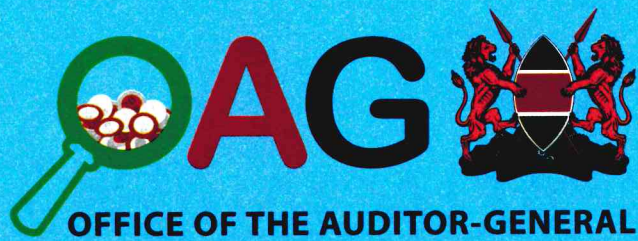


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

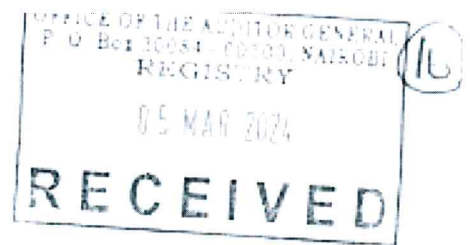
**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2023**



**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  
30<sup>TH</sup> JUNE 2023**

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

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## 1. ACRONYMS AND ABBREVIATIONS

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NACADA	National Authority for the Campaign Against Alcohol & Drug Abuse
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

## 2. NACADA's 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 19<sup>th</sup> May 2006.

In 2007, through Legal Notice No. 140 published in the Kenya Gazette Supplement No. 70 of 29<sup>th</sup> June 2007, the Agency was transformed into the National Campaign Against Drug Abuse Authority (NACADA) 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) Vision

A nation free from alcohol and drug abuse.

#### ii) Mission

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

#### iii) Core Values

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

#### iv) Objectives

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

- a) Carry out public education on alcohol and drug abuse directly and

- collaborate with other public or private bodies and institutions.
- b) Coordinate and facilitate public participation in the control of alcohol and drug abuse.
  - c) Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol and drug demand reduction.
  - d) 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.
  - e) In collaboration with other lead agencies, provide and facilitate rehabilitation facilities, programmes, and standards for persons suffering from substance use disorders.
  - f) Subject to any other written law, license, and regulate operations of rehabilitation facilities for persons suffering from substance use disorders.
  - g) 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.
  - h) Develop and maintain proactive co-operation with regional and international institutions in areas relevant to achieving the Authority's objectives.
  - i) 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.
  - j) 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.
  - k) 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

- (i) Board of Directors
- (ii) Chief Accounting Officer/ Chief Executive Officer
- (iii) Management

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

- |        |                           |   |  |
|--------|---------------------------|---|--|
| (i)    | Dr. Anthony Omerikwa, MBS | - | Chief Executive Officer                              |
| (ii)   | CPA. Patrick Obura        | - | Director, Corporate Services                         |
| (iii)  | Prof. John Muteti         | - | Director, Research & Policy Planning                 |
| (iv)   | Dr. Yvonne Olando         | - | Director, Public Education Advocacy & Rehabilitation |
| (v)    | Mr. Kirwa Lelei           | - | Manager, Policy and Planning                         |
| (vi)   | CHRP. Joyce Lianza        | - | Manager, Human Resource and Administration           |
| (vii)  | Dr. Samwel Makini         | - | Manager, Finance and Accounts                        |
| (viii) | Ms. Judith Twala          | - | Manager, Counseling and Rehabilitation               |
| (ix)   | Mr. Daniel Konyango       | - | Corporation Secretary and Legal Services Manager     |
| (x)    | Mr. Simon Mwangi          | - | Manager, Corporate Communications                    |
| (xi)   | Mr. Jeremiah Muchembi     | - | Manager, Supply Chain Management                     |
| (xii)  | Ms. Susan Maua            | - | Manager, Public Education and Advocacy               |
| (xiii) | Mr. James Macharia        | - | Manager, Compliance                                  |
| (xiv)  | Ms. Esther Okenye         | - | Manager, Regional Co-ordination                      |

**(e) Fiduciary Oversight Arrangements**

**Finance Board Committee**

- |    |                        |   |             |
|----|------------------------|---|-------------|
| 1. | Ms. Priscillah Gathiga | - | Chairperson |
| 2. | Hon. Elijah Lagat      | - | Member      |
| 3. | Ms. Anne Mathu         | - | Member      |
| 4. | Ms. Margaret Karanja   | - | Member      |
| 5. | Ms. Veronica Okoth     | - | Member      |
| 6. | Rev. Fredrick Ngugi    | - | Member      |
| 7. | Dr. Mercy Karanja      | - | Member      |

**Human Resource Board Committee**

- |    |                        |   |             |
|----|------------------------|---|-------------|
| 1. | Hon. Elijah Lagat      | - | Chairperson |
| 2. | Mr. Swaleh Nyamai      | - | Member      |
| 3. | Ms. Priscillah Gathiga | - | Member      |
| 4. | Ms. Beverly Opwora     | - | Member      |
| 5. | Ms. Josephine Etenyi   | - | Member      |
| 6. | Ms. Florence Amoiti    | - | Member      |

**Technical Board Committee**

- |    |                      |   |             |
|----|----------------------|---|-------------|
| 1. | Ms. Anne Mathu       | - | Chairperson |
| 2. | Rev. Fredrick Ngugi  | - | Member      |
| 3. | Ms. Lucia Nzoongo    | - | Member      |
| 4. | Ms. Margaret Karanja | - | Member      |
| 5. | Mr Adan Harakhe      | - | Member      |
| 6. | Ms. Beverly Opwora   | - | Member      |
| 7. | Dr. Mercy Karanja    | - | Member      |

**Audit Board Committee**

- |                          |   |             |
|--------------------------|---|-------------|
| 1. Ms. Lucia Nzoongo     | - | Chairperson |
| 2. Mr. Ali Swaleh Nyamai | - | Member      |
| 3. Ms. Florence Amoit    | - | Member      |
| 4. Ms. Veronica Okoth    | - | Member      |
| 5. Mr Adan Harakhe       | - | Member      |
| 6. Ms. Josephine Etenyi  | - | Member      |

(f) **NACADA Headquarters**  
NSSF Building Block A  
Eastern Wing, 18<sup>th</sup> 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

### 3. THE BOARD OF DIRECTORS

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**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 Frensko 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.

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**Ann Mathu**  
**Vice Chairperson**

Ann Mathu is Author of the Book titled Sober Again and is also the founder of Sober Again Outreach Programme (A community Based Organization that campaigns against alcohol and drug abuse). She is a Recovery Coach at the Dove Mental Hospital and has previously worked at NACADA.

A passionate recovery coach, Ann Mathu reaches out to persons living with substance use disorders and gives assistance to support long-term recovery. She is a leader, mentor, partner, therapist, spiritual guide and cheerleader. She works with clients after they leave rehabilitation services in order to reinforce and encourage a healthy lifestyle. She also works with families, helping everyone cope with changes that accompany substance use disorder.

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**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 is an accomplished professional in Social work and management with over 25 years of experience gained within and outside the country.

She holds a Bachelor's Degree in Social Work and an Executive Master of Business Administration from the Management University of Africa.

---



**Margaret W. Karanja, AIG  
Board Member**

Ms. Margaret W. Karanja is currently the Director of the Anti-Narcotics Unit and an Assistant Inspector General of Police. She has over 30 years' progressive experience in countering drug-trafficking, forensics, investigations, anti-corruption, operations and revenue protection amongst other areas. Prior to taking the helm at the Anti-Narcotics Unit, she was the Director of Forensic Services and she has worked in various leaderships roles at Railways, Airports and the Nairobi Region.

Ms. Karanja is extensively trained in law enforcement, countering drug and crime, fraud and money laundering, and senior management. Throughout her career, she has been awarded various medals including the 40 years' of independence medal, Head of State commendation and Silver Jubilee Independence medal amongst others.



**Josephine Syombua Etenyi  
Board Member**

Ms. Josephine S. Etenyi is the Director Youth Development at the Ministry of Youth Affairs, Sports and the Art. She is the Alternate Director to the Principal Secretary in the Ministry responsible for Children and Youth Affairs. She has previously served as the Head of the Directorate of Policy, Research and Youth Mainstreaming, Deputy Director of Youth Development and senior managerial positions in human resource and productivity. She also served as the Human Resource Development Specialist- Regional Capacity Building Project, Republic of South Sudan.

Holds a Doctorate of Philosophy degree in Research and Evaluation from the Catholic University of Eastern Africa and a Master's in Educational Planning and Bachelor's degree in Education both from the University of Nairobi.

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**Beverly K. Opwora**  
**Board Member**

Ms. Beverly K. Opwora is the alternate to the Principal Secretary, of Internal Security and National Administration on 19th January 2023. Currently, she is the Secretary, National Administration in the Ministry of Internal Security and National Administration.

Ms. Opwora is an accomplished administrator who has had her career in the defunct provincial administration, transiting to the national government administration under the current constitution.



**Hon. Elijah Kiptarbei Lagat**  
**Board Member**

Hon. Lagat holds a Bachelor of Arts Degree, and Diploma in Adult Education both from the University of East Africa, Baraton. He is a two-time Member of parliament having represented Emgwen and Chesumei constituencies respectively. During his tenure in Parliament he was the Vice Chairman, Labour and Social Welfare Committee, as well as the Chairman, Sports Sub-committee. He was similarly Vice Chairman of the Catering and Health Services Committee and Chairman of the Health Services Sub-committee.

Hon. Lagat has served as the Deputy Human Resources Manager in Nandi County, a position he held for five years.

Winner of the 2000 Boston marathon, He is a talented athlete who represented the country in various sports activities across the world



**Ali Swaleh Nyamai**  
**Board Member**

Ali Swaleh is a consummate Public Relations professional and multi-linguist who has passion for education. He is proficient in full business-unit management with a reputation for leading teams towards peak performance, driving realization of business targets with adept management of organizational diversity, while maintaining a firm focus on assured bottom line gains and distinguished company performance.

He is fluent in French and German, and has also worked in the hospitality industry in Kenya.



**Rev. Fredrick Ngugi  
Board Member**

Fredrick Ngugi holds a Master of Theological Studies in Christian in Christian Counselling and a Bachelor of Theological studies from Vision International University Ramona California USA. He also holds a Diploma in Theological Studies from Vision international university in Australia.

Rev. Ngugi is an Overseer at the Redeemed Gospel Churches of Kenya and Resident Pastor of the Redeemed Gospel Church in Kawaida, Kiambu County. He is the Deputy National Chairman of the Appex Clergy of Kenya (APPECK) an organization with a membership of over 100,000 pastors.

