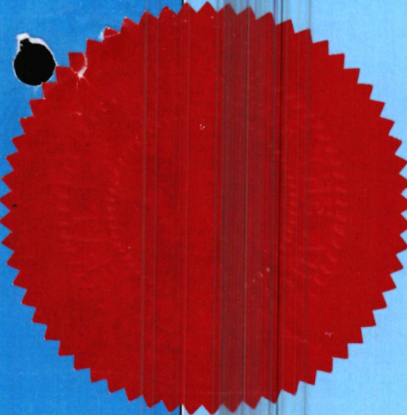



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



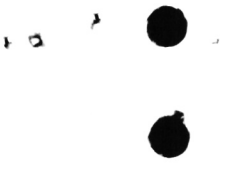
	
THE NATIONAL ASSEMBLY PAPERS LAID <b>REPORT</b>	
DATE:	08 AUG 2019 <b>Thursday</b>
TABLED BY:	Majority Whip Gretinde Cheset
CLERK-AT THE-TABLE:	<b>OF THE AUDITOR-GENERAL</b>



ON

**THE FINANCIAL STATEMENTS OF  
NATIONAL TRANSPORT AND SAFETY  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE 2018**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**

21 MAY 2019

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**NATIONAL TRANSPORT & SAFETY AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE, 2018**

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

**NATIONAL TRANSPORT & SAFETY AUTHORITY**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2018**

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# National Transport & Safety Authority

## Reports and Financial Statements

### For the year ended 30 June, 2018

#### I. KEY AUTHORITY INFORMATION AND MANAGEMENT

##### A. BACKGROUND INFORMATION

The Authority was established after the Government enacted the National Transport & Safety Authority Act, 2012 on 12th October, 2012. At Cabinet level, the Authority is represented by the Cabinet Secretary responsible for Transport, Infrastructure Housing & Urban Development who is responsible for the general policy and strategic direction of the Authority. The entity is domiciled in Kenya and has branches in Kenya including Mombasa, Voi, Meru, Kisumu, Nakuru, Kericho, Kakamega, Nyeri, Embu, Machakos, Garissa and Eldoret among others.

##### B. PRINCIPAL ACTIVITIES

The Act established the National Transport and Safety Authority (NTSA) whose functions as outlined under Section 4 of the Act are:

- (i) Advise and make recommendations on matters relating to road transport and safety;
- (ii) Implement policies relating to road transport and safety;
- (iii) Plan, manage and regulate the road transport sector in accordance with the provisions of the Act;
- (iv) Ensure the provision of safe, reliable and efficient road transport service; and
- (v) Administer the Act of Parliament set out in the First Schedule and any other written law.

##### C. KEY MANAGEMENT

The Authority's day-to-day management is under the following Directorates:

- a. The Director General
- b. The Director, Corporate Support Services (Finance, Human Resources, Information Communication & Technology, Corporate Communication, Legal and Procurement)
- c. The Director, Road Safety
- d. The Director, Registration & Licensing
- e. The Director, Director Technical Services

##### D. FIDUCIARY MANAGEMENT

The key management personnel who held office during the year ended 30<sup>th</sup> June, 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Director General	Francis Meja
2	Director, Registration and Licensing	Jacqueline Githinji (Ms.)
3	Senior Deputy Director, Procurement	Patrick Wanjuki
4	Director, Corporate Support Services	Leparan Tialal
5	Director, Road Safety	Njeri Waitthaka (Ms.)

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6	Director, Technical Services	Eng. Gerald Wangai
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**E. FIDUCIARY OVERSIGHT ARRANGEMENTS**

The Authority's key oversight arrangements is effected through the Board committees as below:

<b>Committee</b>	<b>Members</b>	<b>Function</b>
Audit, Risk & governance Committee	<ol style="list-style-type: none"> <li>1. Joseph Gitonga</li> <li>2. Bright Oywaya</li> <li>3. Henry Barmao</li> <li>4. George Omino</li> </ol>	Provides oversight on all internal Audit functions of the Authority
Finance Human Resources and Strategy Committee	<ol style="list-style-type: none"> <li>1. Moses Nderitu</li> <li>2. Martin Eshiwani</li> <li>3. Job Chirchir</li> <li>4. Pius Ewoton</li> <li>5. Alex Mbuvi</li> </ol>	Provides oversight on all Finance, Human resources and corporate planning and strategy matters
Transport & Technical Committee	<ol style="list-style-type: none"> <li>1. Job Chirchir</li> <li>2. Zachary Mukui</li> <li>3. Joseph Gitonga</li> <li>4. Martin Eshiwani</li> <li>5. George Omino</li> </ol>	Provides oversight registration licensing activities as well as motor vehicle inspection activities
Road Safety & Communication Committee	<ol style="list-style-type: none"> <li>1. Bright Oywaya</li> <li>2. Moses Nderitu</li> <li>3. Pius Ewoton</li> <li>4. Zachary Mukui</li> <li>5. Alex Mbuvi</li> <li>6. Henry Barmao</li> </ol>	Provides oversight on Road safety and communication activities

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**F. THE AUTHORITY'S HEADQUARTERS & CONTACTS**

Hill Park Building  
Upper Hill Road  
P.O. Box 3602 - 00506  
Nairobi, Kenya  
Telephone: (254)  
E-mail: [info@ntsa.go.ke](mailto:info@ntsa.go.ke)  
Website: [www.ntsa.go.ke](http://www.ntsa.go.ke)

**G. CORPORATE BANKER**

Kenya Commercial Bank Ltd  
Capital Hill Branch  
P.O. Box 4360 - 00100  
Nairobi, Kenya

**H. INDEPENDENT AUDITORS**

The Auditor General  
Office of the auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**I. PRINCIPAL LEGAL ADVISERS**



The Attorney General Office  
Sheria House  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**J. CORPORATE SECRETARY**




Image Registrars Limited  
Barclays Plaza, Loita Street,  
P.O. Box 9287-00100,  
GPO, Nairobi, Kenya

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**II. THE BOARD OF DIRECTORS**

<p>1</p>	<p>Lt Gen (Rtd) Jackson Ndungu Waweru, CBS, OGW</p> <p><b>Chairman of the Board</b></p> 	<p>Lt Gen (Rtd) Jackson Ndungu Waweru was appointed to serve as National Transport and Safety Authority Chair in October 2016.</p> <p>Prior to being appointed the Board Chairman, Lt Gen (Rtd) Waweru served in the Kenya Defence Forces (KDF) for 39 years. He held various positions in KDF among them Base Commander, Deputy Kenya Air Force Commander, Commandant Defence Staff College and Commandant National Defence College.</p> <p>He undertook various training courses among them flying training in India, Flying Supervisors Course in UK, Air Command and Staff training in USA and he is a graduate of National Defence College Kenya.</p> <p>He holds a Masters Degree in International Security Studies from the University of Leicester UK.</p>
<p>2</p>	<p>Ms. Bright Oywaya</p> <p><b>Member, Private Sector Representative</b></p> 	<p>Ms. Oywaya is on the Board of NTSA from 1<sup>st</sup> October, 2015.</p> <p>Ms. Oywaya is the Executive Director of the Association for Safe International Road Travel (ASIRT-Kenya). She is a counsellor by profession, her passion and involvement with road safety began in 1997 after she was involved in a road crash that left her paralyzed and wheelchair confined. She is currently a Trustee of the Association for the Physically Disabled of Kenya (APDK). She holds a Bachelor of Arts degree in Counselling and Psychology and is currently pursuing a Master's degree in leadership at the Pan Africa Christian University.</p>




