of Arts in Project Planning and Management.

In charge of Policy and Planning department in the Authority



Ms. Joyce Lisanza
Manager, Human Resource and Administration

MBA (Corporate Management)
Bachelor of Commerce in Human Resource Management;
Diploma in Human Resource Management
CHRP(K)
CPS Part I
Licensed Human Resource Practitioner

In charge of the Human Resource and Administration Department.

Name	Key Responsibilities	Academic and Professional Qualifications	Key Responsibilities	ENAC OBJECTIVES FOR FY
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Dr. Samuel Makini
Manager, Finance and Accounts

Doctorate in Business Administration
MBA in Finance and Strategic Management
CPA(K)
CPS (K)

In charge of overseeing operations in the Accounts, Finance and Administration departments.



Ms. Judith Twala
Manager, Counselling and Rehabilitation

Master of Arts in Counselling Psychology; Bachelors of Arts- Theology

In charge of Counselling and Rehabilitation department



Ms. Susan Maua
Acting Manager, Public Education, and Awareness

Master of Arts in Counselling Psychology, Bachelor of Psychology-Counselling
PG Diploma in Education

In charge of overseeing operations in the Public Education and Advocacy department

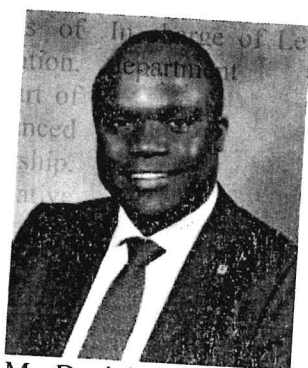
Name	Key Responsibilities	Academic and Professional Qualifications	Key Responsibilities
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**Mr. Simon Mwangi, MPRSK
Manager,
Corporate Communications**

Master of Arts Degree in Communication Studies, Bachelor of Arts Degree in Journalism and Media Studies. Professional Diploma in Broadcast Journalism. International Diploma in Public Relations from the Chartered Institute of Public Relations (CIPR), UK

In charge of overseeing operations in the Corporate Communications department



**Mr. Daniel Konyango
Corporation Secretary**

Masters of Law, Masters of Public Administration, Advocate of the High Court of Kenya, Diploma in Advanced Management and Leadership, Certificate in Legislative drafting and a CPS (K).

In charge of Legal Services department



**Mr. Jeremiah Muchembi
Manager Supply Chain**

Msc Procurement and Logistics, BBM(Purchasing and Supply), Diploma Supplies Management, SLDP, MKISM, Licenced Supply Practitioner, MCIPS

In charge of Supply Chain Management Dept.

4. CHAIRPERSON'S STATEMENT

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30th June 2022. The National Authority for the Campaign Against Alcohol and Drug Abuse Act of 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, therefore, calls for preparation of Financial Statements. The Board accepts this responsibility and has prepared the attached Financial Statements as of 30th June, 2022 based on prudence in judgment according to the International Public Sector Accounting Standards (IPSAS).

The Authority's Strategic Plan for the period 2019-2022 provides the direction in the campaign against alcohol and drug abuse in Kenya, considering national government policy provisions, devolved governance structures, and emerging alcohol and drug consumption trends.

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

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

During the second half of its Strategic Plan, the Authority has amplified its strategic direction that largely focuses on prevention, treatment, rehabilitation and re-integration of those who have recovered from substance use disorders. In addition, the Authority has enhanced efforts towards collaboration with county governments, non-state actors such as civil society organizations, community-based organizations, religious institutions, and youth and women groups. We are confident that the gains eroded over the years because of drug use and abuse will be reversed with the implementation of these evidence-based prevention interventions.

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

Chairperson: 

Date:

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the reporting period, the Authority implemented activities geared towards fulfilling its mandate as provided under the NACADA Act, 2012 and the Strategic Objectives set out in the Strategic Plan 2019-2022.

(i) On strengthening the legal and institutional framework at all levels of government and collaboration with local and international partners on ADA programs.;

The Authority supported Nairobi, Nyandarua, Kirinyaga, Kiambu, Muranga, Nyeri, Meru, Kilifi, Mombasa, Taita Taveta, Siaya, Kisumu, Migori, Kwale, Garissa, Kisii, Nakuru, Kakamega, Bungoma, Narok, Bomet, Kericho, Laikipia Busia, Vihiga and Mandera counties to conduct crackdowns on illicit brews, counterfeit alcoholic products and drugs to enforce compliance with alcohol and drug control. A total of four thousand seven hundred and thirty outlets (4,730) were inspected, and three hundred and forty-seven (347) persons were arrested for various offenses.

Additionally, the Authority organized a Regional Consultative meeting with Regional Security Committees drawn from Eastern, North Eastern, Central, and Coast Regions to address the influx of cannabis from Ethiopia in Garissa, Wajir, Mandera, Isiolo, and Marsabit counties.

The Authority also organized inter-agency meetings to discuss the emerging concerns around alcohol control in counties located in 9 NACADA regions. The forums were attended by the Regional Commissioners, County Commissioners, County Commanders, Regional Managers Kenya Revenue Authority, Kenya Bureau of Standards, and Anti-Counterfeit Authority.

(ii) On supporting institutions through training, sensitization, and conducting of baseline surveys towards enhancing workplace, school-based, and family-based prevention intervention ADA programs;

The Authority surpassed by seventy-five (75) its annual target of promoting workplace prevention programmes in public sector institutions through sensitization/training of ADA control committees, conducting baseline surveys, and developing workplace policies. This was against a projected target of 200 MDAs.

Capacity-building initiatives included the empowerment of three hundred and eighty-three (383) Community Health Workers with basic knowledge and skills on ADA prevention and treatment to provide prevention information to families, conduct early screening and referral for treatment to people with substance use disorders in Nairobi, Makueni, Laikipia, Taita-Taveta, Elgeyo Marakwet, Muranga, Busia, Kisii and Wajir areas.

Public education and advocacy campaigns on Positive Parenting and the need for healthy and supportive social environments were conducted via webinars and radio stations where a total of three million, three hundred and ninety-nine, and eighty-eight (3,399,088) people were reached. This figure represents an over-achievement of one million, three hundred and ninety-nine, and eighty-eight (1,399,088) people reached. Further, four thousand, seven hundred and five (4,705) alcohol selling outlets operators and their employees in the nine NACADA regions were sensitized to their industry dynamics. This represents an overachievement of one thousand five hundred and five (1,505) of its three thousand (3,200) annual target.

The Authority also partnered with various stakeholders to commemorate World Mental Health Day, World Aids Day, and No Tobacco Day on 10th October, 1st December, and 31st May 2021, respectively.

(iii) On facilitating the provision of evidence-based quality and holistic treatment and rehabilitation programs for persons with Substance Use Disorders (SUDs) in collaboration with county governments;

The Authority provided counselling services to nineteen thousand six hundred and sixty-five (19,665) persons with Substance Use Disorders representing an overachievement of four thousand six hundred and sixty-five (4,665). In addition, one hundred and sixteen (116) needy women with substance use disorders were issued with NHIF super-cover medical insurance cards to access universal health care.

To ensure treatment and rehabilitation facilities are adhered to, twenty-eight (128) treatment and rehabilitation facilities were inspected, out of which sixty-nine (69) were accredited, having met the national standards for treatment and rehabilitation. During the period under review, the Authority also developed and validated guidelines for after-care and reintegration.

(iv) **On provision of leadership on policy development and research coordination on matters on alcohol and drug abuse;**

The Authority completed online data collection of fifty-one (51) MDAs that have partnered with NACADA to undertake baseline surveys on the status of alcohol and drug abuse in their workplaces. It also published two policy briefs; *Extent of Heroin Use in Kenya*; and *Emerging Trends on Smokeless Tobacco Use in Kenya*. Additionally, the Authority published the fourth edition of The African Journal of Alcohol and Drug abuse (AJADA).

Taking cognizance of the emerging challenges, the Authority will continue to adopt new strategies to address emerging challenges in the Campaign against Alcohol and Drug Abuse in light of devolution.