He is a part-time Lecturer at the Pan African University (PAC) where he has been teaching Transformational Leadership since 2017.

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**Lucia Kamanthe Nzoongo  
Board Member**

Lucia Kamanthe Nzoongo holds a Bachelor of Commerce degree and a Diploma in Business Management both from the university of Nairobi. She is the Managing Director at Ronshir Holdings Ltd and has over twenty years' experience having served in various capacities in accounts and finance in both the public and private sectors.

Lucia is adept at putting in place adequate operational planning and financial control systems, besides directing strategy towards the gainful organizational growth and operations

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**Veronica Okoth  
Board Member**

Ms. Okoth is the alternate to the Principal Secretary, the National Treasury on the board. She is an accomplished financial public economist currently serving in the National Treasury as the Director Public Private Partnerships.

She holds a Bachelor Degree in Economics from Moi University and a Masters in Economic Policy and Management Degree from Makerere University, Uganda.

Ms. Okoth is a seasoned public servant with experience spurning for over fifteen years in Economic Planning in both County and National Governments.

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**Adan Gedow Harakhe, HSC  
Board Member**

Mr. Gedow is the alternate to the Principal Secretary, State Department for Health Standards and Professional Management in the Ministry of Health at the Board.

He holds a Masters of Arts in Education and Bachelor of Arts in Education from the University of Nairobi and has cumulatively served for over thirty-three years in the Public Service in areas with different setups both in the field and in various government ministries.



**Florence Amoiti  
Board Member**

Mrs. Florence Amoiti is the alternate member of the Principal Secretary, Ministry of Education in the Board. Currently, she is the Secretary Administration, State Department for Basic Education at the Ministry of Education. She holds Master in Business Administration from the University of Nairobi, Bachelor of Arts from Kenyatta University and Advanced Public Administration Certification from the Kenya School of Government, Nairobi. In addition, she has undergone professional training in strategic leadership, change management and performance management.



**Dr. Mercy W. Karanja  
Board Member**

Dr. Mercy Karanja is the Deputy Director of Medical Services, and the National Focal Person for Substance Use Management at the Ministry of Health. She is also the Head of Clinical Services at the Mathari National Teaching and Referral Hospital. She represents the Kenya Medical Practitioners and Dentists Council.

She holds a Masters of Medicine in Psychiatry (M. Med. Psychiatry) and a Bachelor of Medicine and Surgery (M.B.Ch.B) both from the University of Nairobi. In addition, she has extensive training in addiction management, cognitive behavioural therapy, medically assisted therapy, leadership, and management from international universities.

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**Dr. Anthony Omerikwa, MBS  
Chief Executive Officer**

Dr. Omerikwa has over 23 years of experience in Public Service. He holds a Doctorate Degree from the University of Georgia, a Specialist Advanced Degree in Workforce Development and Education and a Master of Science Degree in Human Resource Development both from Pittsburgh State University. Further, Omerikwa holds a Bachelor of Arts Degree in Economics from Kenyatta University. Dr. Omerikwa is a member of the Institute of Human Resource Management, Institute of Directors and Kenya Institute of Management.



**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.

#### 4. MANAGEMENT TEAM

Name and Position	Academic and Professional Qualifications	Key Responsibilities
-------------------	--	----------------------



**Dr. Anthony Omerikwa,**  
MBS  
**Chief Executive Officer**

Doctorate Degree from the University of Georgia; Specialist Advanced Degree in Workforce Development and Education; Master of Science Degree in Human Resource Development both from Pittsburgh State University; Bachelor of Arts Degree in Economics from Kenyatta University

In charge of overall leadership and management of the Authority's operations.



**CPA Patrick Obura**  
**Director, Corporate Services**

CPA Patrick Obura holds a Master of Business Administration (Finance Option) and a Bachelor of Arts degree all from the University of Nairobi. He is also a Certified Public Accountant of Kenya and a member of the Institute of Internal Auditors Kenya.

Director of Corporate Services at the Authority since June 2018 where he coordinates all support services of Finance, Human Resources and Administration, ICT and Corporate Communications. Prior to joining NACADA, he was Senior Manager of Audit & Risk at the Institute of Certified Public Accountants of Kenya (ICPAK).



**Prof. John Muteti**  
**Director, Research, Policy and Planning**

Doctorate in Strategic Management; Masters in Economic and Social studies; Postgraduate Certificate in Project Planning, Appraisal and Financing; Post Graduate Diploma in Agri. Economics

In charge of overseeing operations in the following department: Research, Regulatory, Policy and Planning, Monitoring and evaluation.



Name	Academic and Professional Qualifications	Key Responsibilities
------	--	----------------------



**Dr Yvonne Olando**  
**Director Public Education,**  
**Advocacy and**  
**Rehabilitation**

Doctorate Degree and Masters of Science in Clinical Psychology from the University of Nairobi, Bachelors in Social Sciences (Psychology Major) from Moi University.  
 Graduate certificate in Global Tobacco Control from John Hopkins School of Public Health, Bloomberg (USA), Diploma in Chemical Dependency studies (Support for Addictions Prevention and Treatment in Africa (SAPTA). She is a Certified International Addiction Professional (ICAP IV), Certified Tobacco Cessation Specialist (CTTS-MAYO, USA). She is a World Heart Federation Emerging Leaders Fellow and was ISSUP-Kenya Chapter's first Secretary.

In charge of overseeing operations in the following departments:

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



**Mr. James Koskey**  
**Director Compliance,**  
**Quality & Risk**  
**Management**

Master's Degree in Public Administration and Management  
 Bachelor of Arts degree in Government and Public Administration

In-charge of Compliance and Enforcement, Quality Control & Risk Management functions of the Authority.

Name	Academic and Professional Qualifications	Key Responsibilities
------	--	----------------------



**Mr. Kirwa Lelei**  
**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



**CHRP. Joyce Lisanza**  
**Manager, Human Resource and Administration**

MBA (Corporate Management)  
 Bachelor of Commerce in Human Resource Management; Diploma in Human Resource Management  
 Certified Professional Coach (CPC)  
 Certified International Change Manager (CICM)  
 Certified and licensed Human Resource Professional CHRP(K)  
 CPS Part I

In charge of the Human Resource and Administration Department.  
 Coordinating the functions of human resource management, administration and records management.



**Dr. Samuel Makini**  
**Manager, Finance and Accounts**

Doctor of Philosophy in Business Administration from The University of Nairobi  
 Master Degree in Finance from The University of Nairobi  
 Bachelor's Degree in International Business Administration (Finance Option) – USIU  
 Certified Public Accountant CPA(K)  
 Certified Public Secretary CPS(K)

In charge of overseeing the functions of Accounts, Finance and Investment.

Name	Academic and Professional Qualifications	Key Responsibilities
------	--	----------------------



**Ms. Judith Twala  
Manager, Counselling and  
Rehabilitation**

Master of Arts in Counselling Psychology; Bachelors of Arts-Theology (Hons) Certified Recovery Ally, Certified Counsellors' supervisor, Certified Addiction Counsellor ICAP 1, Certified Women's Intervention for Substance Exposure Trainer and Certified WHO Quality Rights Advocate

In charge of Counselling and Rehabilitation department



**Ms. Susan Maua  
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



**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

Name	Academic and Professional Qualifications	Key Responsibilities
------	--	----------------------



**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, Licensed Supply Practitioner, MCIPS(CS) Associate Member of Certified Fraud Examiners

In charge of Supply Chain Management of the Authority.



**Mr. James Malaria**  
**Manager Supply Chain**

Master of Business Administration  
Bachelor of Education  
Diploma in Human Resource Management

In charge of Compliance



**Esther Monyangi S. Okenye**  
**Manager Regional Coordination**

Masters In Education (G&C)  
Bachelor of Arts, Post Graduate Diploma in Education, Post Graduate Diploma in Management & Control Of HIV/AIDS, Certified Mediator, SMS, SLDP.

Coordinating Regional activities and spearheading Nyanza region

## 5. CHAIRPERSON'S STATEMENT

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023. 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 recognizes this responsibility and has prepared the attached Financial Statements as of 30<sup>th</sup> June, 2023 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.

As the strategic plan period drew to a close, the Authority robustly embarked on the end-term evaluation which provided a springboard for review and recalibration of our strategies. In the new arrangement, the Board is retooling the Authority's strategic focus to Compliance and Enforcement as well as community-based initiatives that align to the Government's Bottom Up Economic Transformation Agenda (BETA). The new Strategic Plan 2023-2027 heralds a new episode in the campaign against alcohol and drug abuse in the country with the Authority adopting a more collaborative approach while anchoring the campaign on enriched coordination approaches, especially with County Governments.

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

The Board 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.

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: ..... 05/03/2024 .....

◀ SII

## 6. REPORT OF THE CHIEF EXECUTIVE OFFICER

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

### i. On promoting quality treatment, rehabilitation and reintegration for persons with substance use disorders;

The Authority launched National Guidelines for Aftercare and Reintegration for Persons Recovering from Substance Use Disorders during the period under review. The guidelines will be used the basis for implementation of strategies measures and practices towards: reducing harm and improve health outcomes of those affected by SUDs by providing guidelines on how to strengthen and operationalize Aftercare programs for persons with SUDs and their significant others.

Pursuant to the implementation of section 5(f) of the NACADA Act, the Authority coordinated inspection and accreditation of rehabilitation centres. The objective of the inspection exercise is to assess the level of compliance to the National Standards for Treatment of Persons with Substance Use Disorders (SUDs) and for accreditation purpose. A total of one hundred and eighty-eight (188) treatment and rehabilitation centres were inspected out of which one hundred and two (102) were accredited

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

The Authority reached a total of thirty-three thousand, seven hundred and fifty-seven (33,757) people with substance use disorders during the reporting period.

### ii. On enhancing enforcement of ADA control legislation and ensure quality assurance of the Authority's deliverables;

The Authority held inter-agency meetings in twenty-six counties and participated in the Regional Multi Agency Meetings on illicit brews and substance use held in Eastern, Rift valley and Central regions organized by the Deputy Presidents office. The multi-agency meetings comprised of Government departments, County Governments and other lead agencies involved in drug demand reduction and drug supply reduction for the purposes of enhancing coordination in development of plans of action, implementation and enforcement of laws and policies relating to alcohol and drug abuse control.