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<p>3</p>	<p>Mr. Job Chirchir</p> <p><b>Member, Private Sector Representative</b></p> 	<p>Mr. Chirchir is on the Board of NTSA from 1<sup>st</sup> October, 2015.</p> <p>He holds a Bachelor of Arts (Hons.) degree from the University of Nairobi. Mr. Chirchir is a contractor in the energy sector and operates a transport firm in the construction industry. He has vast experience in human resource management in previous positions in a leading state corporation.</p>
<p>4</p>	<p>Mr. Moses Nderitu</p> <p><b>Member, Private Sector Representative</b></p> 	<p>Mr. Nderitu is on the Board of NTSA from 1<sup>st</sup> October, 2015.</p> <p>Mr. Nderitu is a graduate of the Owner Manager Programmes at Strathmore Business School. He is a successful entrepreneur in diverse industries with vast experience in marketing and media production where he established Level One Productions Ltd. He is currently the CEO &amp; founder of KOTO Housing Kenya Ltd and CEO of Excloosive Ltd.</p>
<p>5</p>	<p>Mr. M'Limbiine Joseph Gitonga</p> <p><b>Member, Private Sector Representative</b></p> 	<p>Mr. Gitonga is on the Board of NTSA from 1<sup>st</sup> October, 2015.</p> <p>He holds a Master's Degree in Business Administration (Strategic Management) from the University of Nairobi; a Bachelor of Laws (LLB) from the University of Nairobi; a Diploma from the Kenya School of Law and a member of ICPS(K). He has vast experience in the legal field and has been an Assisting Counsel in the Judges &amp; Magistrates Vetting Board; and the Tribunal Investigating the conduct of Puisne Judges &amp; Grand Regency Hotel Commission of Inquiry. Mr. Gitonga is a Senior Partner in M'limbiine &amp; Mungai Advocate.</p>



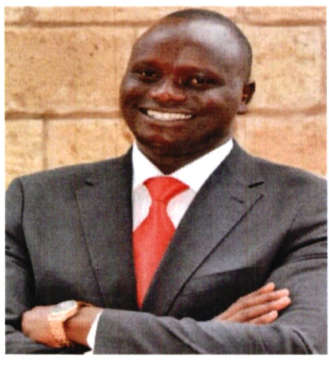
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6	<p>Mr. Pius Atok Ewoton</p> <p><b>Member, Private Sector Representative</b></p> 	<p>Mr. Ewoton is on the Board of NTSA from 1<sup>st</sup> October, 2015.</p> <p>He holds a Bachelor of Education Degree from Moi University .and is a seasoned socio-economic professional with vast experience in community work &amp; development. Mr. Ewoton has headed several Non-Government organizations where he provided strategic leadership and linkages to development partners in Turkana County.</p>
7	<p>Mr. Zachary Waruiru Mukui</p> <p><b>Member, Private Sector Representative</b></p> 	<p>Mr. Mukui is on the Board of NTSA from 1<sup>st</sup> October, 2015.</p> <p>He holds a Master's Degree in Business Administration and Bachelor's Degree in Public Administration. Mr. Mukui has vast experience in both the public and the private sectors. He is an established businessman in horticultural and agricultural products. Mr. Mukui also holds various leadership positions in the society.</p>
8	<p>Prof. Paul Maringa Mwangi, (PHD),CBS</p> <p><b>Principal Secretary, State Department of Transport</b></p> 	<p>Prof. Paul Maringa holds a Doctorate of Philosophy-Environmental Planning from JKUAT; a Master's degree in Planning (Urban &amp; Regional Planning) from the University of Nairobi; and a Bachelor of Architecture Degree. He is a member of various professional bodies amongst them Architectural Association of Kenya (AAK - Architects chapter - registered/Architect) Architectural Association of Kenya (AAK - Town planning chapter - Graduate member) and Kenya Institute of Planners (KIP - Graduate member). He has several years' experience in the public service and has worked in a number of Universities in Kenya and Rwanda at a senior management level.</p> <p><b>The Alternate to the Principal Secretary on the Board of NTSA is Mr. Martin Eshiwani.</b></p>

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9	<p>Mr. Henry Rotich <b>Cabinet Secretary , The National Treasury</b></p> 	<p>Mr. Henry Rotich, is currently the Cabinet Secretary of The National Treasury. He worked as Head of Macroeconomics in the Ministry of Finance and at Central Bank of Kenya. He has vast experience in managing National Government finances under the devolved system of governance. He holds a Master’s degree in Public Administration (MPA) from Harvard University; a Masters of Art degree in Economics and Bachelor of Arts degree in Economics both from the University of Nairobi.</p> <p><b>The Alternate to the Cabinet Secretary is Mr. George Omino.</b></p>
10	<p>Prof. Githu Muigai, <b>The Attorney General</b></p> 	<p>Prof. Githu Muigai the Attorney General of the Republic of Kenya ( <b>Up to February 2018</b>)</p> <p>Prior to his appointment he was the United Nations special rapporteur on contemporary forms of racism, racial discrimination, xenophobia and related intolerance. He holds a PhD and LLB in Law from the University of Nairobi and an LLB from Columbia University School of Law in New York.</p> <p><b>The Alternate to the Attorney General is Mr. Alex Mbuvi.</b></p>
11	<p>Justice Paul Kihara, <b>The Attorney General</b></p> 	<p>Justice Paul Kihara is the Attorney General of the Republic of Kenya. ( <b>w.e.f February 2018</b>)</p> <p>Prior to his appointment he was the President of the Court of Appeal. He holds a Bachelors of Law Degree (LLB) from the University of Nairobi.</p> <p><b>The Alternate to the Attorney General is Mr. Alex Mbuvi.</b></p>

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12	<p>Mr. Joseph Boinett</p> <p><b>The Inspector General of Police</b></p> 	<p>Mr. Boinett is the Inspector General of the National Police Service</p> <p>He has over thirty years' experience in the Public Service. He holds two Master's Degree in Security Policy from the Australian National Security University and in Diplomatic Studies from the University of Westminster.</p> <p><b>The Alternate to the Inspector General is Mr. Henry K. Barmao.</b></p>
12	<p>Mr. Francis Meja</p> <p><b>Director General</b></p> 	<p>Mr. Meja is the Director General of National Transport &amp; Safety Authority.</p> <p>He is responsible for implementing the policies, programmes and objectives of the Authority. Prior to his appointment, he was the Registrar of Motor Vehicles. Mr. Meja commands a wealth of knowledge and expertise on road transport and transport logistics. He is a holder of a Master's Degree in Business Administration (Strategic Management) from the University of Nairobi and a BA in Economics and Public Administration from the University of Marathwada in India.</p>
13	<p>Mr. Lawrence Kibet</p> <p><b>Corporate Secretary</b></p> 	<p>Mr Lawrence Kibet is the corporate secretary representing Image Registrars Limited; the body corporate contracted for secretarial services.</p>

**National Transport & Safety Authority  
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**III. KEY MANAGEMENT TEAM**

	<b>NAME</b>	<b>POSITION</b>
1	<p>Mr. Francis Meja</p> 	<p><b>Director General</b></p> <p>Mr. Meja is the Director General and is responsible for implementing the policies, programmes and objectives of the Authority. Prior to his appointment, he was the Registrar of Motor Vehicles. Mr. Meja commands a wealth of knowledge and expertise on road transport and transport logistics. He is a holder of a Master's Degree in Business Administration (Strategic Management) from the University of Nairobi and a BA in Economics and Public Administration from the University of Marathwada in India.</p>
2	<p>Ms. Jacqueline Githinji</p> 	<p><b>Director, Registration and Licensing</b></p> <p>Ms. Githinji is the Director, Registration and Licensing and is responsible for registration and licensing of motor vehicles, regulation of public service vehicles, and oversight of training, testing and licensing of drivers. She holds a Bachelor of Arts (Economics &amp; Geography) and Master of Arts (Labour Management).</p>
3	<p>Eng. Gerald Wangai</p> 	<p><b>Director Technical Services</b></p> <p>He is Director Technical Services and holds a Bachelor of Science Degree (Mechanical Engineering) from the University of Nairobi .He has vast experience spanning 28 years in the Public Service. (W.e.f. February, 2018)</p>