Chief Executive Officer:

Date: 28th FEBRUARY 2023

6. STATEMENT OF NACADA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include a statement of the national government entity's performance against predetermined objectives in the financial statement. The Authority has six (6) strategic pillars/themes/issues and objectives within the current Strategic Plan for the FY 2019/20- FY 2022/23. These strategic pillars are as follows:

1. Enhance Public Education and Advocacy through demand reduction initiatives
2. To promote quality treatment, rehabilitation, and reintegration for persons with substance use disorders.
3. To enhance enforcement of ADA control legislation and ensure quality assurance of the Authority's deliverables
4. To provide leadership on planning and policy formulation, research coordination, and strengthening the national repository on Alcohol and Drug Abuse
5. To build high-quality and Robust support services for the Authority.
6. To enhance leadership and integrity in the operations of the Authority

The Authority develops its annual work plans based on the above six strategic pillars Assessment of the Board's performance against its annual work plan is done quarterly. The Authority achieved its performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated in the diagram below:

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
Enhance Public Education and Advocacy through demand reduction initiatives	Promote skills and opportunities for children and youth to choose healthy lifestyles	Number of schools reached	Facilitate the implementation of evidence informed school programs in 146 schools	As part of implementation of the Life Skills Program that was initiated in the FY 2019/20, the Authority held follow up meetings with teachers in schools where this program is being implemented. During the period under review the Authority visited one hundred and thirty schools.
			Advocate for the Adoption of National Guidelines	During the reporting period the Authority partnered with the Ministry of Education, the Teachers Service Commission and other stakeholders to disseminate the National Guidelines for Alcohol and Substance Use Prevention and Management in basic education institutions. A total of three hundred and nineteen (319) schools were reached in the following counties; Nyeri, Embu, Kisumu, Kilifi, Nairobi, Baringo, Kakamega, Nakuru, Kirinyaga, Elgeyo Marakwet, Kericho, Mombasa and Muranga.
	Facilitate the implementation of appropriately targeted interventions for people at risk to prevent progression to severe SUDs	Number of caregivers trained on screening	Follow up of referrals and counselling services provided by trained Community Health Workers (CHWs)	During the period under review the Authority engaged a total of 330 CHWs to follow up the uptake of referrals and counselling services. This was undertaken in the following counties; Busia, Garissa, Laikipia, Kisii, Muranga, Taita Taveta, Elgeyo Marakwet and Nairobi

NACADA ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
	Increase coverage of drug abuse prevention programs and conduct public awareness-raising campaigns	Number of youth reached with ADA messages	Conduct public awareness to reach 4,500 out of school youth	The Authority partnered with various state and non-state actors to reach five thousand, five hundred and sixty three (5,563) out of school youth with ADA prevention messages. This was undertaken in 9 (nine) NACADA regions.
		Number of institutions supported to mainstream ADA prevention at the workplace	Promote the establishment of workplace prevention programmes in at least 40 institutions annually	The Authority partnered with various stakeholders to promote the establishment of workplace prevention programmes. These programmes seek to help institutions put in place proper infrastructure and mechanisms to address work-related influences that may affect people's risk of substance use. The program involves undertaking situation analysis on alcohol and drug abuse status, developing workplace policy and programs for early identification, brief interventions, and referrals for treatment and rehabilitation. The Authority trained and supported 410 public sector institutions to conduct their baseline surveys during the period under review.
To promote quality treatment, rehabilitation and reintegration for persons with substance use disorders.	Increase access to affordable quality treatment and rehabilitation services for persons with SUDs	Percentage of completion	Facilitate the establishment of a model treatment and rehabilitation centre	In 2015 the Authority was directed to transform the former National Youth Service Camp located in Miritini, Mombasa County, into a drug rehabilitation centre. The centre is now operational and offers both outpatient and inpatient programs. The outpatient department has 300 clients who are under the Medically Assisted Programme. Out of the 300 clients, 23 are females. The inpatient programme, the facility has 32 male clients and 5 female clients. The outpatient programme offers rehabilitation services to the clients for a minimum of three months. Since the inception of the inpatient programme, the facility has successfully treated and discharged 200 clients.

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
				<p>The following services are provided at the facility;</p> <ol style="list-style-type: none"> 1. Counseling 2. Medically Assisted Therapy 3. HIV testing 4. General medical review and check-up, Hepatitis B 5. Nutritional support and 6. Recreational therapy. <p>During the reporting period the Authority initiated the construction of a Kitchen and renovated two hostels. These three projects will be finalized in the next financial year.</p>
		Number of vulnerable populations reached	Create awareness on treatment and rehabilitation targeting vulnerable groups	<p>During the period under review the Authority partnered with the Kenya Prison Services to hold educative forums for 489 prison wardens drawn from 10 prisons in the following counties Kitale, Wajir, Busia, Homabay, Laikipia, Meru, Kwale, Industrial Prison, and Kiambu . As a result, the wardens were trained on drug addiction counselling, rehabilitation, and reintegration of substance use disorders. They will, in turn, provide counseling services to inmates with Substance use disorders within their respective prisons.</p>
	Ensure compliance to the national standards of	Number of Inspected	Quarterly inspection and accreditation for	<p>The Authority in collaboration with other agencies inspected one hundred and fifty-eight (158) treatment and rehabilitation centres. Out of these,</p>

MACADA ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
	treatment and rehabilitation	Rehabilitation Centres	rehabilitation centers	ninety-three (93) facilities were accredited, having met the national standards for treatment and rehabilitation.
	To provide counselling and referrals through NACADA Helpline	Number of clients counselled and referred	Provision of counselling and referral services to people with Substance Use Disorders	During the reporting period the Authority had targeted to provide counselling and referral services to eighteen thousand people (18,000) with substance use disorders. The Authority surpassed this target and reached twenty thousand three hundred and twenty-three (20,323). This was achieved through partnership with various agencies to organize community outreach programmes where citizens were able to access counselling services
To enhance enforcement of ADA control legislation and ensure quality assurance of the Authority's deliverables	Enforce compliance with alcohol and drug control laws, regulations and standards	Number of crackdowns.	Coordinate multi-agency crackdowns to enforce compliance with alcohol and drug control legislation.	The Authority supported the following county governments to conduct crackdowns on illicit brews, counterfeit alcoholic products and drugs to enforce compliance with alcohol and drug control in 9 regions, namely Nairobi, North Rift, South Rift, Western, Nyanza, Coast, Eastern, North Eastern and Central. A total of sixteen thousand eight hundred and sixty two outlets (16,862) were inspected and five thousand six hundred and twenty-five (5,625) persons were arrested for various offenses

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
		No. of National Interagency coordinating committee forums	Hold quarterly Multi-Agency forums for alcohol control at all levels of government	The Authority organized inter-agency meetings to discuss the emerging concerns around alcohol control in counties located in 9 NACADA regions. The forums were held in 47 counties attended by the Regional Commissioners, County Commissioners, County Government representative, County Commanders, Regional Managers Kenya Revenue Authority, Kenya Bureau of Standards and Anti-Counterfeit Authority.
To provide leadership on planning and policy formulation, research coordination and strengthening the national repository on Alcohol and Drug Abuse	To provide accurate and timely data on the status of alcohol and drug abuse in Kenya	No. of National Surveys	Conduct ADA related research to fill existing and emerging data needs to inform policy and programs	In the reporting period, the Authority partnered with the Kenya National Bureau of Statistics, The Ministry of Health and The Tobacco Control Board to commission the Tobacco, Alcohol and Substance Abuse National Survey. NACADA partnered with 16 public and private universities and tertiary institutions to undertake a survey on the status of drugs and substance abuse among university students in Kenya.
		No. of Policy Briefs developed	Develop and disseminate policy briefs on emerging trends in alcohol and drug matters at national and county levels	The Authority published two policy briefs during the reporting period; <ul style="list-style-type: none"> i. Policy Brief on the Status of Alcohol and Drug Abuse (ADA) among Employees in the Public Sector Workplace in Kenya ii. Policy Brief on The Status of Alcohol and Drug Abuse Control in Kenya
	Ensure effective knowledge management for	Number of ADA Journals	Coordinate development and continuous publishing of	The Authority published the sixth and seventh edition of The African Journal of Alcohol and Drug abuse (AJADA). A total of 12 papers were published. The journal is not only established to fulfil the mandate of NACADA but also offers credible information to the public while

NACADA ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Strategic Objective	Objective	Key Performance Indicators	Activities	Achievements
	quality delivery service		the journal ADA	strengthening research development. Submitted articles spanned a full spectrum of multidisciplinary practitioners and researchers with interest in alcohol and drug abuse within the following thematic areas: Prevention and Advocacy; Enforcement; Policy and Legislation; Treatment and Rehabilitation; Education, training and capacity building
		Multi-Agency meetings Report	Prepare the Bi-Annual Reports on ADA and other international obligatory reports	The Authority prepared and published the fourteenth (14th) and fifteenth (15th) edition of biannual report on the status of alcohol and drug abuse control in Kenya. This report covered the period of 1st January – 30th June and 1st July – 31st December 2021 respectively. This published in compliance with the provisions of Section 5(j) and 26(C) of the National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) Act, 2012. It updates both Houses of Parliament on the status of alcohol and drug abuse control in the country to facilitate strategic decision making.

7. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

- (i) Overview of NACADA Act 2012
- (ii) The Concept and 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 applying principles and practices in the best interest of the population of Kenya. The Board has also become more proactive in promoting issues of corporate fairness, transparency and accountability in the internal and external operations of the Authority.

In the FY 2021-2022, the Board held five Board meetings. The dates and attendances at the meetings are indicated in the matrix below:

S/ No	Name	Designation in	8 th July 2021 4/8/20	21 st October 2021 rdina ry rd Evaluation n) 11/8/20	10 th February 2022 Board 1/20	25 th March 2022 rd cial Full Board 30/12/20
1.	Prof. Mabel Imbuga, EBS	Chairperson (Outgoing)	√	√	√	√
2.	Mr. Arthur Osiya, EBS	Alternate to PS, Interior	x	√	x	x
3.	Dr. Kepha Ombacho, EBS	Alternate to PS, Health	√	√	n/a	n/a
4.	Mr. Andrew Rukaria	Alternate to PS, Education	x	√	√	√
5.	Mr. Roy Sasaka Telewa	Alt. PS – State Department for Youth Affairs	x	√	√	x
6.	Dr. Hamisi Massa	Anti-Narcotics Police Unit	√	√	√	√
7.	Ms. Margret Moitallel	Independent Member	√	√	√	√
8.	Ms. Alice Mutuma	Independent Member	n/a	n/a	n/a	√
9.	Mr. John Cheruiyot	Independent Member/Vice Chair	n/a	n/a	√	√
10.	Ms. Farida Rashid	Religious Representative	√	√	√	√
11.	Mr. George Ogalo	Religious Representative	n/a	n/a	n/a	n/a
12.	Dr. Fredrick Owiti	Rep. Medical Practitioners & Dentists Board	√	√	√	x
13.	Priscilla Gathiga	Rep of Youth Organizations	√	√	√	√
14.	Mr. Victor Okioma, EBS	CEO/Board Secretary	√	√	√	√

**** n/a means Not yet Appointed at the time of the board meeting****

Board Appointments

The Chairperson of the Board is appointed by H.E. the President, while the other members are Principal Secretaries who are members of the Board by virtue of their respective offices. They, however, designate their alternates to the Board. The alternates may be changed from time to time by their principals. The other members are appointed by the Cabinet Secretary in charge of National Security. As soon as the term of any Board member ends, the appointing Authority makes a replacement.

Once the Chairperson of the Board's term ends, the appointing Authority makes a replacement. A vice-chairperson is usually elected as provided by paragraph 3 of the Schedule to the NACADA Act, 2012 and presides over the Board matters without the Chairperson.

The Board does not have its own customised Charter; however, its operations are guided by the Mwongozo Code of Governance for State Corporations. However the Audit committee has established its audit charter that governs its operations.

Roles and functions of the Board:

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

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

Induction and training:

In the FY 2021-22, all the new Board members attended an induction Workshop for Board members of State agencies conducted by the Kenya School of Government. In addition, members of the Audit Committee attended specialized training by the Institute of Internal Auditors. Other members underwent various internally organized capacity-building activities.

Member performance:

From the Board Evaluation done on 17th August 2021; the following was the performance of the Board and the Members:

Sl. No.	Name of Director	Position	Date of Appointment	Expiry of term	Mean Score	%age Score
1.	Prof. Mabel Imbuga	Chairperson (Outgoing)	13 th May 2020	12 th May 2023	4.8485	96.97
2.	Dr. Fredrick Owiti	Member	12 th Nov 2019	11 th Nov 2022	4.5967	91.93
3.	Dr. Hamisi Massa	Member	6 th March 2013	N/A	4.8247	96.49
4.	Dr. Kepha Ombacho, MBS	Member	16 th Dec 2013	N/A	4.8857	97.71

	Name of Director	Position	Date of Appointment	Expiry of term	Mean Score	%age Score
5.	Mr. George Ogallo	Former Member	5 th June 2018	5 th June 2021	4.7494	94.99
6.	Mr. Vincent Mwasya	Former Member	5 th June 2018	5 th June 2021	4.7122	94.24
7.	Mr. Andrew Rukaria	Member	9 th Aug 2018	N/A	4.8285	96.57
8.	Mr. Arthur Osiya, EBS	Member	22 nd Oct 2020	N/A	4.7107	94.21
9.	Ms. Esther Gathogo	Member	10 th Dec 2020	10 th Dec 2023	4.6945	93.89
10.	Ms. Farida Rashid	Member	7 th Dec 2019	6 th Dec 2022	4.7830	95.66
11.	Ms. Margret Moitallel	Member	7 th Dec 2019	6 th Dec 2022	4.8602	97.20
12.	Priscilla Gathiga	Member	17 th June 2020	16 th June 2023	4.7641	95.28
13.	Mr. Victor Okioma, EBS	CEO	30 th May 2018	29 th May 2023	4.8694	97.39
Corporate Board Performance					4.7207	94.41

Functions of the Committees of the Board:

i. Human Resource Committee:

- Recruitment, management, and overseeing the staffing needs, establishment, and development for the Authority
- Overseeing the development and implementation of the human Resource policies and instruments as guided by the national government offices and the public service commission
- Regulating the remuneration of the staff of the Authority
- Overseeing the disciplinary function and processes over the staff of the Authority
- Overseeing the implementation of the administrative functions of the Authority.

ii. Finance Committee:

- Overseeing the development and implementation of the Budget of the Authority
- Mobilization of resources for the Authority from both within the organization as well as from external stakeholders.
- Ensuring compliance with the public finance laws and policies of the government as they relate to the Authority.

iii. Technical Committee:

- Overseeing the development, implementation and supervision of the Authority's Annual Work Plan.
- Overseeing the implementation of the programmes of the Authority
- Managing the stakeholder engagement framework for the Authority
- Monitoring and guiding the implementation of the Performance Contract between the Authority and the Parent Ministry.

iv. Audit and Risk Management Committee:

- General oversight over the governance aspects of the Authority's structures, programmes and administration
- Risk management: identification, profiling, mitigation, and prevention
- Engagement with and ensuring the implementation of the internal audit reports
- Engagement with and ensuring the implementation of the external audit reports

- Advisory on the maintenance of quality assurance over the services provided by the Authority.

Board Remuneration:

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

Ethics, Conduct and Governance Audit:

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

Conflict of Interest:

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

NACADA Risk Management Framework

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

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

Risk management system

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

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

Risk recognition, evaluation, and Management

The management team of each operating unit within the Authority analyses the significant risks affecting that unit. The risk Champions in the various departments categorize each risk they have

identified and evaluate it in terms of criteria determined centrally, including the potential impact of the risk on the Authority and the expected probability of its occurrence. When analyzing the impact of the risk, the risk champions will consider the impact on the results of operations and the impact on non-monetary aspects such as operations, reputation, and strategy.

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

Risk reporting

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

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

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

8. MANAGEMENT DISCUSSION AND ANALYSIS

To deliver on various aspects of NACADA's mandate, the following activities were accomplished during the period.

NACADA's Operational and Financial Performance

The following are the activities in the Performance Contract and Annual Work Plan accomplished during the year:

Core Mandate

Provision of Counselling Services to People with Substance Use Disorders

The annual target was to provide counselling and referral services to eighteen thousand (18,000) people with substance use disorders in 9 NACADA Regions. During the period under review, the Authority reached a total of twenty thousand three hundred and twenty-three (20,323) surpassing the annual by 2,323 people. This was achieved through partnership with various agencies to organize community outreach programmes where citizens were able to access counselling services.

Mainstreaming of prevention of alcohol and drug abuse in public sector institutions

The annual target was to promote workplace prevention programmes in all public sector institutions through sensitization/training of ADA control committees, conducting baseline surveys, and

developing workplace policies. During the period under review, the Authority supported 410 institutions against 395 institutions that implemented performance contracts in FY 2021/22.