The Authority launched the National Survey on the Status of Drugs and Substance Use in Kenya, 2022. The objective of this survey was to determine the status of drugs

and substance use in Kenya. The findings will guide NACADA, other government agencies and non-state actors in the area of alcohol and drug abuse to tailor their interventions towards addressing the most critical areas of need. Further, the findings will bolster priority setting and resource allocation in the next phase of ADA programming both at the national and county levels

**iii. On providing leadership on planning and policy formulation, research coordination and strengthening the national repository on Alcohol and Drug Abuse;**

The Authority published the ninth volume of The African Journal of Alcohol and Drug abuse (AJADA). A total of 8 papers were published. The journal is not only established to fulfil the mandate of NACADA but also offers credible information to the public while 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.

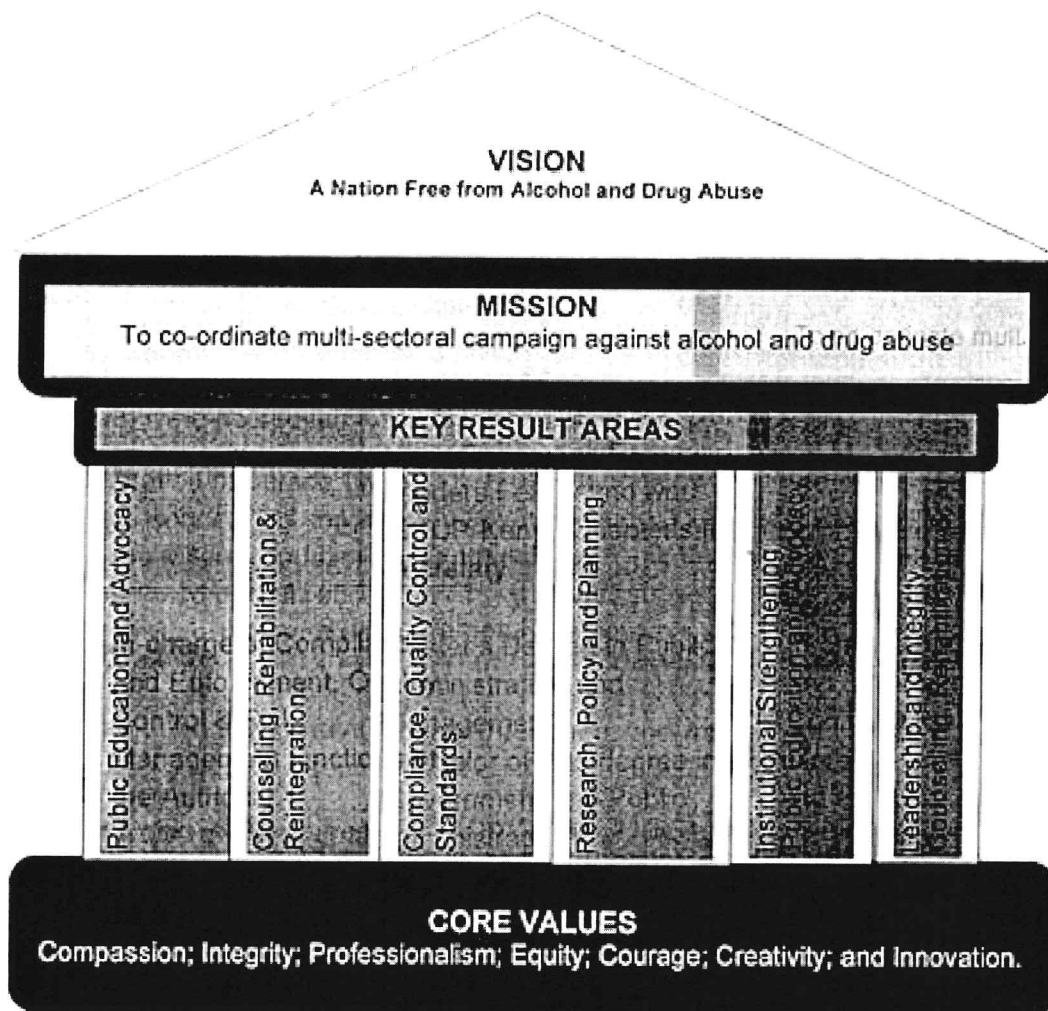
Towards updating both Houses of Parliament so as to facilitate strategic decision making on ADA, the Authority prepared and published the seventeenth (17th) edition of biannual report on the status of alcohol and drug abuse control in Kenya. This report covered the period of 1st July – 31st December 2022. This was published in compliance with the provisions of Section 5(j) and 26(C) of the (NACADA) Act, 2012 which provides that the Authority.

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: 05/08/2024

**7. STATEMENT OF NACADA'S PERFORMANCE AGAINST PRE DETERMINED OBJECTIVES FOR FY 2022/2023**

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. In order to enhance the coordination and facilitation in the implementation of alcohol and drug control policies and programs in Kenya, our 3rd Strategic Plan 2019/20-2022/23 focused on six key result areas in order to achieve six strategic objectives through implementation of 39 Strategic Initiatives. A high-level summary of the Authority's Strategic Plan is outlined in the diagram below:



*Diagram 1: Strategy house on Strategic Direction*

The Authority identified key strategic objectives which were aligned to each key result area. A summary of the achievements as per the strategic objectives in line with the above key result areas is captured and presented in the below Table:



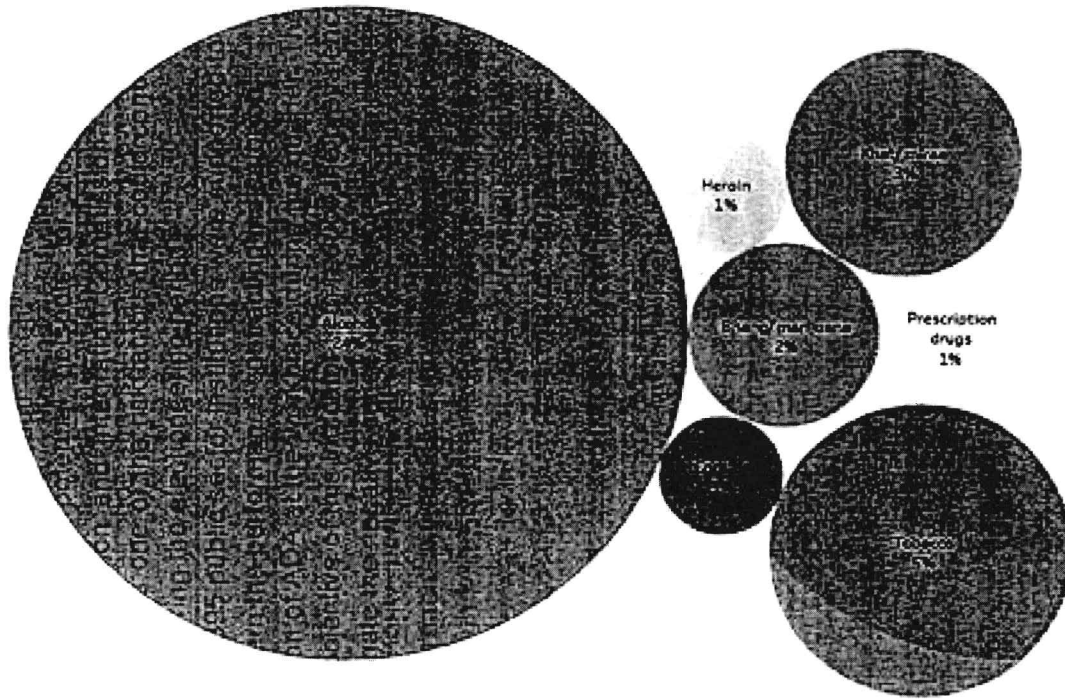
STRATEGIC OBJECTIVE	OBJECTIVE	KEY PERFORMANCE INDICATORS	PLANNED ACTIVITIES	ACHIEVEMENTS
Enhance Public Education and Advocacy through demand reduction initiatives	Promote skills and opportunities for children and youth to choose healthy lifestyles	Number of schools reached	Advocate for adoption of national school guidelines for alcohol and substance use prevention and management in 1,800 schools	The Authority reached two thousand eight hundred and thirty-two (2,832) schools, with the adoption of national school guidelines for alcohol and substance use prevention and management.
	Increase coverage of drug abuse prevention programs and conduct public awareness-raising campaigns	Number of youths reached with ADA messages	Conduct public awareness campaigns to reach 18,000 out of school youth	<p>The Authority partnered with various state and non-state actors to reach sixteen thousand nine hundred (16,900) out of school youth with ADA prevention messages. The objective of this initiative was to increase ADA knowledge levels of the participants so that they can make informed and healthy choices.</p> <p>Additionally, the Authority also implemented a national peace campaign dubbed "Sauti Yetu" targeting youth in areas mapped as potential hotspots for violence by the National Cohesion and Integration Commission. ADA was singled out as one of the risk factors that could contribute to violence during the electioneering period.</p>
		Number of institutions supported to mainstream	Promote the establishment of workplace prevention programmes in	A total of 395 public sector institutions were supported to mainstream the performance contracting indicator on prevention of ADA at the workplace during the quarter. The overall objective of this indicator is to reduce the prevalence and mitigate the negative consequences of substance use in

STRATEGIC OBJECTIVE	OBJECTIVE	KEY PERFORMANCE INDICATORS	PLANNED ACTIVITIES	ACHIEVEMENTS
		ADA prevention at the workplace	at least 300 institutions annually	the public sector. The program involves undertaking situation analysis on the status of alcohol and drug abuse, developing workplace policy and programs for early identification and intervention, referrals for treatment and rehabilitation for employees with substance use disorders
	Promote use of prevention standards and formulate effective drug use prevention strategies	National drug prevention framework	Develop a national drug prevention framework	The Authority developed: i. The National Alcohol and Drug Use Prevention System. It provides for the coordination of drug demand reduction interventions implemented by state and non-state actors; and ii. The Code of Practice for Alcohol and Drug Use Prevention Practitioners in Kenya. The Code will operationalize the National Guidelines on Alcohol and Drug Use Prevention which will guarantee professionalism in the planning and implementation of alcohol and drug use prevention interventions in the country.
	Develop national professional standards for drug prevention practitioners	Develop national professional standards for drug prevention practitioners	National professional prevention standards	
Promote community driven initiatives	Promote community driven initiatives	Number of capacity building initiatives held	Build capacity of workgroups to address local risk factors, and champion enforcement of ADA policies at local level	To promote the protection of communities from the harms associated with alcohol and substance use, the Authority held 2 capacity building forums for community workgroups/coalitions in Nairobi and Kisumu Counties. The forums were held to support coalitions to address local risk factors and champion enforcement of alcoholic drinks control legislation at the county level. A total of 69 community-based institutions participated in the capacity building forums.