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4	<p>Ms. Njeri Waithaka</p> 	<p><b>Director, Road Safety</b></p> <p>Njeri is an Advocate of the High Court of Kenya with a Post Graduate Diploma in Law from the Kenya School of Law. She holds a Bachelor of Laws (LLB) in Criminology from Keele University; a Master of Science in Criminology from the University of Leicester; and a foundation degree in Policing from De Montfort University. She has attended numerous trainings, including system of car control, investigating road traffic collisions and police emergency response driving.</p>
5	<p>Mr. Leparan Tialal</p> 	<p><b>Director, Corporate Support Services</b></p> <p>Mr. Tialal is responsible for Corporate Support Services. He holds a Masters of Business Administration (MBA) in Strategic Management (University of Nairobi); a Bachelor of Commerce Degree in Business Administration (Catholic University of Eastern Africa); a higher Diploma in Human Resource Management (Kenya Technical University); and a Diploma in Business Administration (RVIST). He is a member of the Institute of Human Resources Management and a certified ISO 9001:2008 QMS internal auditor.</p>
6	<p>Mr. Lawrence Kibet</p> <p><b>Corporate Secretary</b></p> 	<p><b>Corporate Secretary</b></p> <p>Mr. Lawrence Kibet is the corporate secretary representing Image Registrars Limited; the body corporate contracted for secretarial services</p>

**National Transport & Safety Authority**  
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**OTHER KEY MANAGEMENT STAFF**

1	Mr. Wycliffe Wasike	Deputy Director, & Head of Finance
2	Mr. Robert Ngugi	Senior Deputy Director, Legal Services
3	Mr. Fernando Wangila	Senior Deputy Director, Information Communication Technology
4	Mr. Cosmas Ngeso	Deputy Director, & Head of Registration
5	Ms. Margaret Kabochi	Deputy Director, & Head of Administration & Human Resource Management
6	Mr. Patrick Wanjuki	Senior Deputy Director, Procurement
7	Mr. Duncan Kibogong	Deputy Director, & Head of Road Safety Strategies
9	Mr. Hared Hassan	Deputy Director, & Head of Enforcements & Accident Investigations
10	Ms. Dido Guyatu	Senior Deputy Director, Corporate Affairs & Communications
11	Ms. Miriam Njoroge	Senior Deputy Director, Internal Audit

**National Transport & Safety Authority**  
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**IV. CHAIRMAN'S STATEMENT**

It is my pleasure to present to you the fourth financial statements and annual reports of National Transport & Safety Authority (NTSA) for the year ended 30<sup>th</sup> June 2018. The Authority was established through the NTSA Act No.33 of 2012. The main function of the Authority is to plan, advice, implement and make recommendations on matters relating to road transport and safety.

Since the establishment of the Authority, we have demonstrated that road transport and safety is critical to the country and its citizens. Within five years of its operations, the Authority has made significant steps in achieving its mandate despite numerous challenges. These achievements include;

**1) Automation of NTSA Services**

During the year under review, the Authority continued to automate its core services through the implementation of the Transport Integrated Management System (TIMS) to facilitate online service delivery. These services include motor vehicle registration, motor vehicle ownership transfer and online booking for motor vehicle inspection. Other online services that will eventually be part of the TIMS platform include the application and payment for Passenger Service Vehicle (PSV) license, badges for drivers, application for road service licenses and application and renewal of Driving Licenses.

Following the automation, the Authority has been able to improve efficiency and reduced the cost of services by providing access at the convenience of customers.

Further, a lot of gains have been made towards reducing time taken in processing applications. Renewal of driving licenses through the E-Citizen platform is much faster and without the need to visit our offices. Processing of logbooks that initially took about thirty days has now been reduced to three days.

**2) Road Safety Interventions**

One of the Authority's key mandate is promotion of road safety in the Country. Advocating and championing for behavior change among road users has been the delivery strategy. This is done through enforcement, public education and awareness, research and data analysis, policy formulation and mass media campaigns.

During the financial year 2017/18, the Authority undertook targeted enforcement operation activities in all its regions. These activities addressed six thematic areas: speeding, drink driving, safety belt wearing, helmet wearing, PSVs operating illegally and lane discipline. However, following the Presidential directive in January 2017, the Authority ceased enforcement activities, a role now left for the National Police Service. The focus shifted to other road safety interventions such as public education and awareness as well as establishment and operationalization of the County Transport and Safety Committees (CTSCs) with a total of eighteen CTSCs established.

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**3) Embracing New Technology**

Innovation plays an important role in re-engineering business processes of the Authority. During the year under review, the Authority commenced the roll out of the Smart Card Driving Licences. The Smart Driving License has been developed using the latest technology with enhanced security features that will eliminate counterfeiting.

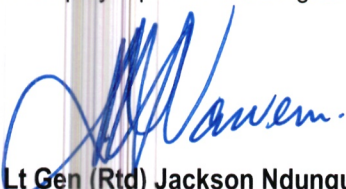
In the same year, the Authority embarked on the roll out of the Third Identifier Stickers (e-sticker) in line with Legal Notice No.62 of April, 2016. In its first phase of implementation, a total of two hundred twenty two thousand and sixty eight (223,068) vehicles were issued the third identifier stickers. In the coming financial year, the Authority will continue to issue the stickers to all newly registered motor vehicles as well as those undergoing motor vehicle inspection and eventually to categories of vehicles.

Following the installation of test lane equipment and automation of the inspection at the Nairobi's (Likoni Road) and Mombasa's (Miritini) motor vehicle inspection centres, the Authority has enhanced efficiency in the motor vehicle inspection process. As a result we have witnessed an increase in the number of vehicles going for inspection.

We are committed to working with various stakeholders in formulating policies that enhance road transport and safety. We are cognizant of the fact that the Authority cannot operate exclusively alone. Working with our stakeholders we will realize better results in keeping our roads safer.

The Authority's deliberate attempt to automate its process and operations is an indication that it responds to the needs and aspirations of its customers in this modern age. The Authority will continue assessing its services with the aim of improving customer experience.

In conclusion, I wish to remind all road users that road safety is a shared responsibility. Therefore, all of us must play a part in ensuring safe use of road infrastructure in order to reduce road carnage in our country.



**Lt Gen (Rtd) Jackson Ndungu Waweru, CBS, OGW**  
**CHAIRMAN**

# **National Transport & Safety Authority**

## **Reports and Financial Statements**

### **For the year ended 30 June, 2018**

#### **V. REPORT OF THE DIRECTOR GENERAL**

The Authority has prepared its fourth Annual report and financial statements for the period ended 30<sup>th</sup> June 2018. The statements adopts the accrual concept based on the International Public Sector Accounting Standards (IPSAS) as pronounced by Public Sector Accounting Standards Board. The statements provide more disclosures on utilization of allocated resources; detailed recording of significant financial transactions and summary of major expenditure items within the requirements of the Public Sector Accounting Standards and the Public Financial Management Act of 2012.

The Government enacted the National Transport and Safety Authority Act, 2012, which created National Transport & Safety Authority (NTSA) and whose main functions, as outlined under Section 4 of the Act, are to:

- a. Advise and make recommendations on matters relating to road transport and safety;
- b. Implement policies relating to road transport and safety;
- c. Plan, manage and regulate the road transport sector in accordance with the provisions of the act;
- d. Ensure the provision of safe, reliable and efficient road transport service; and
- e. Administer the act of parliament set out in the first schedule and any other written law.

In performance of its functions, the Authority is mandated to:-

- i. Register and license motor vehicles;
- ii. Conduct motor vehicle inspection and certification;
- iii. Regulate public service vehicles;
- iv. Advise the government on national policy with regard to road transport sector;
- v. Develop and implement road safety strategies;
- vi. Facilitate the education of members of the public on road safety;
- vii. Conduct research and audits on road safety;
- viii. Compile inspection reports relating to traffic accidents;
- ix. Establish systems and procedures for, and oversee the training, testing and licensing of drivers; and
- x. Formulate and review the curriculum of driving schools.

We believe that a robust road transport and safety system is critical to improving our nation's future competitiveness. The Authority has a responsibility of enabling safe mobility and connectivity for Kenya to drive its economic growth.

During the financial year 2017/18, the Authority's sources of revenue included grants appropriated by Parliament through the parent Ministry; and revenue generated from internal sources. From the above services, the Authority raised a total revenue of Ksh. 1.9 Billion;(Grant-Ksh 436Million & Ksh 1.5 Billion from internal sources) as compared to a figure of 1.8 billion (Grant-Ksh 436Million & Ksh 1.4 Billion from internal sources) in the previous year representing a 5% growth in revenue. Further, the Authority also generated Kshs 3.3 Billion as exchequer revenues from its operations.