Capacity Building Undertaken

- The annual target was to follow up uptake of referrals by 360 trained Community Health Workers (CHWs) in 9 NACADA regions. The CHWs were equipped with basic knowledge and skills on ADA prevention and treatment to provide prevention information to families, conduct early screening and referral for treatment to people with substance use disorders in 9 NACADA regions. During the period under review the Authority engaged a total of 330 CHWS in the following counties; Busia, Garissa, Laikipia, Kisii, Muranga, Taita-Taveta, Elgeyo Marakwet and Nairobi

Public Education and Advocacy

As a key strategic focus of the Authority, the following programmatic initiatives were undertaken under the thematic areas as follows:

- The Authority partnered with the Ministry of Education, the Teachers Service Commission and other stakeholders to disseminate the National Guidelines for Alcohol and Substance Use Prevention and Management in basic education institutions. A total of three hundred and nineteen (319) schools were reached in the following counties; Nyeri, Embu, Kisumu, Kilifi, Nairobi, Baringo, Kakamega, Nakuru, Kirinyaga, Elgeyo Marakwet, Kericho, Mombasa and Muranga.
- The Authority further held follow up meetings with teachers in schools where the Life Skills Program program is being implemented. During the period under review the Authority visited one hundred and thirty schools, and
- The Authority partnered with various state and non-state actors to reach five thousand, five hundred and sixty three (5,563) out of school youth with ADA prevention messages. This was undertaken in 9 (nine) NACADA regions.

Counseling and Rehabilitation

- The Authority in collaboration with other agencies inspected one hundred and fifty-eight (158) treatment and rehabilitation centres. Out of these, ninety-three (93) facilities were accredited, having met the national standards for treatment and rehabilitation.
- The Authority further partnered with the Kenya Prison Services to hold educative forums for 489 prison wardens drawn from 10 prisons in the following counties Kitale, Wajir, Busia, Homabay, Laikipia, Meru, Kwale, Industrial Prison, and Kiambu .

Compliance to Alcohol and Drug Policies, Laws, Regulations and Standards Enhanced

- The Authority organized inter-agency meetings to discuss the emerging concerns around alcohol control in counties located in 9 NACADA regions. The forums were attended by the Regional Commissioners, County Commissioners, County Commanders, Regional Managers Kenya Revenue Authority, Kenya Bureau of Standards and Anti-Counterfeit Authority.

- The Authority supported the following county governments to conduct crackdowns on illicit brews, counterfeit alcoholic products and drugs to enforce compliance with alcohol and drug control in 9 regions, namely Nairobi, North Rift, South Rift, Western, Nyanza, Coast, Eastern, North Eastern and Central. A total of sixteen thousand eight hundred and sixty two outlets (16,862) were inspected and five thousand six hundred and twenty-five (5,625) persons were arrested for various offenses

Research, Policy and Planning

- In the reporting period, the Authority partnered with the Kenya National Bureau of Statistics, The Ministry of Health and The Tobacco Control Board to commission the Tobacco, Alcohol and Substance Abuse National Survey.
- NACADA partnered with 16 public and private universities and tertiary institutions to undertake a survey on the status of drugs and substance abuse among university students in Kenya.

9. ENVIRONMENTAL SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

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

a) Africa Agenda 2063

Agenda 2063 is Africa's blueprint and master plan for transforming Africa into the global powerhouse of the future. It encapsulates seven aspirations and flagship programs to be undertaken in a series of 10-year implementation plans to deliver quantitative and qualitative sustainable outcomes for the African people. NACADA has drawn its programs from Agenda 2063 in executing its mandate.

b) UN Sustainable Development Goals

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

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

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

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

ii) Environmental Performance

As part of institutionalizing services offered at the Miritini Treatment Centre, the Authority plans to develop guidelines for waste management in the next financial year. In addition, during the reporting period, the Authority partnered with Fort Reitz Hospital to leverage its existing structures for management and disposal of medical waste. The Authority has also onboarded a service provider to help with the disposal of e-waste.

iii) Employee welfare

The Authority has in place the following human resource instruments approved by the Parent Ministry and the State Corporations Advisory Committee:

- (a) Human Resource Policies and Procedures Manual
- (b) Organizational Structure and Staff Establishment
- (c) Career Guidelines

The instruments guide the Authority in the management of human resource functions. Within the Human Resource Policies and Procedures Manual is the policy on performance management where employees are required to set targets with the Supervisors in line with the Authority Performance Contract and strategic plan. The targets are reviewed on a need basis, and appraisals are conducted at the end of the financial year to assess employee performance. During this assessment, gaps are identified where training/development needs for employees in line with the existing gaps are drawn towards improving employee performance. The policy on

recruitment provides the different methods in the recruitment of employees based on the nature of the job. The policies are reviewed in line with the Public Service Commission guidelines and subjected to all the key stakeholders, including the employees, the Board, parent Ministry, SCAC, and SRC. The Authority is bound by the provisions and guidelines of the policy on safety and compliance with the Occupational Safety and Health Act of 2007 (OSHA). It has constituted a committee that oversees the safety of employees at the workplace.

iv) Market place practices-

a) Responsible competition practice.

NACADA ensures Procurement competition through advertisement opportunities on its website and Government tender portal.

b) Responsible Supply chain and supplier relations

As part of efforts to enhance relations with its various stakeholders, NACADA undertakes various initiatives to ensure supplier satisfaction.

Prior to engaging suppliers, NACADA undertakes continuous supplier registration to ensure as many potential suppliers as possible are enlisted as service providers for the Authority.

NACADA sensitizes current and potential suppliers on procurement processes and opportunities using its online media platforms such as the website (www.nacada.go.ke), Facebook, Twitter, Instagram and LinkedIn pages. In addition, NACADA disseminates information on procurement issues via its in-house quarterly newsletter, NACADA Quarterly.

NACADA also carries out in-person sensitizations especially for special groups as identified under AGPO such as women, youth and persons with disabilities. This ensures uptake of procurement opportunities by these groups under the principles of Access to Government Procurement Opportunities for special groups.

NACADA ensures strict adherence to provisions of the Public Procurement and Asset Disposal Act in terms of engagement through to timely payments to suppliers who satisfactorily offer goods and services to the Authority.

c) Responsible marketing and advertisement

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

d) Product stewardship

NACADA does not provide products in its operations.

v) **Corporate Social Responsibility / Community Engagements**

The Authority takes cognizance of the fact that it does not operate in isolation. It thus has to give back to society through strategic CSR activities which address wider societal issues.

Alcohol and drug abuse continue to be one of the biggest threats to health, socio-economic and political development across the globe. In Kenya, alcohol and drug abuse has significantly increased in the country over the last decade. The adverse effects of this vice have not spared the youth and children in school and out of school.

Two of NACADA's core functions are to carry out public education on alcohol and drug abuse directly and in collaboration with other public or private bodies and institutions and coordinate and facilitate public education in controlling alcohol and drug abuse.

In fulfillment of these functions, and as part of CSR, the Authority sponsored an anti-drug song by an artist from Nairobi County, Calvin Ondongo of the Precious Cornerstone Band (PC Band)-Kibera. He is a household name in the slum and is a talented young artist who educates and advocates for positive lifestyles by making informed decisions.

"Alcohol and Drug Abuse" Song

This is the song composed in Swahili language was inspired by the alarming increasing alcohol and drug abuse trends, especially during the Corona virus pandemic. The song acknowledges that as the country is progressively opening up and alcoholic drinks outlets are opened, there is a need for the youth to be careful and avoid slipping into substance use addiction and dependency.

The Authority spent Kshs 200,000/= (read as one two hundred thousand shillings only) to support the production.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the NACADA's affairs.

i) Principal activities

The principal activities of Nacada are (and continue to be) pages 2-3

ii) Results

The results of the Authority for the year ended June 30, 2022, are set out on page 24

iii) Directors

The members of the Board of Directors who served during the year are shown on pages 6-9. During the financial year under review, two board members, Hon Esther Gathogo and Dr Kepha Ombacho left the board.

iv) Surplus Remission

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

NACADA did not realize any surplus in the financial year under review and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor-General is responsible for the statutory audit of the NACADA per **Article 229 of the Constitution of Kenya** and the **Public Audit Act, 2015**.

By Order of the Board

Daniel Owino Konyango
Corporate Secretary
Nairobi
Date:.....

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14(i) of the State Corporations Act, require the Directors to prepare financial statements in respect of that National Authority for the Campaign Against Alcohol and Drug Abuse, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the National Authority for the Campaign Against Alcohol and Drug Abuse for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which 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, 2022. 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, 2021, 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.

a) Approval of the financial statements

Nacada's financial statements were approved by the Board on 4th OCTOBER 2022 and signed on its behalf by:

Signature.....