STRATEGIC OBJECTIVE	OBJECTIVE	KEY PERFORMANCE INDICATORS	PLANNED ACTIVITIES	ACHIEVEMENTS
To promote quality treatment, rehabilitation and reintegration for persons with substance use disorders.	Ensure compliance to the national standards of treatment and rehabilitation	Develop guidelines for aftercare and re-integration	Guidelines for aftercare and re-integration developed	The Authority Developed National Guidelines for Aftercare and Reintegration for Persons Recovering from Substance Use Disorders (SUDs). The guidelines will form the basis for implementation of strategies measures and practices towards: reducing harm and improve health outcomes of those affected by SUDs by providing guidelines on how to strengthen and operationalize Aftercare programs for persons with SUDs and their significant others.
	Ensure compliance to the national standards of treatment and rehabilitation	Number of Inspected Rehabilitation Centres	Inspect and accredit 120 treatment and rehabilitation centres.	Pursuant to the implementation of section 5(f) of the NACADA Act, the Authority co-ordinated Inspection and accreditation of rehabilitation centres. The objective of the inspection exercise is to assess the level of compliance to the National Standards for Treatment of Persons with Substance Use Disorders (SUDs) and for accreditation purpose. A total of one hundred and eighty-eight (188) treatment and rehabilitation centres were inspected out of which one hundred and two (102) were accredited
	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 to 18,000 people	Towards promoting quality treatment, rehabilitation and reintegration of persons with substance use disorders the Authority continued to provide counselling through outreach activities undertaken at community level and through the toll-free counselling helpline (1192). The helpline allows people with substance use disorders to access counselling and referral services remotely without physically visiting the Authority's service centre points.

STRATEGIC OBJECTIVE	OBJECTIVE	KEY PERFORMANCE INDICATORS	PLANNED ACTIVITIES	ACHIEVEMENTS
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	No. of National Interagency coordinating committee forums	with substance use disorders  Hold quarterly Multi-Agency forums for alcohol control at all levels of government	The Authority reached a total of thirty-three thousand, seven hundred and fifty-seven (33,757) people with substance use disorders during the reporting period.  The Authority held inter-agency meetings in twenty-six counties and participated in the Regional Multi Agency Meetings on illicit brews and substance use held in Eastern, Rift valley and Central regions organized by the Deputy Presidents office. The multi-agency meetings comprised of Government departments, County Governments and other lead agencies involved in drug demand reduction and drug supply reduction for the purposes of enhancing coordination in development of plans of action, implementation and enforcement of laws and policies relating to alcohol and drug abuse control.
To provide leadership on planning and policy formulation, research coordination and strengthening the national repository on	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	The Authority carried out a National Survey on the Status of Drugs and Substance Use in Kenya, 2022. The objective of the survey was to determine the status of drugs and substance use in Kenya. The findings of the study will be used by NACADA, and other government agencies and non-state actors in the area of alcohol and drug abuse to tailor their interventions towards addressing the most critical areas of need. Further, the findings will bolster priority setting and resource allocation in the next phase of ADA programming both at the national and county levels

STRATEGIC OBJECTIVE	OBJECTIVE	KEY PERFORMANCE INDICATORS	PLANNED ACTIVITIES	ACHIEVEMENTS
Alcohol and Drug Abuse	Ensure effective knowledge management for quality service delivery	Number of ADA Journals published	Coordinate development and continuous publishing of the ADA journal	<p>The Authority published the ninth volume of The African Journal of Alcohol and Drug Abuse (AJADA). A total of 8 papers were published. The journal is not only established to fulfil the mandate of NACADA but also offers credible information to the public while 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.</p> <p>Towards updating both Houses of Parliament so as to facilitate strategic decision making on ADA, the Authority prepared and published the seventeenth (17<sup>th</sup>) edition of biannual report on the status of alcohol and drug abuse control in Kenya. This report covered the period of 1st July – 31<sup>st</sup> December 2022. This was published in compliance with the provisions of Section 5(j) and 26(C) of the (NACADA) Act, 2012 which provides that the Authority</p>
		Bi Annual Report	Prepare the Bi-Annual Reports on ADA and other international obligatory reports	



**Diagram 2: National Prevalence of Alcohol and Drug Abuse in Kenya, 2022**

**Other key milestones achieved during the period under review include;**

**i. Provision of treatment and rehabilitation services at the Miritini Treatment and Rehabilitation Centre**

To promote the citizens' right to access the highest attainable standard of health the Authority provided treatment, counselling and referral services to persons with substance use disorders at the Miritini Treatment and Rehabilitation Centre. 400 persons were supported through the outpatient program and a total of 59 clients were admitted at the facility during the reporting period. The Miritini Treatment and rehabilitation centre was initiated following a presidential directive in 2015 to transform the Miritini National Youth Service Camp into a drug rehabilitation centre. The Authority further waived the treatment cost charged to women with SUDs at the at the facility. A total of 17 female clients were admitted for treatment during the period under review. This number increased from 5 clients who had been admitted at facility the previous reporting period

**ii. Hosting the Thirtieth Meeting of Heads of National Drug Law Enforcement Agencies, Africa**

The Authority partnered with UNODC and to host the 30<sup>th</sup> Meeting of the Heads of National Law Enforcement Agencies in Africa (HONLAF). The conference took place in November 8<sup>th</sup>-12<sup>th</sup> 2022 and brought together 20-member states of the African Union namely; Algeria, Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Eritrea, Gambia, Ghana, Kenya, Malawi, Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Sudan, Togo, United Republic of Tanzania and Zambia. During the meeting member states assessed the progress made by the African group with regards to implementation of the three international conventions on drug abuse and all related protocols and resolutions on countering the world drug problem. Key resolutions and recommendations were also adopted by delegates relating to the following areas; Trends in drug trafficking and concealment methods, and the need to enhance intelligence-led international cooperation; Synthetic drug production and trafficking, including the safe handling and disposal of synthetic drugs and their precursors; Alternatives to conviction or punishment for drug-related offences; and Exchange of actionable intelligence and the role of regional cooperation platforms in facilitating such exchanges.

**Proposed photos for the report**

- I. National peace campaign - *sauti yetu* forums
- II. Launch of the 4 publications/frameworks undertaken during the FY
  - a) National Survey on The Status of Drugs and Substance Use in Kenya, 2022
  - b) Code Of Practice for Alcohol and Drug Use Prevention Practitioners In Kenya
  - c) National Guidelines for Aftercare and Reintegration for Persons Recovering from Substance Use Disorders
  - d) National Alcohol and Drug Use Prevention System 2023
- III. Capacity building forums for community workgroups held at KICD Nairobi
- IV. Regional Multi Agency meetings on illicit brews and substance abuse.

## 8. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

- (i) Overview of NACADA Act 2012
- (ii) 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 2022-2023, the Board held five Board meetings. The dates and attendances at the meetings are indicated in the matrix below:



Sl No.	Name	Designation in	08/3/23	13/4/23	16/05/23	07/06/23	27/06/23
1.	Rev. Dr. Stephen K. Mairori	Chairperson	√	√	√		√
2.	Ms. Anne Njeri Mathu	Vice Chairperson	√	√	√	√	√
3.	Ms. Beverly Opwora	Alternate to PS, Interior	X	x	x	x	x
4.	Mr. Adan Harrakhe	Alternate to PS, Health	X	x	√	x	x
5.	Ms. Florence Amoit	Alternate to PS, Education	X	√	x	x	√
6.	Ms. Josephine Etenyi	Alt. PS – State Department for Youth Affairs	X	√	√	√	√
7.	Mrs. Veronica Okoth	Alternate to PS, National Treasury	X	√	x	x	√
8.	Ms. Margaret Karanja	Anti-Narcotics Police Unit	√	√	x	√	√
9.	Hon. Elijah Lagat	Independent Member	√	√	√	√	√
10.	Mr. Ali Swaleh Nyamai	Independent Member	√	√	√	√	√
11.	Ms. Lucia Nzoongo	Religious Representative	√	√	√	√	√
12.	Rev. Fredrick Ngugi	Religious Representative	√	√	√	√	√
13.	Dr. Mercy Karanja	Rep. Medical Practitioners & Dentists Board	n/a	n/a	√	√	√
14.	Priscilla Gathiga	Rep of Youth Organizations	√	√	√	√	n/l
15.	Dr. Anthony Omerikwa, MBS	CEO/Board Secretary	n/a	n/a	n/a	√	√

\* n/a means not yet appointed at the time of the board meeting\*

\*\* n/l means no longer a Board member at the time of the board meeting\*\*

### 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 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:

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

#### **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 State Corporations Advisory Committee and the Institute of Certified Secretaries (Kenya). The members also underwent various internally organized capacity-building activities.

#### **Member performance:**

The Board Evaluation is scheduled to be done on 11<sup>th</sup> August 2023.

#### **Functions of the Committees of the Board:**

##### **i. Human Resource Committee:**

The role of the Board in the management of human resource is enshrined within the Board Human Resource Committee which is the interface between the Board and the staff. The Committee is charged with the following functions:

- (a) Ensure compliance with the labour laws, regulations, government circulars and policies governing management of human resource
- (b) Review and recommend to the Board approval of Human Resource policies.

- (c) Provision of leadership in the implementation of human resource policies and regulations.
- (d) Review and recommend to the Board for approval matters relating to discipline, training, performance management and any other human resource management issues.
- (e) Taking lead in the review of organizational structure, staff establishment and grading structure.
- (f) Advise the Board on matters relating to recruitment, appointment and promotion of staff.
- (g) Oversee implementation of succession plans to ensure service continuity
- (h) Advise the Board on human capital risks that may arise and the probable measures to mitigate the same
- (i) Overall

**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.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

To deliver on various aspects of NACADA's mandate, the following activities were accomplished under operational and financial performance during the period:

### **i. Operational Performance**

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

#### **a) Public Education and Advocacy**

The Authority developed the National Alcoholic and Drug Use Prevention system and the Code of Practice For Alcohol And Drug Use Prevention Practitioners In Kenya. The National Alcoholic and Drug Use Prevention system provides a framework for the coordination of drug demand reduction interventions implemented by state and non-state actors. The Code of Practice on the other hand will operationalize the National Guidelines on Alcohol and Drug use Prevention which will guarantee professionalism in the planning and implementation of alcohol and drug use prevention interventions in the country.