## **National Transport & Safety Authority Reports and Financial Statements For the year ended 30 June, 2018**

The Authority's main expenditure are related to road safety interventions; technical operations; maintenance of assets; procurement of specialized supplies for registration; licensing and inspection of vehicles; staff costs and other administrative operational costs. The overall cost of NTSA operations for the year under review was Ksh.2.1 Billion.

During the year, the Authority continued the implementation of its five year Strategic Plan (2016-2020). The focus of the strategic plan is on four key pillars, namely Stakeholder Collaboration, Financial Sustainability, Innovation and People.

All the four pillars relate to each other, and success in all provides the foundation to sustain NTSA's mandate in the future. We will align our actions to support the four key pillars but also seek increased stakeholder collaboration to ensure that the strategy is delivered.

The Strategic Plan provides a clear road map for the implementation of the integrated national transport policy (2009) and key activities envisaged by the Authority as integral in road transport management and other functions of the organization.

The objective of The Integrated National Transport Policy is to enhance the role of transport as an enabler for Kenya's economic and social growth. The vision identified in the policy is a ***"world-class integrated transport system responsive to the needs of people and industry"***. Strategic objectives in the policy include establishing institutional systems for transport sector and developing sector's funding/financing mechanisms.

### **Way forward**

The financial year 2017/2018 had a number of challenges but despite the huddles, the Authority under the oversight of the Board, managed to undertake its mandate and implemented its strategic plan. Success in point is the full automation of two motor Vehicle inspection Centres and commencement of the issuance of the Smart Driving License.

We acknowledge that there is still a lot to be done to significantly reduce road Accident fatalities and endeavour to put in place appropriate interventions to significantly reduce road traffic crashes while at the same time engage key stakeholders in road safety management.

Further, we are cognizant of the fact that customers need change, and we must change to meet their demands. We will continue reviewing our services and adopt new technologies so as to enhance efficiency in service delivery.



**Francis Meja**  
**DIRECTOR GENERAL**

**National Transport & Safety Authority  
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**VI. CORPORATE GOVERNANCE STATEMENT**

The Board of Directors considers corporate governance as a key function in the management of the Authority and for its accountability to all members. It has inculcated a value system in the corporate culture, and use of established best practice guidelines to achieve highest standards of compliance with the law, while ensuring the Authority is managed in a manner to satisfy the interests of stakeholders. One of our core principles, integrity, dictates the ethical code and decision making processes of the Directors to provide effective leadership.

NTSA has a functional organization structure that allows for greater operational efficiency which arises from employee functional specialization. The Authority has developed a risk and governance framework which will provide guidance on risk management initiatives and ensure a consistent approach is taken during identification, categorizing and dealing with the various risks encountered. A charter of the Board and its Committees has also been developed to define the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function.

**Appointment and Vacation of Office**

The Chairman and the members of the Board are appointed in accordance to the NTSA Act Section 6 (f) and (g). This shall be by notice in the *Gazette*. Section 10 of the NTSA Act sets out the process of vacation of office of the Chairman and members of the Board of the Authority

**Remuneration of the Board**

Members of the Board are paid remuneration, fees and allowances as determined by the Cabinet secretary in consultation with the Salaries and remuneration Commission.

**Board Responsibilities**

Due care is taken by the Directors in managing affairs of the Authority. In recognition of their ultimate responsibility, the Directors focal point to guide their decisions and actions is based on a foundation of good governance and on our core values which are integrity, accountability, courteous service, professionalism, stewardship and efficiency.

The Board Charter and the Mwongozo Code sets out the Directors' roles and responsibilities as summarized below:

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- a) Formulation and approval of the Authority's vision, mission and core values and formulation & approval of the Corporate Strategy, business plan and principles of technical operations.
- b) Approval of annual budget and the financial statements.
- c) Performance and approval of risk management strategy.
- d) Approval of major restructuring.
- e) Settlement of major litigation/claims.
- f) Approval of banking/authority levels, policies, procedures and manuals.
- g) Periodic formulation and review of ICT policies, procedures, strategies and work plans.

Section 12 of the NTSA Act stipulates that the Board shall establish such committees as it may consider necessary for the performance of its functions and the exercise of its powers under the Act. To this end, The Board has established four committees that meet regularly under well-defined terms of reference set by the Board: They include;

- I. Finance, Human Resource & Strategy Committee,
- II. Transport & Technical Committee,
- III. Road Safety & Communication Committee and
- IV. Audit, Risk & Governance Committee.

The following is a summary of Board membership and average attendance in each committee during the financial year ended 30<sup>th</sup> June 2018.

No.	Name of the Committee	No of members	No of Meetings	Average Attendance
1	Full Board	12	6	8
	Special Full Board	10	15	9
2	Finance, HR & Strategy	6	5	3
	Special Finance, HR & Strategy	5	13	5
3	Transport & Technical	5	4	4
	Special Transport & Technical	5	1	5
4	Road Safety & Communication	7	6	6
	Special Road Safety and Communication	6	1	5

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5	Audit, Risk and Governance	4	5	3
	Special Audit, Risk and Governance	4	2	3

**VII. MANAGEMENT DISCUSSIONS & ANALYSIS**

During the year under review, the Authority in meeting its mandate achieved a number of milestones under its three core functions of Road Safety, Registration and Licensing and Motor Vehicle inspection.

**A. ROAD SAFETY MANAGEMENT**

**a) Comparison of Fatalities in the Financial Year 2016/2017 AND 2017/2018**

In Financial Year 2017/2018 the total number of fatal victims was **2,957** as compared to the Financial Year 2016/2017 which had **2,834** fatal victims which was an increase by **4.3%**.

**1. Comparative fatalities by categories of victims**

Categories of Victims	F/Y 2016/2017	F/Y 2017/2018	Variance	%Variance
Pedestrians	1021	1088	67	6.6
Passengers	743	735	-8	-1.1
Motor cyclist	465	532	67	14.4
Drivers	319	319	0	0.0
Pillion Passengers	232	221	-11	-4.7
Pedal cyclist	54	62	8	14.8
<b>TOTAL</b>	<b>2834</b>	<b>2957</b>	<b>123</b>	<b>4.3</b>

In terms of category of victims passengers and pillion passengers have reduced by **1.1%** and **4.7%** respectively. However, Pedestrian, Motor cyclists, pedal cyclist have increased by **6.6%**, **14.4%** and **14.8%** respectively as shown in the table above.

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**2. Comparison of fatalities based on Months**

<b>Months</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>Variance</b>	<b>%Variance</b>
July	216	214	-2	-0.9
August	240	228	-12	-5.0
September	218	211	-7	-3.2
October	230	219	-11	-4.8
November	190	240	50	26.3
December	289	356	67	23.2
January	253	234	-19	-7.5
February	227	257	30	13.2
March	269	240	-29	-10.8
April	265	269	4	1.5
May	259	247	-12	-4.6
June	178	242	64	36.0
<b>TOTAL</b>	<b>2834</b>	<b>2957</b>	<b>123</b>	<b>4.3</b>

**3. Comparison of Class of victims**

<b>Class of Victims</b>	<b>F/Y 2016/2017</b>	<b>F/Y 2017/2018</b>	<b>Variance</b>	<b>%Variance</b>
Fatalities	2834	2957	123	4.3
Seriously injured	4172	3886	-286	-6.9
Slightly injured	5065	4435	-630	-12.4
<b>TOTAL</b>	<b>12071</b>	<b>11278</b>	<b>-793</b>	<b>-6.6</b>

**b) Road safety interventions**

The Authority's key mandate is to oversee and implement promotion of road safety in Kenya by advocating for behaviour change among road users. The Authority undertook the following activities during the year ended 30<sup>th</sup> June 2018;

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#### **I. Enforcement operations**

During the aforesaid period, the Authority undertook targeted enforcement operation activities in all its regions. These activities addressed 6 thematic areas: speeding, drink driving, safety belt wearing, helmet wearing, illegal PSVs and lane discipline. The Authority intensified its enforcement activities during the December festivities. During this time there is high

traffic movement and therefore high numbers of road traffic crashes are recorded. The Authority embarked on an operation dubbed 'Operation Fika Salama' which focused on the mentioned thematic areas.