Name: Dr. Stephen Mairori

Chairperson of the Board

Signature.....

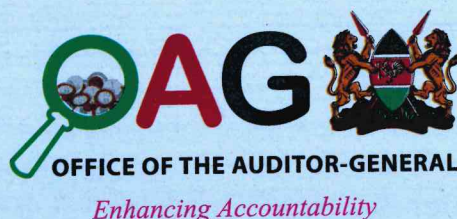
Name: Victor Gwaro Okoma

Accounting Officer

12. REPORT OF THE INDEPENDENT AUDITORS ON NACADA

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the National Authority for the Campaign Against Alcohol and Drug Abuse set out on pages 1 to 40, which comprise of

the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Authority for the Campaign Against Alcohol and Drug Abuse as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Authority for the Campaign Against Alcohol and Drug Abuse Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 22 to the financial statements reflects receivables from exchange transactions balance of Kshs.15,992,396. However, review of debtors' aging analysis indicated that receivables amounting to Kshs.4,819,317 were outstanding for more than one year. Included in these receivables were Authority to Incur Expenditure (AIEs) issued to Regional and County Commissioners amounting to

Kshs.700,000 and dues from an audit firm amounting to Kshs.3,119,986 which had been outstanding for more than three (3) years as at 30 June, 2022.

In the circumstances, the recoverability of the long outstanding receivables and related value for money could not be confirmed, and this may have resulted to loss of public funds.

2. Property Without Ownership Documents

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

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

3. Delayed Completion of the National Multipurpose Facility for Drug Use Disorders at Miritini Treatment and Rehabilitation Centre – Mombasa

The Authority entered into a contract for the construction of the National Multipurpose Facility at Miritini Treatment and Rehabilitation Centre - Mombasa on 15 March, 2021 at a cost of Kshs.97,891,676. The commencement date was 13 May, 2021 with an expected completion date of 12 May, 2022. The last valuation of works was dated 14 October, 2022 and the work done was valued at Kshs. 44,794,962 representing 51% of the contract value. At that time the contractor had been paid a total of Kshs.37,872,017. Review of the project records indicated that the contractor had requested for three extension of time and the last extension pushed the expected completion date to 3 February, 2023. However, by the time of audit in February, 2023, the works had not been completed and there was no evidence that a further extension of time was requested and approved.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 March, 2023

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
Revenue from Non Exchange Transactions	6	529,150,000	469,490,000
Gok Fund			
Liquor Licensing	7	25,278,329	14,837,495
Donations/Public Contribution	8	6,445,054	1,697,362
		560,873,383	486,024,857
Revenue from Exchange Transactions			
Rendering of Services	9	35,243,865	28,885,471
Total Income		596,117,248	514,910,328
Expenses			
Employee costs	10	280,721,944	263,426,471
Remuneration of directors	11	19,543,126	14,366,467
Depreciation and amortization expense	12	12,666,763	14,103,252
Repairs and maintenance	13	13,102,529	11,151,830
Campaign Expenses	14	105,726,984	85,343,230
Traveling Expenses	15	30,779,814	15,785,770
General expenses	16	100,267,932	85,639,360
Training & Research	17	29,886,004	18,087,539
Rendering of service Expense	19	11,137,414	7,818,719
		603,832,510	515,722,638
Total Expenses		(7,715,262)	(812,310)
Net Surplus		(7,715,262)	(812,310)
Attributable to:			
Surplus Attributable to GOK		(7,715,262)	(812,310)

The notes set out on pages 8 to 41 form an integral part of these Financial Statements.

Chief Executive Officer
Name: V.G. Okima

Date: 28/02/2023

Head of Finance
Name: Samuel Makini

ICPAK Number: 8431

Date: 28/02/2023

Chairperson of the Board
Name: Rev. Dr. Stephen Mairori

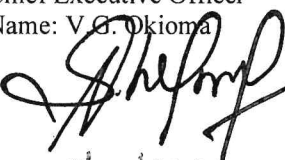
Date: 28/02/2023

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

		2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	20	109,320,457	31,170,888
Receivables from exchange transactions	22	15,992,396	15,292,100
Receivables from Non-exchange transactions	23	3,246,892	48,596,036
		128,559,745	95,059,024
Non-current assets			
Property, plant and equipment	24	98,558,120	71,344,855
Intangible Assets	25	130,884	195,349
Total assets		227,248,749	166,599,228
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	26	84,436,177	82,976,314
Provisions-	27	1,392,292	580,000
Total liabilities		85,828,469	83,556,314
Net assets			
Reserves-Capital Fund		26,783,428	26,783,428
Accumulated surplus		10,498,754	27,367,472
Rehabilitation Centre		7,486,673	8,892,014
Miritini Rehabilitation		96,651,425	20,000,000
Net Assets		141,420,280	83,042,914
Total Net Assets and Liabilities		227,248,749	166,599,228

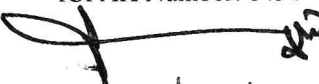
The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

Chief Executive Officer
Name: V. G. Okioma

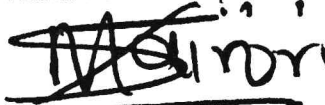

Date: 28/02/2023

Head of Finance
Name: Samuel Makini

ICPAK Number: 8431


Date: 28/02/2023

Chairperson of the Board
Name: Rev. Dr. Stephen Mairori


Date: 28/02/2023

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2022

	Miritini Rehabilitation Project	Rehabilitation Reserve	Reserves Capital Replacement Development Reserve/Capital Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2020		17,060,579	26,783,428	41,607,953	85,451,960
Prior year adjustment				613,863	613,863
Restated Opening balances 1st July 2020		17,060,579	26,783,428	42,221,816	86,065,823
Development Fund -Miritini Project	20,000,000				20,000,000
Prior year Surplus 90% remitted to KRA				(14,042,034)	(14,042,034)
Deficit for the Period				(812,310)	(812,310)
Rehabilitation Centers		(8,168,565)			(8,168,565)
Balance as at June 30th 2021	20,000,000	8,892,014	26,783,428	27,367,472	83,042,914
Balance as at July 1st 2021	20,000,000	8,892,014	26,783,428	27,367,472	83,042,914
Prior year adjustment		1,215,491		(9,153,455)	(7,937,964)
Development fund received	100,000,000				100,000,000
Recurrent –Miritini /Rehab Center	(23,348,574)	(2,620,832)			(25,969,406)
The deficit for the Period				(7,715,262)	(7,715,262)
Balance as at 30th June 2022	96,651,425	7,486,673	26,783,428	10,498,754	141,420,280

16. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Revenue from Non exchange Transactions			
Receipts			
Gok Fund-Recurrent	28	574,150,000	424,490,000
Liquor Licensing	7	25,278,329	14,837,495
Donations	8	6,445,054	1,697,362
		605,873,383	441,024,857
Revenue from Exchange Transactions			
Rendering of Services	29	34,996,759	23,294,864
Total Cash received		640,870,142	464,319,721
Expenses			
Employee Costs	30	273,548,597	263,146,178
Remuneration of Directors	31	19,201,076	14,308,517
Repairs & Maintenance	32	13,273,666	10,329,040
Campaign Expenses	33	106,690,738	87,571,371
Travelling Expenses	34	31,378,814	15,730,212
General Expenses	35	106,821,840	74,630,814
Training & Research	36	29,973,664	17,506,149
Support to County Government	-	-	-
Rendering of Services Expenses	37	11,265,629	6,985,919
Remission to National Treasury	19	-	14,042,034
Total Expenses		592,154,024	504,250,234
Net cash flows from operating activities		48,720,486	(39,930,513)
Cash flows from investing activities			
Cash paid for Purchase of Fixed Assets	38	(44,711,555)	(21,884,378)
Cash paid in support of Rehabilitation Centre	39	(25,969,406)	(8,168,565)
Increase /Decrease in Non-Exchange Receivables		110,044	(1,923,802)
Reserves transferred to staff Mortgage Account			
Net cash flows used in investing activities		(70,570,917)	(11,976,745)
Cash flow from Financing Activities			
Cash received for Development of Miritini Rehab		100,000,000	
Net increase /(Decrease) in cash and cash equivalents		78,149,569	(51,907,257)
Cash and Cash equivalents at 1 July		31,170,888	83,078,145
Cash and cash equivalents at 30 June	20	109,320,457	31,170,888