#### **b) Counselling and Rehabilitation**

Pursuant to the implementation of section 5(f) of the NACADA Act, the Authority coordinated inspection and accreditation of rehabilitation centres. The objective of the inspection exercise is to assess the level of compliance to the National Standards for Treatment of Persons with Substance Use Disorders (SUDs) and for accreditation purpose. A total of one hundred and eighty-eight (188) treatment and rehabilitation centres were inspected out of which one hundred and two (102) were accredited.

#### **c) Compliance to Alcohol and Drug Policies, Laws, Regulations and Standards Enhanced**

The Authority held inter-agency meetings in twenty-six counties and participated in the Regional Multi Agency Meetings on illicit brews and substance use held in Eastern, Rift valley and Central regions organized by the Deputy Presidents office. The multi-agency meetings comprised of Government departments, County Governments and other lead agencies involved in drug demand reduction and drug supply reduction for the purposes of enhancing coordination in development of plans of action, implementation and enforcement of laws and policies relating to alcohol and drug abuse control.

#### **d) Research, Policy and Planning**

Towards updating both Houses of Parliament so as to facilitate strategic decision making on ADA, the Authority prepared and published the seventeenth (17th) edition of biannual report on the status of alcohol and drug abuse control in Kenya. This report covered the period of 1st July – 31st December 2022. This was published in compliance with the provisions of Section 5(j) and 26(C) of the (NACADA) Act, 2012 which provides that the Authority.

#### **e) Institutional Strengthening**

During the period under review, the Authority recruited a total of twenty-one (21) officers and one manager to support the Authority in the implementation of its mandate at the County level.

#### **f) Leadership and Integrity**

The Authority reviewed and operationalized the risk management policy. The main goal purpose of this policy is to ensure that NACADA pursues a structured and systematic approach to effective risk management in attainment of its stated goals while ensuring prudent utilization of its resources.

#### **ii. Financial Performance**

The Financial Performance of the Authority financial year ended 30 June 2023 is presented herewith in line with the requirement of the Public Audit Act, PFM Act and the International Public Sector Accounting Standards

##### **a) Revenue**

The Authority's total revenue for the financial year 2022-2023 was **Kshs 612M** with fees collected standing at **Kshs 31M** million accounting for 4.8% of the total revenue for the year. This was a decline compared to the performance of 2021-2022 FY where the Authority's revenue stood at **Kshs 67M**, being 11 % of the total revenue for the said year.

##### **b) Expenditure**

The total recurrent expenditure of the Authority for 2022-2023 FY stood at **Kshs.646M** compared to **Kshs.604M** in the previous year 20201-2022 FY.

##### **c) Cash Flow Statement**

The cash and cash equivalent for 2022- 2023 FY was **Kshs. 9M** compared to **Kshs. 109M** in the prior-year 2021-2022 FY as presented in the cash flow statement.

##### **d) Surplus/deficit**

In the 2022-2023 financial year the Authority had a deficit of **Ksh.3. 3M** compared to a deficit of **Ksh.7.7M**.

#### **iii. Compliance with statutory requirements**

The financial performance of the Authority for the twelve months ended 30 June 2023 is presented in compliance with the Public Audit Act 2015, Public Finance Management Act 2012 International Public Sector Accounting Standards. The Authority has continued to comply with all applicable laws and statutory requirements. The Authority currently does not have ongoing court cases or defaults which can amount to contingent liabilities.

#### **iv. Major Risks Facing the Authority**

The Mwongozo Code of Governance for State Corporations, 2015, requires key risks to which the reporting entity is exposed to be disclosed to stakeholders in a complete, timely, relevant, and accurate manner.

## **10. 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. In addition, the Authority coordinates the market surveillance with the aim of monitoring the safety of the alcoholic drinks. Some of these commitments implemented by the Authority include:

#### **a) 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.

#### **b) Africa Agenda 2063**

Agenda 2063 is a strategic framework designed to shape the future of Africa by outlining its aspirations and key initiatives for development. It comprises seven core aspirations and flagship projects that will be executed over a series of 10-year implementation plans. The goal is to bring about sustainable and meaningful improvements in the lives of African people. NACADA aligned its programs with the principles of Agenda 2063 to fulfil its responsibilities. By ensuring that the youth are protected from the harms of alcohol and drug abuse, the nation can work towards a stronger economy and a brighter future.



**c) Social Responsibility Reporting**

Mombasa Women Empowerment Network is a local Community Based Organization in Mombasa County which operates a treatment and rehabilitation facility for psychotic clients. This is a privately owned facility running an inpatient programme for people suffering from various psychotic problems. The facility handles about 80 males and 20 females and the facility does not charge for its services. It relies on well-wishers to run this facility.

As part of the Authority's social corporate responsibility, NACADA led by the Acting CEO Prof John Muteti visited this facility on the 13<sup>th</sup> of June 2023 to donate some food stuff and also to have time with the recovering clients at the facility. The Authority managed to donate 40 kilograms of rice and another 40 kgs of beans.



**d) 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**

To promote sustainable development goal (SDG) 15 on reversing man-made deforestation and desertification to sustain life on earth the Authority partnered with the Kenya Forest Service, the National Youth Council and various community organizations in planting indigenous and fruit trees at Miritini Treatment and Rehabilitation Centre and at Nyachogochi Primary School in Nyamira County. A total of 360 indigenous and fruit trees were planted.

**iii) Employee welfare**

The Authority recognizes that, in addition to offering pay benefits and a healthy working environment to employees, their emotional and social needs should also be catered for as they discharge their duties. The Authority pursues a policy that addresses various social and health challenges confronting employees at the workplace which include:

- (a) Management of HIV/AIDs at the workplace with a view to safeguarding and protecting against discrimination employees who are infected and affected.
- (b) Management of alcohol and drug abuse with a view to providing counselling and rehabilitation services to affected employees
- (c) Providing a conducive work environment for persons with disability among the employees
- (d) Gender mainstreaming in order to ensure that employees are accorded equal opportunities and treatment irrespective of their gender
- (e) Provision of a safe working environment with adequate, usable facilities to enable employees perform their duties effectively
- (f) Establishment of a mortgage and car loan scheme to assist employees access affordable loan to acquire decent accommodation and ease transport to the place of work.
- (g) Provision of medical cover to all employees and their dependants to ensure a healthy population at the work place.

**iv) Market place practices**

**a) Responsible competition practice**

Responsible Competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices, and penalized for the converse (Accountability 2003, Responsible Competitiveness Index 2003). The Authority performs rehabilitation inspections geared towards provision of accreditation certificates to operational rehabilitation centres annually.

**b) Responsible Supply chain and supplier relations**

In the FY2022/23 50% of the Authority's Annual procurement spend was taken up by special groups (Youth, Women and PWD). Local content procurement accounted for 60% of the procurement budget. Prior to engaging suppliers, Authority undertakes continuous supplier registration to ensure as many potential suppliers as possible are enlisted as service providers for the Authority.

Authority sensitizes current and potential suppliers on procurement processes and opportunities using its online media platforms such as the website ([www.nacada.go.ke](http://www.nacada.go.ke)), Facebook, Twitter, Instagram and LinkedIn pages. In addition, the Authority disseminates information on procurement issues via its in-house training. The Authority ensures strict adherence to provisions of the Public Procurement and Asset Disposal Act in terms of engagement through to timely payments to suppliers who satisfactorily offer goods and services to the Authority.

**c) Responsible marketing and advertisement**

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

As part of CSR, the Authority undertook an activity at the Mombasa Women Empowerment Network in Mombasa County. The organization is a local Community Based Organization which operates a treatment and rehabilitation facility for psychotic clients. It is a privately owned facility running an inpatient programme for people suffering from various psychotic problems. The facility has about 80 males and 20 females and the facility does not charge for its services. It relies on well-wishers to run. The Authority donated foodstuffs to the facility and the resultant cost is Kshs 150,000/=

## 11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 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: 05/03/2024

## 12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

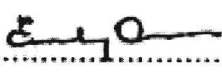
The Directors accept responsibility for the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector 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, 2023 and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the National Authority for the Campaign Against Alcohol and Drug Abuse, which have been relied upon in the preparation of the National Authority for the Campaign Against Alcohol and Drug Abuse's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

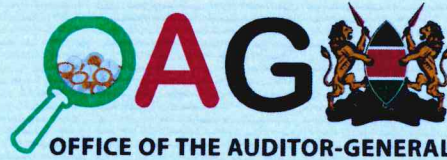
NACADA' financial statements were approved by the Board on 06/10 2023  
and signed on its behalf by:

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

Signature..........  
Name: Dr. Anthony Omerikwa, MBS  
Accounting Officer

# REPUBLIC OF KENYA

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*Enhancing Accountability*

**HEADQUARTERS**  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on 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 41, which comprise of

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*Report of the Auditor-General on National Authority for the Campaign Against Alcohol and Drug Abuse for the year ended 30 June, 2023*

the statement of financial position as at 30 June, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Authority for the Campaign Against Alcohol and Drug Abuse Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Authority for the Campaign Against Alcohol and Drug Abuse Management in accordance with ISSAI 130 on 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 Notes 23 and 24 to the financial statements reflects receivables from exchange and non-exchange transactions of Kshs.7,855,978 and Kshs.48,350,557 respectively. However, review of debtors' aging



analysis provided for audit indicated that receivables amounting to Kshs.9,394,497 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.500,000 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, 2023.

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

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

As previously reported, the Presidency and Ministry of Interior and Coordination of National Government directives dated 28 August, 2015 and 13 August, 2019, respectively resulted in the renovation and transformation of the National Youth Service - Miritini Camp, into a Rehabilitation Centre for youth affected by drug and substance abuse. However, by the time of audit in February, 2024 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.87,891,676. The commencement date was 13 May, 2021 with an expected completion date of 12 May, 2023. The last valuation of works was dated 20 September, 2023 and the work done was valued at Kshs.79,474,137 representing 90% of the contract value. As in February, 2024, the contractor had been paid a total of Kshs.79,474,137.

Review of the project records indicated that the contractor had requested for four months extensions of time to complete the work. The last extension pushed the expected completion date to 3 July, 2023. However, by the time of audit in February, 2024, the works had not been completed and there was no evidence that a further extension of time had been requested and approved.