Following the Presidential directive announcement in January 2017, the Authority ceased all its enforcement activities to the National Police Service.

#### **II. Establishment and Operationalization of County Transport and Safety Committees (CTSCs)**

- A total of 18 County Transport and Safety Committees (CTSCs) were established during the FY2017/2018. Out of these 8 new CTSCs were established over the target 6 for the Contract period and these included: Nyeri, Busia, Kisumu, Kitui, Makueni, Meru, Tharaka Nithi and Bomet.
- The following 12 CTSCs have been gazzetted; Kakamega, Kisii, Nairobi, Machakos, UasinGishu, Kericho, Kajiado, Makueni, Kitui, Kisumu, and Meru. Nyeri, Nakuru, Bungoma and Taita Taveta are yet to be gazzetted.
- A national Joint CTSC training workshop is planned to take place in July, 2018.

#### **III. Development of the national road safety action plan 2018-2023**

The draft National Road Safety Action Plan, which has since been authenticated by stakeholders through the stakeholder forum and subsequently, feedback from multi-agencies and multi-sectors have been incorporated. This has resulted to a key stakeholder validation exercise scheduled to take place in Q1 FY2018/2019.

#### **IV. Enhancing public knowledge and awareness on safer road use**

Enhancement of public knowledge and awareness on safer road use done through the following programmes:

- The Authority engaged in public education and awareness targeting all road users. The Authority has engaged PSV, heavy commercial and boda-boda operators and other like-minded entities in one on one training sessions on road safety. Additionally, through their footbridge marshals, the Authority has engaged pedestrians on their safety on the roads.
- The Authority also partnered with Kenya Private Schools Association (KEPSA) on school children road safety which was also an area of interest with the Ministry of Education. This was aimed at educating school heads on road safety issues and to encourage them to pass on the same message to their students and parents. This undertaking was conducted nationwide.

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- A long withstanding partnership with Kenya Urban Roads Authority (KURA) has opened the way for yearly road safety road campaigns undertaken all over the country. During the aforementioned period, the roadshow caravan targeted the Eastern region and targeted boda-boda riders whose number of fatalities has been rapidly increasing.

### **V. Enhancing stakeholder collaboration and partnership**

- The Authority identified key stakeholders - implementing partners, Road Safety actors and regulators with a view to establish collaboration and partnerships.
- A national stakeholders' conference will be held in Q1FY2018/19 to develop a consolidated action plan with stakeholders' plan incorporated.
- As the national body tasked with the mandate of road safety, the Authority oversaw the World Day of Remembrance (WDR) celebrations that were carried out nationally. The Authority partnered with various organizations and undertook pre-WDR activities that were aimed at promoting road safety in various regions. They included; medical screening camps, targeted education programs, free motor vehicle inspection clinic and a road safety marathon among others. Further to this, the Authority donated assistive devices to road crash victims through a partnership with Christian Blind Mission (CBM) Association of the Physically Disabled of Kenya (APDK) and National Council of Persons with Disabilities (NCPWD).
- Strathmore University partnering with the University of Southampton and other international partners with the National Institute for Health Research (NIHR) UK, funded Global Health Research Group (GHRG) on road safety hosted the above stakeholder forum in partnership with NTSA, to discuss the socio-technical approaches to road safety. This forum provided a unique opportunity for various stakeholders to critically interrogate limitations that are likely to impede Kenya from achieving the UN Decade of Action Target of 50% reduction in road fatalities by 2020.
- Development of Road safety materials for primary 1-3 in progress in collaboration with KICD.

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**B) REGISTRATION AND LICENSING ACTIVITIES**

The tables below highlights, the services rendered under the registration and licensing functions of the Authority during the year under review: Majority of these services generate revenue that accrues directly to the exchequer with NTSA retaining a small percentage.

<b>NUMBER OF REGISTERED MOTOR VEHICLES DURING THE FINANCIAL YEAR 2017/18</b>				
<b>Type of Vehicle</b>	<b>Motor Cycles</b>	<b>Motor Vehicles</b>	<b>Trailers</b>	<b>Total</b>
Jul-17	19,876	9,411	177	<b>29,464</b>
Aug-17	15,017	7,412	160	<b>22,589</b>
Sep-17	14,214	6,903	193	<b>21,310</b>
Oct-17	9,486	9,993	236	<b>19,715</b>
Nov-17	13,164	9,692	189	<b>23,045</b>
Dec-17	14,015	9,357	143	<b>23,515</b>
Jan-18	14,347	9,545	227	<b>24,119</b>
Feb-18	18,714	6,535	133	<b>25,382</b>
Mar-18	16,939	6,435	196	<b>23,570</b>
Apr-18	13,660	8,199	151	<b>22,010</b>
May-18	14,434	9,316	167	<b>23,917</b>
Jun-18	13,921	6,926	166	<b>21,013</b>
<b>TOTAL</b>	<b>177,787</b>	<b>99,724</b>	<b>2,138</b>	<b>279,649</b>
<b>NUMBER OF TRANSFERS DURING THE FINANCIAL YEAR 2017/18</b>				
<b>Month</b>	<b>Number of Motor Vehicle</b>	<b>Number of Trailer</b>	<b>Number of Motor Cycle</b>	<b>Total</b>
Jul-17	10,739	88.00	7,132	<b>17,959</b>
Aug-17	8,706	88.00	6,045	<b>14,839</b>
Sep-17	10,802	133.00	7,318	<b>18,253</b>
Oct-17	9,682	94.00	6,630	<b>16,406</b>
Nov-17	11,670	134	7,377	<b>19,181</b>
Dec-17	9,943	113	5,013	<b>15,069</b>
Jan-18	12,777	211	5,914	<b>18,902</b>

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Feb-18	13,136	190	7,510	<b>20,836</b>
Mar-18	13,503	145	8,786	<b>22,434</b>
Apr-18	11,805	138	9,214	<b>21,157</b>
May-18	13,762	207	7,915	<b>21,884</b>
Jun-18	12,580	194	8,597	<b>21,371</b>
<b>Total</b>	<b>139,105</b>	<b>1,735</b>	<b>87,451</b>	<b>228,291</b>

**NUMBER OF DUPLICATE LOG BOOKS ISSUED DURING THE FINANCIAL YEAR 2017/18**

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-17	508	13	25	<b>546</b>
Aug-17	530	37	19	<b>586</b>
Sep-17	595	6	25	<b>626</b>
Oct-17	572	4	25	<b>601</b>
Nov-17	708	21	27	<b>756</b>
Dec-17	545	17	14	<b>576</b>
Jan-18	782	20	19	<b>821</b>
Feb-18	704	13	26	<b>743</b>
Mar-18	834	23	27	<b>884</b>
Apr-18	769	21	13	<b>803</b>
May-18	686	22	19	<b>727</b>
Jun-18	646	19	23	<b>688</b>
<b>Total</b>	<b>7,879</b>	<b>216</b>	<b>262</b>	<b>8,357</b>

**NUMBER OF VEHICLES DISCHARGED DURING THE FINANCIAL YEAR 2017/18**

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-17	2,736	150	7	2,893
Aug-17	2,350	43	10	2,403
Sep-17	2,797	86	7	2,890
Oct-17	2,788	170	5	2,963
Nov-17	2,939	340	12	3,291
Dec-17	2,027	145	10	2,182
Jan-18	2,663	45	14	2,722
Feb-18	2,752	80	6	2,838
Mar-18	2,598	55	22	2,675

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Apr-18	2,761	78	5	2,844
May-18	2,908	185	16	3,109
Jun-18	2,786	149	47	2,982
<b>Total</b>	<b>32,105</b>	<b>526</b>	<b>161</b>	<b>32,792</b>