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

Accounting Officer

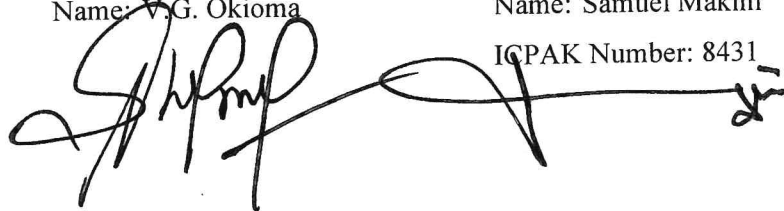
Head of Finance

Chairman of the Board

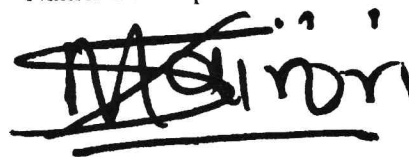
Name: V.G. Okioma

Name: Samuel Makini

Name: Dr. Stephen Mairori



ICPAK Number: 8431



Date: 28th FEBRUARY 2023

Date: 28th FEBRUARY 2023

Date: 28th FEBRUARY 2023

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR PERIOD ENDED 30TH JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Variance percentage
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
Income	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK- Recurrent	529,150,000		529,150,000	529,150,000	-	
GOK - Development	100,000,000		100,000,000	100,000,000	-	
Carry over – Training	18,000,000		18,000,000	18,000,000	-	
Carry over – Miritini Rehab	9,000,000		9,000,000	10,108,000	1,108,000	12%
Other Income	48,282,000	20,000,000	68,282,000	66,967,247	(1,314,752)	(2%)
Total income	704,432,000	20,000,000	724,432,000	724,225,247	(206,752)	
Expenses						
Miritini Project	100,000,000		100,000,000	33,016,475	66,983,525	43%
Purchase Furniture/Fittings	2,000,000		2,000,000	1,698,571	301,429	15%
Purchase Computer /IT	15,500,000		15,500,000	5,100,517	10,399,483	67%
Recurrent						
Staff cost	285,469,355	(5,500,000)	279,969,355	280,721,944	(752,588)	(0.2%)
Board Expenses	16,460,000	3,000,000	19,460,000	19,543,126	(83,126)	(0.4%)
Repairs & Maintenance	11,000,000	1,063,574	12,063,574	13,102,529	(1,038,955)	(8.6%)
Campaign Expenses	96,156,965	168,213	96,325,178	105,726,984	(9,401,806)	(9%)
Travelling Expenses	20,254,990	12,000,000	32,254,990	30,779,814	1,475,175	4.5%
General Expenses	96,723,723	268,213	96,991,936	100,267,931	(3,275,995)	(3.3%)
Training & Research	24,255,680	3,500,000	27,755,680	29,886,004	(2,130,323)	(7.6%)
Rehab Centre Expenses	29,411,287	-	29,411,287	25,969,406	3,441,880	11.7%
Reimbursable expenses	7,200,000	5,500,000	12,700,000	11,137,415	1,562,585	12%
Total expenditure	704,432,000	20,000,000	724,432,000	656,950,716	67,481,283	9%
Surplus for the period	-	-	-	67,274,531	67,274,531	

Budget Notes

1. Miritini Project is ongoing, hence the variance in the budget
2. Some of the furniture and fittings purchased was for Miritini Project
3. By the closure of the year part of the items planned for purchase were under the procurement process hence the positive variance
4. Campaign expenses went up because of the increased public education, crackdown and peace campaigns as we neared the Country's general elections.
5. Rehabilitation Centre Expenses were under utilised as a result of uncompleted procurement processes that were initiated in the fourth quarter and finalized in after year end.
6. Reimbursable expenses vote received a reallocation to cater for projected public sector workplace prevention trainings which did not take off in the time frame envisaged.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying NACADA's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of NACADA.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other	Applicable: 1st January 2023:

Standard	Effective date and impact:
IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

Nacada did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

NACADA recognizes revenues from liquor licenses on a cash basis but recognizes direct credit in the Bank Accounts as revenue at the end of the financial year. Returns comprising deposit slips and a copy of the license issued are summarised by the sub-counties and delivered to the Authority for confirmation and acknowledgment by issuing receipts. These receipts are booked in the cash book as income from liquor licensing. At the end of each month, a cash book and bank reconciliation

statement is prepared. Credit in the bank's statements that have not been acknowledged by issuing receipts are regarded as direct credits and recognized as revenue, which are subsequently confirmed by returns from the sub-counties.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

NACADA receives transfers from its Parent Ministry – The State Department for Interior and Co-ordination of National Government, for both Development and Recurrent expenditures.

Rendering of services

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

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on 14-06-2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, NACADA did not record any additional appropriations on the 2021-2022 budget.

NACADA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Taxes

Current income tax

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

NACADA is a tax agent for the government and therefore withholds VAT for Merchants, Withholding tax for consultancies and Paye taxes.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. 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.

f) Leases

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

NACADA is mandated to carry out research in the Country and assess the level of drug abuse to assist the National Government in policy formulation. Public institutions and private institutions also engage the Authority in carrying out research on substance abuse parameters in their entity's workforce to mitigate their effects.

The cost associated with this research is expensed off during the financial year without recognizing any intangible assets.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition. NACADA does not hold any financial assets as at the date of reporting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking

into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. NACADA does not hold any financial Instruments.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

NACADA assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

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

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

The Authority doesn't have provision other than provision for Audit fee.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

NACADA creates and maintains reserves in terms of specific requirements. NACADA has the following reserves:

Capital reserve

This was the initial capital injected in the fund, which has consistently been reflected in the books of accounts

Revenue reserves

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

o) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

NACADA provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

NACADA has a retirement plan for its permanent employees. This is done by maintaining a retirement benefit pension fund managed by Zamara Pension. The Scheme complies with RBA regulations; employees contributes 10 percent of their basic salary while the employer contributes 20 percent of the basic salary.

In addition, NACADA is a registered contributory member of National social security fund.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

NACADA does not deal in foreign currency transactions while operating this fund

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

The Authority has never engaged in fund borrowing since its inception.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

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

t) Service concession arrangements

NACADA analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

NACADA does not have service concession arrangements.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

- (i) The Covid-19 pandemic will be completely contained and its effects reversed.
- (ii) The collection of revenues by KRA will improve to enable the National Treasury to fund the Authority.
- (iii) The current collection of revenue from Liquor licensing (imports and manufacturing) will improve to sustain the operations of the Authority.
- (iv) The Kenyan economy will be stable, thereby providing a conducive environment for businesses to thrive.
- (v) The effects of National elections will not have substantial impact on the Kenyan Economy.

Notes to the Financial Statements (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

No revaluation of assets was carried out during the year under review

6. Transfer from Government Entities

a)

Description	2021-2022	2020-2021
	Kshs	Kshs
Actual Received	529,150,000	389,490,000
Miritini Project Operations	-	30,000,000
Cash in Transit-Supplementary II	-	45,000,000
TOTAL	529,150,000	464,490,000

b)

Description	2021-2022	2020-2021
	Kshs	Kshs
Development – Miritini Project	100,000,000	20,000,000

c) Transfer from Parent Ministry

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants	-	5,000,000
Operational grant	-	5,000,000
Total government grants and subsidies	-	10,000,000

d) Transfers from Ministries Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2021-2022
			KShs	KShs	KShs
Ministry of Interior & National Coordination	529,150,000	-	100,000,000	629,150,000	629,150,000
Total	529,150,000	-	100,000,000	629,150,000	629,150,000

7. Liquor Licensing

Description	2021-2022	2020-2021
	Kshs	Kshs
Liquor licensing by Sub county Committees	1,028,329	837,495
Import/export License	24,250,000	14,000,000
Total	25,278,329	14,837,495

NACADA continues to provide licensing services to those counties that are yet to devolve the licensing function.

8. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
AIA	480,980	-
Miritini admissions	5,230,500	-
Donation/Sponsorship	733,574	1,697,362
Total	6,445,054	1,697,362

Calton Hall donated Kshs 733,574 in support of vulnerable women affected by substance use disorders for NHIF subscriptions and Kshs 4,966,500 was received as amounts charged for Miritini Rehab admissions.

9. Rendering of Services

Description	2021-2022	2020-2021
	KShs	KShs
Workplace Based Training	33,620,363	24,160,507
Universal Treatment & Care	214,483	664,963
Baseline Surveys	1,409,019	4,060,001
Total	35,243,864	28,885,471

NACADA conducts trainings on Workplace sensitization on Alcohol and Drug Abuse at a cost sharing fee.