Further, as indicated in the contract implementation committee minutes, the contractor had abandoned the site and no work was ongoing.

In the circumstances, the Authority may not have realized value for money spent in the project.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Non-Conformity to Staff Establishment**

Review of the Authority's staff establishment records indicated that the Authority had an approved staff establishment of two hundred and eighty-seven (287) employees. However, as at the time of the audit in February, 2024 the Authority had only one hundred and fifteen (115) members of staff, resulting to an understaffing by one hundred and seventy-two (172) employees.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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

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 Management.
- Conclude on the appropriateness of Management's use of the 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.



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**26 March, 2024**

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Transfer from other government entities	6	611,552,875	529,150,000
Licenses & Permits	7	20,793,193	25,278,329
Public Contributions and Donations	8	8,801,442	6,445,054
Rendering Services	9	3,542,584	35,243,865
Other Income	10	37,093,400	0
<b>Total Revenue</b>		<b>681,783,494</b>	<b>596,117,248</b>
Employee costs	11	310,809,211	280,721,944
Remuneration of directors	12	29,050,682	19,543,126
Depreciation and amortization expense	13	16,388,432	12,666,763
Repairs and maintenance	14	9,659,943	13,102,529
Campaign Expenses	15	115,650,215	105,726,984
Traveling Expenses	16	35,517,551	30,779,814
General expenses	17	100,665,452	100,267,932
Training & Research	18	27,102,356	29,886,004
Rendering of service Expense	19	2,924,070	11,137,414
Miritini Project	20	36,180,320	0
Rehab Expenses	21	913,080	0
<b>Total Expenses</b>		<b>684,861,310</b>	<b>603,832,510</b>
<b>Surplus Attributable to GOK</b>		<b>(3,077,816)</b>	<b>(7,715,262)</b>

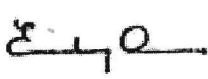
The notes set out on pages 7 to 45 form an integral part of these Financial Statements.


15.

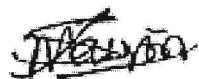
Chief Executive Officer  
Name: Dr. Anthony  
Omenkwa, MBS

Head of Finance  
Name: Dr. CPA. Samuel  
Makini  
ICPAK Number: 8431

Chairperson of the Board  
Name: Rev. Dr Stephen Mairori

  
Date: 05/03/2024

  
Date: 05/03/2024

  
Date: 05/03/2024

**STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023**

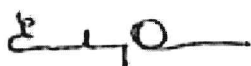
		2022-2023 Kshs	2021-2022 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	22	9,438,418	109,320,457
Receivables from exchange transactions	23	7,855,978	9,702,045
Receivables from Non-exchange transactions	24	48,350,557	9,537,243
<b>Total Current Assets</b>		<b>65,644,953</b>	<b>128,559,745</b>
<b>Non-current assets</b>			
Property, plant and equipment	25	203,191,950	98,558,120
Intangible Assets	26	7,375,391	130,884
<b>Total Net Current Assets</b>		<b>210,567,340</b>	<b>98,689,004</b>
<b>Total Assets</b>		<b>276,212,293</b>	<b>227,248,749</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange	27	173,513,004	84,436,177
Deferred Income	28	11,563,385	104,138,098
Current Provisions	29	1,450,292	1,392,292
<b>Total liabilities</b>		<b>186,526,680</b>	<b>189,966,567</b>
<b>Net assets</b>		<b>89,685,613</b>	<b>37,282,182</b>
Capital Fund		82,264,675	26,783,428
Accumulated surplus		7,420,938	10,498,754
<b>Net Assets</b>		<b>89,685,613</b>	<b>37,282,182</b>
<b>Total Net Assets and Liabilities</b>		<b>276,212,293</b>	<b>227,248,749</b>

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

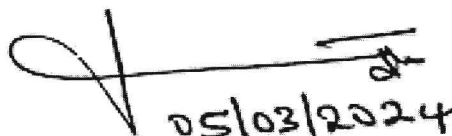
Chief Executive Officer  
Name: Dr. Anthony  
Omerikwa, MBS

Head of Finance  
Name: Dr. CPA Samuel  
Makini  
ICPAK Number: 8431

Chairperson of the Board  
Name: Rev. Dr Stephen  
Mairori



Date: 5/03/2024



Date: 05/03/2024



Date: 05/03/24



16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2023

	Capital Development Reserve/Capital Reserve	Replacement	Accumulated surplus	Total
	Kshs		Kshs	Kshs
Balance as at 1 July 2021		26,783,428	27,367,472	54,150,900
Prior year adjustment			(9,153,455)	(9,153,455)
Restated Opening balances 1st July 2021		26,783,428	18,214,017	44,997,445
Deficit for the Period			(7,715,262)	(7,715,262)
Balance as at June 30th 2022		26,783,428	10,498,754	37,282,182
Balance as at July 1st 2022		26,783,428	10,498,754	37,282,182
Transfer of Deferred Income		55,481,247	-	55,481,247
The deficit for the Period			(3,077,816)	(3,077,816)
Balance as at 30th June 2023		82,264,675	7,420,938	89,685,613

**17. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2023**

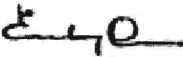
	Notes	2022-2023 Kshs	2021-2022 Kshs
<b>Revenue from Non exchange Transactions</b>			
<b>Receipts</b>			
Transfer from Other Government Entities	6(a)	574,844,313	574,150,000
Licenses and Permits	7	20,793,193	25,278,329
Public Contributions and Donations	8(a)	8,276,742	6,445,054
Rendering of Services	9(a)	4,914,173	34,996,759
<b>Total Cash received</b>		<b>608,828,421</b>	<b>640,870,142</b>
<b>Expenses</b>			
Employee Costs	11(a)	307,415,068	273,548,597
Remuneration of Directors	12	29,050,682	19,201,076
Repairs & Maintenance	14	9,659,943	13,273,666
Campaign Expenses	15	115,650,215	106,690,738
Travelling Expenses	16	35,517,551	31,378,814
General Expenses	17(a)	81,498,951	106,821,840
Training & Research	18	27,102,354	29,973,664
Rendering of Services Expenses	19	2,924,070	11,265,629
Miritini Project	20	36,180,320	-
Rehabilitation Expenses	21	913,080	-
<b>Total Expenses</b>		<b>645,912,234</b>	<b>592,154,024</b>
<b>Net cash flows from operating activities</b>	30	<b>(37,083,813)</b>	<b>48,716,118</b>
<b>Cash flows from investing activities</b>			
Cash paid for Purchase of Fixed Assets	31	(62,798,226)	(37,323,571)
Cash paid in support of Rehabs			(25,969,406)
Increase/Decrease Non-Exchange receivables			112,228
Increase decrease in Non-Exchange payables			(7,385,800)
<b>Net cash flows used in investing activities</b>		<b>(62,798,226)</b>	<b>(70,566,549)</b>
<b>Cash flow from Financing Activities</b>			
Cash received for Development of Miritini Rehab		-	100,000,000
<b>Net increase /(Decrease) in cash and cash equivalents</b>		<b>(99,882,039)</b>	<b>78,149,569</b>
Cash and Cash equivalents at 1 July		109,320,457	31,170,888
<b>Cash and cash equivalents at 30 June</b>	22	<b>9,438,418</b>	<b>109,320,457</b>


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


Chief Executive Officer  
Name: Dr. Anthony  
Omerikwa, MBS

Head of Finance  
Name: Dr. CPA Samuel  
Makini  
ICPAK Number: 8431

Chairperson of the Board  
Name: Rev. Dr Stephen  
Mairori

  
Date: 05/03/2024

  
Date: 05/03/2024

  
Date: 05/03/2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR PERIOD ENDED 30TH JUNE 2023

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Variance percentage
	2022-2023 Kshs	624,990,000	2022-2023 Kshs	( 13,437,125)	2022-2023 Kshs	611,552,875	2022-2023 Kshs	574,844,313	2022-2023 Kshs	(36,708,562)	
Income											
Transfer from Government Entities		Other									
Licenses and Permits	28,000,000		-		28,000,000		20,793,193		(7,206,807)	74	1
Rendering of Services	10,000,000		-		10,000,000		4,914,173		(5,085,827)	49	2
Miritini Project	100,000,000		(50,000,000)		50,000,000		37,093,400		(12,906,600)	74	3
Other Income	7,000,000				7,000,000		8,276,742		(1,276,742)	118	4
<b>Total income</b>	<b>769,990,000</b>		<b>(63,437,125)</b>		<b>706,552,875</b>		<b>645,921,821</b>		<b>(60,631,054)</b>	<b>91</b>	
Expenses											
Recurrent											
Staff cost	306,999,671		(5,400,000)		301,599,671		307,415,068		(5,815,397)	102	
Board Expenses	21,445,033		2,900,002		24,345,035		29,050,682		(4,705,647)	119	5
Repairs & Maintenance	13,600,000		(728,334)		12,871,666		9,659,943		3,211,723	75	6
Campaign Expenses	120,961,531		(5,972,328)		114,989,203		115,650,215		(661,012)	100	
Travelling Expenses	34,300,000		(400,000)		33,900,000		35,517,551		(1,617,551)	105	
General Expenses	108,509,305		(2,507,150)		106,002,155		81,498,951		24,503,204	77	7
Training & Research	26,474,460				26,474,460		27,102,356		(627,896)	102	
Rendering of Service Expen	7,000,000		(5,500,000)		1,500,000		2,924,070		(1,424,070)	194	8
Miritini Project	100,000,000		(50,000,000)		50,000,000		36,180,320		13,819,680	72	9
Rehab Centre Expenses	18,000,000		5,000,000		23,000,000		913,080		22,086,920	4	10
Recurrent expenditure	757,290,000		(62,607,810)		694,682,190		645,912,236		48,769,954	93	
Capital expenditure	12,700,000		(829,315)		11,870,685		-		11,870,685		
<b>TOTAL Budget</b>	<b>769,990,000</b>		<b>(63,437,125)</b>		<b>706,552,875</b>		<b>645,912,236</b>		<b>60,640,639</b>	<b>93</b>	
Surplus/Deficit							9,585		(9,585)		

**Budget Notes**

- 1 This amount includes a carry-over amount of Kshs 28M from the previous financial year and there was an increase in the licencing fees realised from manufacturers and importers.
2. The cost sharing revenue from Public sector workplace trainings realised were higher than anticipated or budgeted for.
3. The expected development fund of 50M was not received during the year as anticipated.
4. The increase was due to receipt of debts from the previous financial year.
5. The increase was due to Authority new board appointments that needed training and empowerment to be able to discharge their duties
6. The decrease in expenditure was due to savings in procuring repair and maintenance services
7. Authority was not able to receive the budgeted and approve recurrent Allocation in full, as result there were pending bills at the end of the financial year.
8. The increase in expenditure was due to the increased demand for Public sector trainings on Alcohol and Drug Abuse (ADA) in the workplace
9. variance is due to pending bills
10. Variance is due to pending bills

## 19. 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 2023.

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
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol>
<p>Amendments to Other IPSAS resulting from IPSAS 41.</p>	<p><b>Applicable: 1st January 2023:</b></p> <ol style="list-style-type: none"> <li>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.</li> </ol>

Standard	Description of the Standard
Financial Instruments	<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><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires.</p>



Standard	Effective date and impact
Held for Sale and Discontinued Operations	<p>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:</p> <p>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.</p>

- iii) Early adoption of standards  
NACADA did not adopt any new or amended standards in year 2022/2023.