**NUMBER OF REFLECTIVE NUMBER PLATES ISSUED DURING THE FINANCIAL YEAR 2017/18**

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-17	399	26	63	488
Aug-17	345	32	47	424
Sep-17	387	32	67	486
Oct-17	370	44	65	479
Nov-17	417	15	88	520
Dec-17	299	19	56	374
Jan-18	416	77	66	559
Feb-18	388	29	81	498
Mar-18	399	6	64	469
Apr-18	354	14	62	430
May-18	463	44	62	569
Jun-18	353	11	61	425
<b>Total</b>	<b>4,590</b>	<b>305</b>	<b>726</b>	<b>5,621</b>

**NUMBER OF CHANGE OF PARTICULARS DURING THE FINANCIAL YEAR 2017/18**

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-17	540	2	3	545
Aug-17	499	0	16	515
Sep-17	716	1	7	724
Oct-17	610	1	8	619
Nov-17	822	5	13	840
Dec-17	650	9	7	666
Jan-18	829	9	12	850
Feb-18	333	8	1	342
Mar-18	338	0	1	339

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Apr-18	297	2	0	299
May-18	283	1	6	290
Jun-18	256	2	1	259
<b>Total</b>	<b>5,890</b>	<b>38</b>	<b>68</b>	<b>5,996</b>

**NUMBER OF ASSET FINANCING SERVICES OFFERED DURING THE FINANCIAL YEAR 2017/18**

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-17	1,026	19	5	1,050
Aug-17	984	3	4	991
Sep-17	1,327	12	6	1,345
Oct-17	1,246	2	5	1,253
Nov-17	1,310	10	5	1,325
Dec-17	1,229	21	6	1,256
Jan-18	1,429	10	5	1,444
Feb-18	1,555	25	6	1,586
Mar-18	1,665	16	6	1,687
Apr-18	1,524	15	7	1,546
May-18	1,713	9	4	1,726
Jun-18	1,530	13	4	1,547
<b>Total</b>	<b>16,538</b>	<b>155</b>	<b>63</b>	<b>16,756</b>

**b) Issuance of Licenses**

During the year under review, the Authority commenced piloting and roll-out of the smart driving license. This data will help the Authority and other key stakeholders in profiling driver behavior. Through its demerit point system, the Smart DL will go a long way in improving road safety as rogue drivers will be punished while good drivers will be rewarded with less insurance premiums for their vehicles. The DL also has a payment wallet that will be used to pay traffic fines.

Meanwhile, the Authority continued to issue various licenses to customers. A summary of licenses issued during the year under review is as below:

Item Description	Number Issued
No. of New Driving Licenses issued	135,599
No. of Duplicate Driving Licenses issued	52,552
No. of Duplicate smart driving Licenses issued	-
No of smart driving Licenses issued on replacement	5,378

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No. of Road Service Licenses issued	62,636
No. of Tour Service Licenses issued	1,228
No of Short Term Road service Licenses issued	1,450
No of PSV Badges Issued	89,036

**C) MOTOR VEHICLE INSPECTION**

<b>MOTOR VEHICLE INSPECTIONS BOOKINGS DURING THE FINANCIAL YEAR 2017/18</b>	
<b>Month</b>	<b>Number Of Inspected Vehicles</b>
17-July	31,763
17 August	29,143
17-September	31,991
17-October	27,429
17-November	28,695
17-December	22,831
18-January	27,156
18-February	23,619
18-March	28,141
18-April	25,350
18-May	29,221
18-Jun	28,555
<b>TOTAL</b>	<b>333,894</b>

During the year under review, the Authority sought to review the motor vehicle inspection fees from Kshs 1000 for all types of vehicles that has been effective since 1999. Revised rates were gazetted in January 2018 and the Authority communicated to the public the effective dates set for 1<sup>st</sup> April 2018. However, implementation of the new rates was suspended by the National Assembly and thus the Authority could not achieve the objective of enhancing revenue to finance its operations as envisaged.

With the new rates, the Authority had projected a collection of Kshs 249M, from motor vehicle inspection between April and June 2018 but only Kshs 83M was realized.

**c) Introduction of the Third Identifier**

In implementation of the Traffic (Registration Plate) Rules, 2016 (Legal Notice No.62) gazetted on 15th April, 2016, the Authority finalized the rolled out the third identifier stickers for all new and second hand motor vehicle registrations. The third identifier sticker is be placed on the wind screen of a motor vehicle and will

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bear discrete, overt and covert features of the motor vehicle registration and will hold details such as the chassis number, make, registration number and other details.

The issuance of the sticker was projected to start from 1<sup>st</sup> July 2017, however, due to logistical challenges, issuance commenced in October 2017 with Motor vehicle inspection and new registration as the pilot channels. During the period ended 30<sup>th</sup> June 2018, a total of 148,109 stickers' were issued through the

motor vehicle inspection centres generating total revenue of 103M while 74,959 stickers were issued through the new Vehicle registration Channel generating total revenue of Kshs 52M

**d) Upgrading Motor Vehicle Inspection Services**

During the Year, The Authority undertook rehabilitation of Likoni Road and Miritini Vehicle inspection Centres and the works projects were at 95% and 50% completion as at 30<sup>th</sup> June 2018. The Authority also begun the projects of construction of regional offices in Kisumu, Eldoret, Nakuru and Machakos to improve regional operations.

**e) Implementation of Development Partner Funded Projects**

During the year under review, the Authority completed a number of procurements for projects funded by World Bank. They included the procurement of enforcement equipment (speed cameras and breathalyzers') and acquisition of motor cycles to support in enforcement operations. The items were delivered during the financial year ended 30<sup>th</sup> June 2018.

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**VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Corporate Social Responsibility refers to the voluntary activities undertaken by the Authority to operate in an economic, social and environmentally sustainable manner. The strategies encourage the Authority to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others. We find that more than half of pedestrians die at speeds of 45 km/hour or more. In addition, vulnerable road users are more likely to sustain severe injuries, in particular injuries to the head, pelvis and legs. Head injuries are a major cause of death and in the event that one survives it can lead to long-term disability and this is a particular risk factor for pedestrians.

Increased Road investment consequently leads to high exposure to the risk of road traffic fatalities and injuries. The Authority ensures that it comes up with coherent action plans for road safety. This initiative encouraged pedestrians to use pedestrian fences or designated crossing areas thus reducing the number of pedestrian deaths and injuries.

The World Day of Remembrance for Road Traffic Victims was first held in 1993 in the United Kingdom and organized since then by nongovernmental organizations in a number of countries. It was created as a means to give recognition to victims of road traffic crashes and the plight of their loved ones who must cope with the emotional and practical consequences of these events.

On 26 October 2005, the United Nations adopted a resolution which calls for governments to mark the third Sunday in November each year as World Day of Remembrance for Road Traffic Victims. Observation of this day provides an opportunity to draw the public's attention to road traffic crashes, their consequences and costs, and the measures which can be taken to prevent them. The day also provides an opportunity to remind governments and society of their responsibility to make roads safer.

In commemoration of the World Day of Remembrance for Road Traffic Victims, the Authority held a commemorative event in Naivasha, Karai in memory of the 43 people who perished in a grisly road accident on 10th December 2016 along that area. The theme for the world day of remembrance was to reduce road fatalities and serious injuries by 50% by 2020. Preceding this important day, NTSA also organised for pre road safety activities in a week dubbed road safety week. This included speed validation exercises, medical check-ups and screening, sensitization of general public on road safety issues, vigorous media campaigns and road show caravans. To achieve this, NTSA partnered with several stakeholders and corporate entities.

The Authority donated the following various assistive devices to the victims who survived the crash and serious suffered injuries; a Wheelchair with detachable armrest, Reclining Wheelchair without commode,

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Reclining Wheelchair with commode, Roughrider Wheelchair, Standard Tricycle with Carrier, Jarik cushion for pressure relief(Standard size for Children), Elbow-Crutches, Spinal Corset for spinal support, Foldable wheel chair-Fixed footrest and Armrest., Auxiliary cruiser, Moody-cruiser wheelchair with Jarik cushion, Commode(seat with Castor wheels), Yaya 4 wooden special seat.