10. Employee Costs

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	147,323,314	138,378,260
Contributions to pensions and Gratuity	28,564,386	25,397,189
Housing benefits and allowances	104,531,044	99,356,622
Social contributions (NSSF)	303,200	294,400
Employee costs	280,721,944	263,426,471

11. Remuneration of Directors

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Directors emoluments	12,212,363	9,498,600
Other allowances	6,370,763	3,907,867
Total director emoluments	19,543,126	14,366,467

12. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Motor Vehicles	3,810,030	5,080,040
Furniture & Fittings	4,288,587	4,658,589
Computers & Equipment	4,503,681	4,364,623
Intangible assets	64,465	-
Total depreciation and amortization	12,666,763	14,103,252

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
Vehicles	9,161,208	9,638,729
Furniture and fittings	2,152,506	439,973
Computers and Other Equipment	1,788,815	1,073,128
Total repairs and maintenance	13,102,529	11,151,830

14. Campaign Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Printing & Publishing	1,049,219	3,237,976
Advertising & Publicity	94,324,067	73,708,537
Subscription fees for newspapers	566,380	500,000
Catering Expenses	7,451,358	4,786,104
Trade Shows & Exhibitions	-	-
Consultancy Services	2,335,960	3,110,613
Total contracted services	105,726,984	85,343,230

15. Travelling Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Domestic Travelling	4,790,605	3,539,541
Domestic Accommodation	20,088,561	12,246,229
Foreign Travelling	3,004,449	-
Foreign Subsistence	2,896,199	-
Total	30,779,814	15,785,770

16. General Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Communication & supplies	12,049,159	10,694,951
Rent & Parking	38,775,888	37,937,409
Audit Fees	580,000	580,000
Office & General Supplies	7,531,251	4,395,677
Medical Insurance	26,977,456	20,406,398
Motor Vehicle Insurance	1,018,213	1,209,294
Bank Charges	294,624	303,372
Fuel, oil & Lubricants	8,221,912	5,677,853
Cleaning services & Contracted Guards	4,819,428	4,215,045
Water Bills	-	219,360
Total	100,267,931	85,639,360

17. Staff Training and Research

Description	2021-2022	2020-2021
	KShs	KShs
Research	9,725,555	5,938,857
Staff Training	17,632,703	9,843,592
Hire of Training Facilitate	2,527,746	2,305,090
TOTAL	29,886,004	18,087,539

18. Rendering of services Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Hire of training facility & Consultants	11,137,415	7,818,719
Total	11,137,415	7,818,719

19. Surplus Remitted to KRA

Description	2021-2022	2020-2021
	KShs	KShs
90 % surplus for 2017-2018/2019-2020	-	14,042,034
Income tax expense reported in the statement of financial performance	-	14,042,034

20. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	109,309,422	31,171,358
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify) cash in hand	11,035	(470)
Total cash and cash equivalents	109,320,457	31,170,888

21. Detailed Analysis of Cash and Cash Equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Kenya Commercial bank	1125676671	13,699,940	15,370,042
Kenya Commercial bank	1142111814	183,377	144,833
Kenya Commercial bank	1142111962	31,572	(47,859)
Kenya Commercial bank	1142112098	12,080	257,188
Kenya Commercial bank	1149503823	4,323	4,209
Kenya Commercial bank	1103199439	59,924,823	4,013,295

NACADA ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Kenya Commercial bank	1142112187	31,925	(1,631)
Coop Bank	1141134561900	7,918,850	3,856,451
Equity Bank, etc		27,502,531	7,574,830
Sub- total		109,309,422	31,171,358
b) Others(specify)		11,035	(470)
cash in hand		11,035	(470)
Sub- total		109,320,457	31,170,888
Grand total			

22. Receivables from Exchange Transactions

(a)	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Trade receivables	9,702,045	9,814,041
Other exchange debtors	-	-
Less: impairment allowance	-	(812,292)
Total current receivables	9,702,045	9,001,749

(b)	2021-2022	2020-2021
Description	KShs	KShs
Non-current receivables		
Rental Deposits	3,170,365	3,170,365
Earnest and Young-Legal Dispute	3,119,986	3,119,986
Total non-current receivables	6,290,351	6,290,351
Total receivables (a+b)	15,992,396	15,292,100

23. Receivables from Non-Exchange Contracts

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Legal Deposit	100,000	100,000
Statutory Deductions -KRA	103,403	103,403
Other debtors (non-exchange transactions)	3,043,489	48,392,633
Less: impairment allowance	-	-
Total current receivables	3,246,892	48,596,036

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Property Plant and Equipment

	Work in Progress- Property & Land Buildings KShs	Motor vehicles KShs	Furniture and fittings KShs	Computers KShs	Total KShs
Cost					
At 1 st July 2019	-	116,093,696	43,393,318	56,497,632	215,984,646
Additions			10,675,295	8,193,041	18,868,336
At 30 th June 2020	-	116,093,696	54,068,613	64,690,673	234,852,982
Prior year adjustment	-		(1,083,024)		(1,083,024)
Additions	14,947,610		5,375,709	2,509,000	22,832,319
At 30 th June 2021	14,947,610	116,093,696	58,361,298	67,199,673	256,602,277
At 1 July 2021					
Additions	14,947,610	116,093,696	58,361,298	67,199,673	256,602,277
At 30 th June 2022	33,016,475	-	1,698,571	7,335,536	42,050,583
Depreciation and impairment	47,964,085	116,093,696	60,059,869	74,535,209	298,652,860
At 1 st July 2021					
Depreciation	-	100,853,576	25,751,176		
At 1 st July 2022	-	3,810,030	4,288,587	58,652,670	185,257,422
Net book values	-	104,663,606	30,039,763	4,503,681	12,602,298
At 30 th June 2022				63,156,351	197,859,720
At 30 th June 2021	47,964,085	11,430,090	30,020,106	9,143,839	98,558,120
	14,947,610	15,240,120	32,610,122	8,547,003	71,344,855

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Intangible Assets

	Intangible Assets	Total
Cost	Kshs	KShs
At 1 st July 2019	7,999,624	7,999,624
Additions	-	-
At 30 th June 2020	7,999,624	7,999,624
Additions	-	-
At 30 th June 2021	7,999,624	7,999,624
At 1 July 2021	7,999,624	7,999,624
Additions	-	-
At 30 th June 2022	7,999,624	7,999,624
Depreciation and impairment		
At 1 st July 2021	7,804,275	7,804,275
Depreciation	64,465	64,465
At 1 st July 2022	7,868,740	7,868,740
Net book values		
At 30 th June 2022	130,884	130,884
At 30 th June 2021	195,349	195,349

26. Trade and Other Payables from Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	34,138,527	46,281,746
Payments received in advance		-
Employee Fund	31,454,022	23,627,216
Third-party payments-Statutory Deductions	18,843,628	13,067,352
Other payables-Fund from Ministry	-	-
Total trade and other payables	84,436,177	82,976,314

27. Current Provisions

Description		Total
	2021-2022	2020-2021
	KShs	KShs
Balance b/d (1.07.2020)/2021	580,000	580,000
Additional Provisions	580,000	580,000

Provision for bad debts	812,292	-
Change due to discount and time value for money	-	-
Transfers from non-current provisions	(580,000)	(580,000)
Provision for 30.6.2022	1,392,292	580,000

28. GOK Cash receipt

Description	2021-2022	2020-2021
	KShs	KShs
Recurrent Allocation for the Period	529,150,000	469,490,000
Less Cash in transit by 30 th June	45,000,000	(45,000,000)
Cash received by 30th June 2022	574,150,000	424,490,000

29. Lendering of services

Description	2021-2022	2020-2021
	KShs	KShs
Amount invoiced by 30 th June	35,243,865	28,885,471
Decrease in Receivables –Exchange Transaction	4,099,559	939,674
Increase in Receivables –Exchange Transaction	(4,346,665)	(6,530,281)
Total Cash received by 30th June	34,996,759	23,294,864

30. Employees Cost

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off as at 30 th June	280,721,944	263,426,471
Decrease in Payroll liabilities	4,650,129	10,949,867
Increase in payroll liabilities	(11,823,476)	(11,230,160)
Total Cash payment as at 30th June	273,548,597	263,146,178

31. Remuneration of Directors

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	19,543,126	14,366,467
Decrease in Liabilities –Directors Due	101,950	20,000
Increase in Liabilities –Board Expenses	(444,000)	(77,950)
Total Cash payment as at 30th June	19,201,076	14,308,517