#### 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 2022-2023 was approved by the National Assembly on 14-06-2022. 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 2022-2023 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.

##### **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 NACADA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or 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.

**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.

**p) Employee benefits**

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

**i) Mortgage Facility**

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

**ii) Car loan Scheme**

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

**iii) Medical Benefits**

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

**iv) Accidents on Duty**

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

**v) Insurance Policies**

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

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

**vi) Medical Ex Gratia Assistance**

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

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**vii) Pension Scheme**

The Authority manages a pension scheme with a registered administrator for all eligible employees on permanent and pensionable terms. This is a contributory scheme at the rates of 10% of basic salary for employee and 20% employer. This is aimed at ensuring employees lead a decent life upon retirement.

**viii) Club Membership**

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

**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.

**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.

**Notes to the Financial Statements (Continued)****Summary of Significant Accounting Policies (Continued)****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.

**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, 2023.

**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.

#### Useful lives and residual value

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

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

#### Provisions

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

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

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

#### 6. Transfer from Government Entities

Description	2022-2023	2021-2022
	Kshs	Kshs
GOK	611,552,875	529,150,000
<b>TOTAL</b>	<b>611,552,875</b>	<b>529,150,000</b>

6 (a)

Description	2022-2023	2021-2022
	Kshs	Kshs
GOK	611,552,875	529,150,000
Less receivables	-36,708,562	-45,000,000
<b>Total Cash Received</b>	<b>574,844,313</b>	<b>574,150,000</b>

7. Licenses and Permits

Description	2022-2023	2021-2022
	Kshs	Kshs
Liquor licensing by Sub County Committees	3,793,193	1,028,329
Import/export License	17,000,000	24,250,000
<b>Total</b>	<b>20,793,193</b>	<b>25,278,329</b>

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

8. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
AIA	1,543,242	480,980
Miritini admissions	7,258,200	5,230,500
Donation/Sponsorship	-	733,574
<b>Total</b>	<b>8,801,442</b>	<b>6,445,054</b>

8(a) Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>TOTAL</b>	<b>8,801,442</b>	<b>6,445,054</b>
Outstanding fee notes by 30 <sup>th</sup> June	(524,700)	
<b>Total</b>	<b>8,276,742</b>	<b>6,445,054</b>



**9. Rendering of Services**

Description	2022-2023	2021-2022
	KShs	KShs
Workplace Based Training	3,542,584	33,620,363
Universal Treatment & Care	-	214,483
Baseline Surveys	-	1,409,019
<b>Total</b>	<b>3,542,584</b>	<b>35,243,864</b>

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

**9(a) Rendering of Services**

Description	2022-2023	2021-2022
	KShs	KShs
Workplace Based Training	3,542,584	35,243,864
Accrued receivables 2021		8,991,663
Accrued receivables 2022	9,675,855	-9,675,855
Accrued receivables 2023	(7,331,278)	
Prepaid Services 2021		-371,785
Prepaid Services 2022	(972,989)	972,989
<b>Total</b>	<b>4,914,173</b>	<b>35,160,876</b>

**10 Other Income**

	2022-2023	2021-2022
	KShs	KShs
Miritini Project	36,180,320	-
Rehabilitation Centres		
	913,080	
<b>Employee costs</b>	<b>37,093,400</b>	<b>0</b>

**11 Employee Costs**

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	156,535,433	147,323,314
Contributions to pensions and Gratuity		
	34,237,305	28,564,386
Housing benefits and allowances	119,135,076	104,531,044
Social contributions (NSSF)	901,397	303,200
<b>Employee costs</b>	<b>310,809,211</b>	<b>280,721,944</b>

**11 (a) Employee Costs**

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Employee Costs	310,809,211	280,721,944
Salary Advance 2021		-579,751
Salary Advance 2022	(493,424)	493,424
Salary Advance 2023	769,853	
Salary Advance Liability 2021		-42,690
Salary Advance Liability 2022	(57,370)	57,370
Salary Advance Liability 2023	43,292	
Employee Accrued 2021		28,721,194
Employee Accrued 2022	37,107,607	-37,107,607
Employee Accrued 2023	(40,764,100)	
<b>Employee costs</b>	<b>307,415,068</b>	<b>272,263,884</b>

**12. Remuneration of Directors**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	960,000	960,000
Directors emoluments	10,741,535	12,212,363
Other allowances	17,349,147	6,370,763
<b>Total director emoluments</b>	<b>29,050,682</b>	<b>19,543,126</b>

**13. Depreciation and Amortization Expense**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Motor Vehicles	2,857,523	3,810,030
Furniture & Fittings	4,241,015	4,288,587
Computers & Equipment	5,657,239	4,503,681
Intangible assets	3,632,655	64,465
<b>Total depreciation and amortization</b>	<b>16,388,432</b>	<b>12,666,763</b>

**14. Repairs and Maintenance**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Vehicles	7,973,475	9,161,208
Furniture and fittings	1,049,831	2,152,506
Computers and Other Equipment	636,637	1,788,815
<b>Total repairs and maintenance</b>	<b>9,659,943</b>	<b>13,102,529</b>

**15. Campaign Expenses**

Description	2022-2023	2021-2022
	KShs	KShs
Printing & Publishing	3,068,011	1,049,219
Advertising & Publicity	102,425,513	94,324,067
Subscription fees for newspapers	24,189	566,380
Catering Expenses	6,642,592	7,451,358
Trade Shows & Exhibitions	-	-
Consultancy Services	3,489,910	2,335,960
<b>Total contracted services</b>	<b>115,650,215</b>	<b>105,726,984</b>

**16. Travelling Expenses**

Description	2022-2023	2021-2022
	KShs	KShs
Domestic Travelling	3,197,738	4,790,605
Domestic Accommodation	22,708,867	20,088,561
Foreign Travelling	4,500,760	3,004,449
Foreign Subsistence	5,110,185	2,896,199
<b>Total</b>	<b>35,517,551</b>	<b>30,779,814</b>

**17. General Expenses**

Description	2022-2023	2021-2022
	KShs	KShs
Communication & supplies	10,136,335	12,049,159
Rent & Parking	38,720,300	38,775,888
Audit Fees	696,000	580,000
Office & General Supplies	5,896,718	7,531,251
Medical Insurance	27,918,862	26,977,456
Motor Vehicle Insurance	1,337,544	1,018,213
Bank Charges	307,542	294,624
Fuel, oil & Lubricants	10,523,400	8,221,912
Cleaning services & Contracted Guards	4,846,249	4,819,428
Subscriptions	282,503	-
<b>Total</b>	<b>100,665,452</b>	<b>100,267,931</b>

17(a)

Description	2022-2023	2021-2022
	KShs	KShs
Total General Expenses	100,665,452	100,267,931
Accrued payables 2021		49,950,940
Accrued payables 2022	40,670,028	-40,670,028
Accrued payables 2023	(61,739,043)	
Accrued General Expenses 2021		-2,055,935
Accrued General Expenses 2022	(2,076,761)	2,076,761
Accrued General Expenses 2023	3,974,273	
Non Exchange Transactions 2021		-7,203,818
Non Exchange Transactions 2022	(6,887,645)	6,887,645
Non Exchange Transactions 2023	6,892,647	
<b>Total General Expenses paid in Cash</b>	<b>81,498,951</b>	<b>109,253,497</b>

18. Staff Training and Research

Description	2022-2023	2021-2022
	KShs	KShs
Research	9,790,757	9,725,555
Staff Training	16,001,158	17,632,703
Hire of Training Facilitate	1,310,442	2,527,746
<b>Total</b>	<b>27,102,356</b>	<b>29,886,004</b>

19. Rendering of Services Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Reimbursable Expenses	2,924,070	11,137,415
<b>Total</b>	<b>2,924,070</b>	<b>11,137,415</b>

20.. Miritini Project

Description	2022-2023	2021-2022
	KShs	KShs
Miritini Project	36,180,320	-
<b>Total</b>	<b>36,180,320</b>	<b>-</b>

**21.. Rehabilitation Expenses**

Description	2022-2023	2021-2022
	KShs	KShs
Rehabilitation Expenses	913,080	-
<b>Total</b>	<b>913,080</b>	<b>-</b>

**22. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	KShs	KShs
Current account	9,434,651	109,309,422
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others: cash in hand	3,767	11,035
<b>Total cash and cash equivalents</b>	<b>9,438,418</b>	<b>109,320,457</b>

**22 (a) Detailed Analysis of Cash and Cash Equivalents**

Financial institution	Account number	2022-2023	2021-2022
		KShs	KShs
Current account			
Kenya Commercial bank	1125676671	1,214,122	13,699,940
Kenya Commercial bank	1142111814	183,377	183,377
Kenya Commercial bank	1142111962	67,039	31,572
Kenya Commercial bank	1142112098	25,779	12,080
Kenya Commercial bank	1149503823	-59	4,323
Kenya Commercial bank	1103199439	4,270,189	59,924,823
Kenya Commercial bank	1142112187	514,195	31,925
Coop Bank	1141134561900	929,740	7,918,850
Equity Bank, etc		2,230,269	27,502,531
<b>Sub- total</b>		<b>9,434,651</b>	<b>109,309,422</b>
Others			
cash in hand		3,767	11,035
<b>Sub- total</b>		<b>3,767</b>	<b>11,035</b>
<b>Grand total</b>		<b>9,438,418</b>	<b>109,320,457</b>

**23.Receivables from Exchange Transactions**

(a)

	2022-2023	2021-2022
	KShs	KShs
<b>Current receivables</b>		
Trade receivables	7,855,978	9,702,045
Other exchange debtors		-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>7,855,978</b>	<b>9,702,045</b>

**24.Receivables from Non-Exchange Contracts**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Current receivables</b>		
Legal Deposit	100,000	100,000
Statutory Deductions -KRA	103,403	103,403
Other debtors (non-exchange transactions)	5,148,241	3,043,489
Rental Deposits	3,170,365	3,170,365
Earnest & Young	3,119,986	3,119,986
GOK Fund receivable	36,708,562	-
<b>Total current receivables</b>	<b>48,350,557</b>	<b>9,537,243</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25. Property Plant and Equipment**

Cost	Work Progress- Property ,Land Buildings Kshs	In	Motor vehicles KShs	Furniture and fittings KShs	Computers KShs	Total KShs
At 1 <sup>st</sup> July 2022	47,964,085		116,093,696	60,059,869	72,300,190	296,417,840
Additions	105,482,287		-	3,908,010	7,999,310	117,389,607
At 30 <sup>th</sup> June 2023	153,446,372		116,093,696	63,967,879	80,299,500	413,807,447
Depreciation and impairment						
At 1 <sup>st</sup> July 2022	-		104,663,606	30,039,763	63,156,351	197,859,720
Depreciation	-		2,857,523	4,241,015	5,657,239	12,755,777
At 30 <sup>th</sup> June 2023	-		107,521,129	34,280,778	68,813,590	210,615,497
Net book values						
At 30 <sup>th</sup> June 2023	153,446,372		8,572,568	29,687,101	11,485,910	203,191,950
At 30 <sup>th</sup> June 2022	47,964,085		11,430,090	30,020,106	9,143,839	98,558,120

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Intangible Assets

	2022-2023 Intangible Assets	2021-2022 Intangibles Assets
Cost	Kshs	KShs
At 1 July 2022	7,999,624	7,999,624
Additions	10,877,162	-
At 30th June 2023	18,876,786	7,999,624
Depreciation and impairment		
At 1 <sup>st</sup> July 2022	7,868,740	7,868,740
Depreciation	3,632,655	64,465
At 30 <sup>th</sup> June 2023	11,501,395	7,868,740
Net book values		
At 30 <sup>th</sup> June 2023	7,375,391	130,884
At 30 <sup>th</sup> June 2022	130,884	195,349

27. Trade and Other Payables from Exchange Transactions

Description	2022-2023 KShs	2021-2022 KShs
Trade payables	113,254,617	35,111,516
Payments received in advance		-
Employee Fund	34,381,269	31,454,022
Third-party payments-Statutory Deductions	25,877,117	17,870,640
Other payables-Fund from Ministry	-	-
<b>Total trade and other payables</b>	<b>173,513,004</b>	<b>84,436,177</b>

28. Deferred Income

Description	Miritini KShs	Rehabs KShs	Total
Balance as at 1 <sup>st</sup> July 2022	96,651,425	7,486,673	104,138,098
Additions	-	-	-
Transfer to Income Statement	-36,180,320	-913,080	-37,093,400
Transfer to Capital Reserves	-55,481,180		-55,481,180
<b>Total Deferred as at 30<sup>th</sup> June 2023</b>	<b>4,989,925</b>	<b>6,573,593</b>	<b>11,563,518</b>



**29. Current Provisions**

Description	Total	
	2022-2023	2021-2022
	KShs	KShs
Balance b/d (1.07.2021/2022)	1,392,292	580,000
Additional Provisions	696,000	580,000
Provision for bad debts	-	812,292
Change due to discount and time value for money	-	-
Transfers from non-current provisions	(638,000)	(580,000)
<b>Provision for 30.6.2022/2023</b>	<b>1,450,292</b>	<b>1,392,292</b>

**30. Cash Generated from Operations**

	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	(3,077,816)	(7,715,262)
<b>Adjusted for:</b>		
Depreciation	16,388,432	12,666,763
Provisions	696,000	1,392,292
Decrease in deferred income	-37,093,400	
Increase in liabilities	22,970,217	-
Increase/ Decrease in Receivables	1,819,878	44,644,480
Increase/ Decrease in non-Exchange	-38,787,124	(2,272,155)
<b>Net cash flow from operating activities</b>	<b>-37,083,813</b>	<b>48,716,118</b>

**31. Cash paid for Purchase of Fixed Assets**

Description	Total	
	2022-2023	2021-2022
	KShs	KShs
<b>Total Amount Purchased</b>	<b>128,266,769</b>	<b>39,815,564</b>
Accrued payable 2021		4,422,881
Accrued payable 2022	6,914,874	-6,914,874
Accrued payable 2023	(72,383,416)	
<b>Total Cash paid</b>	<b>62,798,226</b>	<b>37,323,571</b>

**1. Employee Benefit Obligations**

It is the obligation of the employee to make use of the benefits offered by the Authority in line with the governing policy guidelines and procedures. In undertaking this obligation, the employees are obligated to:

- Contribute 10% of their basic salary towards their pension savings and enjoy the interest earned thereon upon retirement
- Contribute towards NSSF as per the guidelines and provisions issued by the government from time to time to boost their retirement package upon exit from work

- (c) Top up their pension and NSSF contributions by voluntarily making additional contributions to the pension and NSSF retirement schemes so as to boost their returns and benefits.
- (d) Initiate the process of accessing the mortgage and car loan benefits through identification of facilities that qualify for approval in line with the regulations and requirements of the scheme.
- (e) Exercise caution in carrying out their daily work and operations to avoid unnecessary accidents while at the place of work.
- (f) Apply for the benefits and inform/update the Authority immediately and when appropriate.

## 2. 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:

### ix) 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
<b>At 30 June 2023</b>				
Receivables from exchange transactions	7,855,978	7,855,978		812,292
Receivables from non-exchange transactions	48,350,557	48,350,557		-
Bank balances	9,438,418	9,438,418		-
<b>Total</b>	<b>65,644,953</b>	<b>65,644,953</b>		<b>812,292</b>
<b>At 30 June 2022</b>				
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	-	-
<b>Total</b>	<b>128,559,745</b>	<b>128,559,745</b>	-	<b>812,292</b>

#### x) 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 months	5	Total
	Kshs	Kshs	Kshs		Kshs
<b>At 30 June 2023</b>					
Trade payables	50,001,040	17,985,104	45,268,474		113,254,618
Statutory Deductions	6,538,596		19,338,521		25,877,117
Provisions	638,000		812,292		1,450,292
Deferred income- Interior					

Employee benefit obligation	464,562		33,916,707	34,381,269
<b>Total</b>	<b>57,642,198</b>	<b>17,985,104</b>	<b>99,335,994</b>	<b>174,963,296</b>
<b>At 30 June 2022</b>				
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				
Employee benefit obligation		487,244	30,966,778	31,454,022
<b>Total</b>	<b>1,392,292</b>	<b>19,664,561</b>	<b>64,771,616</b>	<b>85,828,469</b>

**xi) 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.

**xii) 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	2022-2023	2021-2022
a) Key Management Personnel	70,420,415	56,766,730

**b) Government of Kenya**

The Government of Kenya is the principal shareholder of NACADA, holding 100% of NACADA's 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;

**3. 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.

**42. Capital Commitments**

Capital commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for	117,000,000	100,000,000
Authorised and contracted for	117,000,000	87,891,676

**10. 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.

**11. Events After the Reporting Period**

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

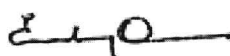
**12. Ultimate and Holding Entity**

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

**13. Currency**

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

Dr. Anthony Omerikwa, MBS  
Chief Executive Officer



Date 05/03/2024

Rev. Dr. Stephen Mairori  
Chairperson of the Board



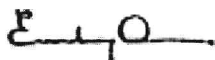
Date 05/03/2024

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status (Resolved/Unresolved)	Completion Date
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 Coordination of National Government directives dated 28 <sup>th</sup> August 2015 and 13 <sup>th</sup> August 2019. The land has yet to be transferred legally to the Authority	Not Resolved	December 2023

Dr. Anthony Omerikwa, MBS (CEO NACADA)



Date: 05/03/2024

**APPENDIX III: INTER-ENTITY TRANSFERS**

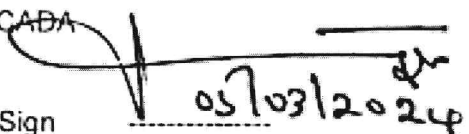
<b>ENTITY NAME:</b>				
<b>Break down of Transfers from the State Department of Interior</b>				
<b>FY 2022/2023</b>				
<b>a.</b>	<b>Recurrent Grants</b>			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		3/8/2022	156,247,500	2022-2023
		15/11/2022	156,247,500	2022-2023
		16/2/2023	156,247,500	2022-2023
		25/5/2023	106,101,813	2022-2023
	<b>TOTAL</b>		<b>574,844,313</b>	
<b>b.</b>	<b>Miritini Project</b>			
<b>c.</b>	<b>Direct Payments</b>			
<b>d.</b>	<b>Donor Receipts</b>			

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager

NACADA

1. Sign

  
05/03/2024

Head of Accounting Unit

Ministry of Interior

Sign-----



**APPENDIX II: PROJECTS IMPLEMENTED BY THE NACADA**

Projects implemented by NACADA Funded by the Government.

Project Title	Project Number	Bonded	Period duration	Donor Commitment	Estimated Amount Required for the Implementation Phase	Consolidated in Financial Statements (Audited)
1. Miritini					n/a	Yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1	Miritini	880M	150,000,000	15	100,000,000	NIL	GOK

**APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

No receipts from other Government entities were recorded

Name of the Member	Date received	Amount	Account	Where recorded	Where recorded	Where recorded	Total
Transferring the funds	as per the statement	received	Number	Account	Statement	Statement	Transferring
			MEM				Statement
n/a	n/a						n/a
<b>Total</b>							

**APPENDIX V- INTER-ENTITY CONFIRMATION LETTER**

NACADA wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below.

**Confirmation of amounts received by NACADA as at 30<sup>th</sup> June 2023**

Reference Number	Date Disbursed	Amounts Disbursed by Ministry of Interior and Coordination of National Government (KShs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by NACADA (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
<b>Total</b>							

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

**Head of Accountants department of NACADA:**

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: Dr. Anthony Omerikwa, MBS

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

Date:

Entity:

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