32. Repairs & Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	13,102,529	11,151,830
Decrease in liabilities	343,290	1,278,666
Increase in liabilities	(172,153)	(2,101,456)
Total Cash payment as at 30th June	13,273,666	10,329,040

33. Campaign Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	105,726,984	85,343,229
Decrease in Liabilities	1,271,422	5,555,734
Increase in liabilities	(37,668)	(3,327,592)
Total Cash Payment by 30th June	106,690,738	87,571,371

34. Travelling Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	30,779,814	15,785,770
Decrease in liabilities	880,000	315,682
Increase in Liabilities	(281,000)	(371,240)
Total Cash Payment by 30th June	31,378,814	15,730,212

35. General Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	100,267,932	85,639,360
Decrease in liabilities	9,868,149	355,078
Increase in liabilities	(3,314,241)	(11,363,624)
Total Cash Payment by 30th June	106,821,840	74,630,814

36. Staff Training & Research

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	29,886,004	18,087,539
Decrease in Liabilities	244,300	191,260
Increase in Liabilities	(156,640)	(772,650)
Total Cash Payment by 30th June	29,973,664	17,506,149

37. Training Expenses(Reimbursables)

Description	2021-2022	2020-2021
	KShs	KShs
Amount Expensed off at 30 th June	11,137,415	7,818,719
Decrease in Liabilities	169,984	-
Increase in Liabilities	(41,770)	(832,800)
Total Cash Payment by 30th June	11,265,629	6,985,919

38. Cash paid for Purchase of Fixed assets

Description	2021-2022	2020-2021
	KShs	KShs
Fixed assets purchased during the year	42,050,583	22,832,319
Prior year adjustment	-	(1,083,024)
Decrease in liabilities	2,660,972	135,083
Total Cash paid for Fixed Assets	44,711,555	21,884,378

39. Cash Generated from Operations

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax	(7,715,262)	(812,310)
Adjusted for:		
Depreciation	12,666,763	14,103,252
provisions	1,392,292	-
Remittance to KRA	-	(14,042,034)
Increase/ Decrease in Receivables	44,648,848	(45,250,673)
Increase/ Decrease in liabilities	(2,272,155)	6,071,253
Net cash flow from operating activities	48,720,486	(39,930,513)

40. Employee Benefit Obligations

NACADA operates a defined contribution scheme for all full-time employees from May 1, 2012. Zamara Pension administers the scheme. The scheme is based on 10 percent of basic salary of an employee and the employer tops up 20 percent of an employee's basic salary. NACADA also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. NACADA'S obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month. Other than NSSF, the Authority also has a defined contribution scheme operated by Zamara Pension Fund. Employees contribute 10% while employers contribute

20% of the basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

41. Financial Risk Management

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

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

i) Credit risk

NACADA has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the NACADA's management based on prior experience and their assessment of the current economic environment.

Although NACADA is not a trading institution, its major sources of income are generated from liquor licensing and with the devolvement of this function to the counties. Unless alternative measures are put in place its operations may come to a halt in the near future. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	9,702,045	9,702,045	-	812,292
Receivables from non-exchange transactions	9,537,243	9,537,243	-	-
Bank balances	109,320,457	109,320,457	-	-

Total				
At 30 June 2021	128,559,745	128,559,745	-	812,292
Receivables from exchange transactions	15,292,100	15,292,100	-	812,292
Receivables from non-exchange transactions	48,596,036	48,596,036	-	-
Bank balances	31,170,888	31,170,888	-	-
Total	95,059,024	95,059,024	-	812,292

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the NACADA's directors, who have built an appropriate liquidity risk management framework for the management of NACADA's short, medium and long-term funding and liquidity management requirements. NACADA manages liquidity risk through continuous monitoring of forecasts and actual cash flows. NACADA is currently in a position to meet its financial obligation but this may not be sustainable in the near future.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables		7,248,563	26,889,964	34,138,527
Statutory Deductions		11,928,754	6,914,874	18,843,628
Provisions	1,392,292			1,392,292
Deferred income-Interior benefit		487,244	30,966,778	31,454,022
Employee obligation				
Total	1,392,292	19,664,561	64,771,616	85,828,469
At 30 June 2021				
Trade payables	-	-	45,701,746	45,701,746
Statutory Deductions		13,067,352		13,067,352
Provisions	580,000		580,000	1,160,000
Deferred income-Interior benefit				
Employee obligation				
Total	580,000	13,067,352	23,627,216	23,627,216
			69,908,962	83,556,314

iii) Market Risk

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

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

NACADA's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to NACADA's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

NACADA does not deal in foreign currency or transactions.

b) Interest rate risk

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

Management of interest rate risk

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

NACADA does not currently have exposure to interest rate risk as it does not have fund reserves to deposit for gain.

iv) Capital Risk Management

The objective of Nacada's capital risk management is to safeguard the Board's ability to continue as a going concern.

40. Related Party Balances

a) Nature of related party relationships

NACADA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over Nacada, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the CEO, senior managers, the parent Ministry and the National Government as well.

Related Party Balances	2021-2022	2020-2021
a) Key Management Personnel	56,766,730	56,870,847

b) Government of Kenya

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

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs

Related Party Disclosures

- iv) Key management;
- v) Board of directors;

42. Contingent Assets and Contingent Liabilities

Contingent Assets

NACADA currently has no feasible contingent assets to report.

Contingent Liabilities

NACADA currently has no feasible contingent liability to report.

43. Capital Commitments

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	100,000,000	100,000,000
Authorised and contracted for	87,891,676	87,891,676

44. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Nacada did not realise any surplus in the financial year under review and hence no remittance was made to the Consolidated Fund.

45. Events After the Reporting Period

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


46. Ultimate and Holding Entity

NACADA is a State Corporation under the Ministry of Interior and Coordination of Government. Its ultimate parent is the Government of Kenya.

47. Currency

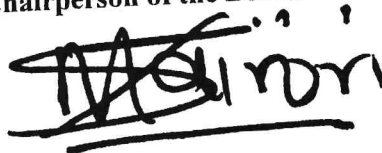
The financial statements are presented in Kenya Shillings (Kshs).

Mr. Victor G. Okioma, EBS
Chief Executive Officer



Date 28th FEBRUARY 2023

Rev. Dr. Stephen Mairori
Chairperson of the Board



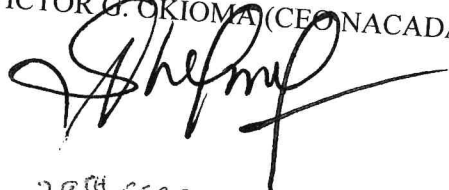
Date 28th FEBRUARY 2023

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. from the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Failure to collect long outstanding debts	AIEs issued to regional and county commissioners of Kshs 1,319,200 have partially been collected	Partially Resolved	June 2023
2.	Failure to acquire property ownership documents	National Youth Service – Miritini Camp was converted into a rehabilitation Centre by the Presidential and Ministry of Interior and Cordination of National Government directives dated 28 th August 2015 and 13 th August 2019. The land has yet to be transferred legally to the Authority	Not Resolved	December 2023

VICTOR G. OKIOMA (CEO NACADA)



Date 28th FEBRUARY 2023

APPENDIX II: PROJECTS IMPLEMENTED BY THE NACADA

Projects implemented by NACADA Funded by the Government.

					Agreement (Yes/No)	Completed (Yes/No)
1. Miritini					n/a	Yes

Status of Projects completion

1	Miritini	1.2B	100,000,000	65	100,000,000	100,000,000	GOK

	Total	733,574	
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The above amounts have been communicated to and reconciled with the parent Ministry

Sign-

APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

No receipts from other Government entities were recorded

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
n/a	n/a								n/a
Total									

APPENDIX V- INTER-ENTITY CONFIRMATION LETTER

[Insert name of beneficiary Entity]
[Insert Address]

The National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022			Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Total						

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name Sign Date

APPENDIX VI: REPORTING OF CLIMATE RELEVANT EXPENDITURES

NACADA

Telephone Number: 020-2721997

Email Address: ceo@nacada.go.ke

Name of CEO/MD/Head: Victor Gwaro Okioma

Name and contact details of contact person (in case of any clarifications) Mr Samuel Makini 020-2721997

Date:											
Entity											
Period to which this report refers (FY)	Year	Quarter									
Name of Reporting Officer	2										
Contact details of the reporting officer:	Email	Telephone									
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	Comments				
Programme	Sub-programme	Disaster Type	Category of disaster related expenditure require reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)						