It is a fact that donated blood is used for a wide range of circumstances and this can potentially affect anyone and that's also a main reason people donate. Patients undergoing treatment for injuries suffered during an accident often rely on donated blood to save their lives. Due to the fact that there is need for more

blood in our blood banks and after road crashes there are always pleas for blood donations nationwide, the Authority felt the need for members of staff to participate in a blood drive. This was conducted by the Kenya National Blood Transfusion Services at our offices in Nairobi and 50 members of staff were able to donate blood.

There is evidence that cleanup campaigns make a difference and not just in the short term. Every piece of trash that is deposited in a landfill means there is one less dangerous item. During the year under review, the Upper Hill District Association (UHDA) together with the Authority held a successful clean up exercise around the Upper hill area.

The Authority in conjunction with the medical providers also set up a 2 days wellness clinic/medical camp at the NTSA headquarters. The clinic offered staff a number of the test and examination with the aim of providing early detection of chronic condition followed by treatment or proper management to lower risks of complications. These camps enables members of staff to learn about their health, lifestyle disease hence enabling the members of staff to be productive prevent possible road crashes.

Seeing is believing is the Standard Chattered Bank's global initiative aimed at tackling avoidable blindness and visual impairment. The Bank collaborates with International Agency for the Prevention of Blindness (IAPB) and leading eye care organizations and raises funds for investment in eye care projects that have long-term impact in areas of high need. It raises funds to eliminate avoidable blindness, resulting in increased opportunities for education and employment. Working with more than five community partners, the focus is on prevention and treatment of avoidable blindness. During the year in review, 65 members of staff participated in the marathon for a good course.

In conclusion, instilling a model of social responsibility in the Authority enables members of staff to take part in making these social and environmental changes.

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**IX. REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors are pleased to submit the Authority's annual report together with the financial statements for the year ended 30 June, 2018 which shows the state of the Authority's affairs

**Principal Activities**

The principal activities of the Authority include:

- i. Register and license motor vehicles.
- ii. Conduct motor vehicle inspection and certification.
- iii. Regulate public service vehicles.
- iv. Advise the Government on national policy with regard to road transport sector.
- v. Develop and implement road safety strategies.
- vi. Facilitate the education of members of the public on road safety.
- vii. Conduct research and audits on road safety.
- viii. Compile inspection reports relating to traffic accidents.
- ix. Establish systems and procedures for, and oversee the training, testing and licensing of drivers; and
- x. Formulate and review the curriculum of driving schools.

**Results**

The results of the Authority for the year ended 30 June, 2018 are set out on pages 1-24

**Directors**

The members of the Board of Directors who served during the year are listed on pages (v) to (ix).

**Auditors**

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.



Lawrence Kibet  
**Corporate Secretary**  
**Nairobi**

**Date**.....

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For the year ended 30 June, 2018**

**I. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 51 of the National Transport and Safety Act, 2012 require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the Authority for that year/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 *National Transport and Safety Authority*. The Directors are also responsible for safeguarding the assets of the *Authority*


The Directors are responsible for the preparation and presentation of the *Authority's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year ended on June 30, 2018. 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 the entity; (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 Transport and Safety Authority'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, 2012 and (the NTSA Act 2012). The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of National Transport and Safety Authority transactions during the financial year ended June 30, 2018, and of the *Authority's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity'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 Authority will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on \_\_\_\_\_ 2018 and signed on its behalf by:

  
.....  
Director

  
.....  
Director

  
.....  
Director

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR GENERAL ON NATIONAL TRANSPORT AND SAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of National Transport and Safety Authority set out on pages 1 to 24 which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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 National Transport and Safety Authority as at 30 June 2018, 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 National Transport and Safety Authority Act, 2012.

##### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Transport and Safety Authority in accordance with ISSAI 30 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 audits 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.

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*Report of the Auditor-General on the Financial Statements of National Transport and Safety Authority for the year ended 30 June 2018*

## 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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis of conclusion**

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern basis, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

management either intends to liquidate the National Transport and Safety Authority or to cease operations, or have no realistic alternative but to do so.

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. Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 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 control 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.

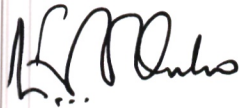
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern 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 ability to continue as a going concern or 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 continue as a going concern or 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 the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit. I also provide

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



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

**Nairobi**

**02 July 2019**

**National Transport & Safety Authority  
Reports and Financial Statements  
For the year ended 30 June, 2018**

**XII. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE, 2018**

	Note	2017-2018 Kshs	2016/2017 (Restated) Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Transfers from Ministry - Grants and other Authorities	7	436,000,000	586,000,000
		<b>436,000,000</b>	<b>586,000,000</b>
<b>Revenue from Exchange Transactions</b>			
Rendering of services	8 (i)	1,480,195,639	1,228,810,817
Other income	8 (ii)	-	3,188,082
		<b>1,480,195,639</b>	<b>1,231,998,899</b>
<b>TOTAL REVENUE</b>		<b>1,916,195,639</b>	<b>1,817,998,899</b>
<b>Expenses</b>			
Use of Goods & Services	9	73,298,060	61,632,508
Employee Costs	10(ii)	980,004,568	931,842,387
Depreciation & Amortization expense	11	174,895,297	171,879,289
Repairs & Maintenance	12	5,016,799	8,763,978
General Expenses	13(i)	804,993,051	665,637,551
Remuneration of Directors ( Board Expenses)	14	32,467,742	29,672,276
<b>TOTAL EXPENSES</b>		<b>2,070,675,516</b>	<b>1,869,427,989</b>
Surplus/(deficit) for the period		(154,479,877)	(51,429,090)
Balance as at 1st July 2017		19,847,768	71,276,858
<b>Balance as at 30th June 2018</b>		<b>(134,632,109)</b>	<b>19,847,768</b>

The notes set out on pages 7 to 24 form an integral part of these Financial Statements

**National Transport & Safety Authority  
Reports and Financial Statements  
For the year ended 30 June, 2018**

**XIII. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE, 2018**

<b>ASSETS</b>	<b>Note</b>	<b>2017-2018 KShs</b>	<b>2016/2017 (Restated) KShs</b>
<b>Current Assets</b>			
Cash and Cash equivalents	15	79,078,502	241,432,556
Receivables from Exchange Transactions	16	75,342,003	117,251,768
Rental Lease Deposit	17	26,174,315	26,174,315
Retention Fee	18	20,247,740	10,746,525
Prepayments	19	442,367,012	393,917,990
Stock	20	474,011,149	55,474,375
Staff Debtors	21	944,146	
		<b>1,118,164,867</b>	<b>844,997,529</b>
<b>Non-Current Assets</b>			
Property, Plant and equipment	22	663,179,546	328,206,986
Intangible Assets		-	121,608
		<b>663,179,546</b>	<b>328,328,594</b>
<b>TOTAL ASSETS</b>		<b>1,781,344,413</b>	<b>1,173,326,123</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Staff Gratuity	23(i)	24,602,342	17,104,296
Creditors	23(ii)	326,430,851	141,561,819
<b>TOTAL LIABILITIES</b>		<b>351,033,193</b>	<b>158,666,115</b>
<b>NET ASSETS</b>			
Capital Reserves	24	532,013,180	333,000,337
Government Reserve	25	961,811,903	661,811,903
Revaluation Reserve	26	71,118,247	0
Accumulated surplus		(134,632,109)	19,847,768
		<b>1,430,311,220</b>	<b>1,014,660,008</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>1,781,344,413</b>	<b>1,173,326,123</b>

The financial statements on pages 1 to 24 were signed on behalf of the Board of Directors by:

Director General

Name: *F. meya*

Date: *30/09/18*

Head of Finance

Name: *W.S. Wasike*

ICPAK No: *4267*

Date: *30<sup>th</sup> Sept 2018*

Chairman of the Board

Name: *JN WAWERU*

Date: *30/9/18*

**National Transport & Safety Authority**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2018**

**XIV. STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE, 2018**

	<b>Capital Reserves</b> Kshs	<b>Government Reserves</b> Kshs	<b>Revaluation Reserves</b>	<b>Accumulated Surplus</b> Kshs	<b>TOTAL</b> Kshs
<b>Balance as at 1st July, 2016- As previously stated</b>	333,000,337	286,311,903	-	71,276,858	690,589,098
<b>ADD</b>					
Prior Year Adjustment		375,500,000			375,500,000
Surplus/(deficit) for the period	-	-	-	(51,429,090)	(51,429,090)
<b>Balance as at 30th June 2017- As restated</b>	<b>333,000,337</b>	<b>661,811,903</b>		<b>19,847,768</b>	<b>1,014,660,008</b>
<b>Balance as at 1st July, 2017</b>	<b>333,000,337</b>	<b>661,811,903</b>	-	<b>19,847,768</b>	<b>1,014,660,008</b>
<b>ADD</b>					
Revaluation of Motor Vehicles		-	71,118,247		71,118,247
Donations	199,012,843				199,012,843
Transfer of Development Funds from Ministry-State Dept of Transport		300,000,000			300,000,000
Surplus/(deficit) for the period	-	-	-	(154,479,877)	(154,479,877)
<b>Balance as at 30th June 2018</b>	<b>532,013,180</b>	<b>961,811,903</b>	<b>71,118,247</b>	<b>(134,632,109)</b>	<b>1,430,311,220</b>

**National Transport & Safety Authority  
Reports and Financial Statements  
For the year ended 30 June, 2018**

**XV. STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

	Note	2017-2018 Kshs	2016/2017 (Restated) Kshs
<b>Cash flows from Operating Activities</b>			
<b>Receipts</b>			
Government grants and subsidies	7	436,000,000	961,500,000
Transfer of Development funds from Ministry-State Dept of Transport	7	300,000,000	
Other income		-	3,188,082
Revenues through Direct Deposits, KRA & e-Citizen	8(iii)	1,522,105,404	1,265,041,947
		<b>2,258,105,404</b>	<b>2,229,730,029</b>
<b>Payments</b>			
Use of Goods	9	67,803,284	61,632,508
Compensation of employees	10(ii)	960,922,332	802,061,493
General Expenses	13(ii)	730,834,340	729,866,292
Board Expenses	14	32,467,742	29,672,276
Prepayments	19	63,777,103	393,917,990
Staff Debtors	21	944,146	
Other Expenses	27	330,326,466	85,885,254
		<b>2,187,075,412</b>	<b>2,103,035,813</b>
<b>Net cash flows from Operating Activities</b>		<b>71,029,993</b>	<b>126,694,216</b>
<b>Cash flows from Investing Activities</b>			
Purchase of Property, Plant & Equipment	22	233,381,118	104,157,331
			92,933,722
<b>Net Cash flows used in Investing Activities</b>		<b>233,381,118</b>	<b>92,933,722</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>		<b>(162,351,126)</b>	<b>33,760,494</b>
Cash and Cash equivalents as at 1 July 2017		241,429,628	207,669,134
<b>Cash and Cash Equivalents as at 30 June 2018</b>		<b>79,078,502</b>	<b>241,429,628</b>

**National Transport & Safety Authority  
Reports and Financial Statements  
For the year ended 30 June, 2018**

**XVI. STATEMENT OF COMPARISON OF BUDGETS AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE, 2018**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2017-18 Kshs	2017-18 Kshs	2017-18 Kshs	2017-18 Kshs	2017-18 Kshs	2017-18 Kshs
<b>Revenue</b>						
Government grants and subsidies	736,000,000	-	736,000,000	736,000,000	-	-
Rendering of services	2,052,681,328	(299,901,744)	1,752,779,584	1,480,195,639	(272,583,945)	12
Other Revenue	401,303,699	(334,420,036)	66,883,663		(66,883,663)	
<b>Total income</b>	<b>3,189,985,027</b>	<b>(634,321,780)</b>	<b>2,555,663,247</b>	<b>2,216,195,639</b>	<b>(339,467,608)</b>	<b>12</b>
<b>Expenses</b>						
Compensation of employees	1,112,493,922	(138,532,382)	973,961,540	934,701,016	39,260,523	4
Goods and services	1,166,187,407	(287,369,362)	878,818,045	961,079,203	(82,261,158)	(9)
Other payments	911,303,699	(208,420,036)	702,883,663	486,391,123	216,492,540	31
<b>Total Expenditure</b>	<b>3,189,985,027</b>	<b>(634,321,780)</b>	<b>2,555,663,247</b>	<b>2,382,171,342</b>	<b>173,491,906</b>	
<b>Surplus for the period</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>(165,975,703)</b>	<b>(165,975,702)</b>	

**National Transport & Safety Authority**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2018**

**RECONCILIATION STATEMENT**

<b>RECONCILIATION STATEMENT</b>	
<b>Particulars</b>	<b>Total (Kshs)</b>
Reported Surplus as per Statement of Budget as at 30 June 2018	(165,975,702)
<b>Add Back</b>	
Capital Expenditure in Statement of Budget	486,391,123
<b>Adjusted Surplus</b>	<b>320,415,420</b>
<b>Less: Non-Cash Transactions in the Statement of Performance</b>	
Depreciation charge & Amortization expense	174,895,297
<b>Total Non-Cash Transactions</b>	<b>174,895,297</b>
<b>Adjust for Development Grant</b>	
Grant from Ministry- State Dept. of Transport	<b>300,000,000</b>
<b>Total Development Grant</b>	<b>300,000,000</b>
<b>Surplus for the period as per Statement of Performance as at 30 June 2018</b>	<b>(154,479,877)</b>

Explanatory statement of material difference is as per note 4(b)

**National Transport & Safety Authority**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2018**

**XVII. NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE, 2018**

**1. GENERAL INFORMATION**

National Transport and Safety Authority is established by and derives its authority and accountability from National Transport & Safety Authority Act of 2012. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to advise and make recommendations on matters relating to road transport and safety; implement policies relating to road transport and safety; plan, manage and regulate the road transport sector in accordance with the provisions of the act; ensure the provision of safe, reliable and efficient road transport service; and administer the Act of Parliament set out in the First Schedule and any other written law.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The National Transport and Safety Authority's (NTSA) financial statements have been prepared on a historical basis except for the measurement at re-valued amounts of certain items of property, plant and equipment in accordance and conformity with International Public Sector Accounting Standards (IPSAS). The standards allows the use of estimates and assumptions and requires management to exercise judgement in the process of applying the Authority's policies. The areas requiring a higher degree of judgement or complexity, or where the assumptions and estimates are significant to the financial statements, are disclosed in the notes.

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

The financial statements have been prepared in accordance with the PFM Act, 2012.the State Corporations Act, NTSA Act, 2012 and the 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

Standard	Effective date and impact:
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The Authority evaluated the impact of this new standard and noted that it had no impact on the Authority's financial statements.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

Standard	Effective date and impact:
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The Authority evaluated the impact of this new standard not yet effective for the year and noted that it had no impact on the Authority's financial statements.

**National Transport & Safety Authority  
Reports and Financial Statements  
For the year ended 30 June, 2018**

**iii. Early Adoption of Standards**

The Authority did not early – adopt any new or amended standards in year 2018.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

**(i) Revenue From Non-Exchange Transactions – IPSAS 23**

**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 Authority and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income while development/capital grants are recognized in the statement of financial position and realised in the statement of performance over the useful life of the assets that has been acquired using such funds

These type of revenue includes amount allocated in the budget as government grant and transfers from related entities

**ii) Revenue From Exchange Transactions – IPSAS 9**

**Rendering of Services**

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. In this context, NTSA revenues consist of the following government approved Appropriation in Aid (AIA) revenue streams including actual receipts during the financial year 2017/2018 as below:

**NTSA AIA REVENUE FOR THE FINANCIAL YEAR 2016/2017**

No.	REVENUE STREAM	TOTAL RECEIPTS (KSHS)
i	Road Service License	193,912,975
ii	Sale of Number Plates	461,510,250
iii	Driver Test Booking	117,111,885
iv	Motor Vehicle Inspection	385,800,032
v	Foreign Motor Travel Permits	77,517,545
vi	Sale of PSV Badges.	85,607,430
vii	e-Sticker (RFID)	156,154,200
viii	Other Revenues	2,581,323
	<b>TOTAL REVENUE</b>	<b>1,480,195,640</b>

**National Transport & Safety Authority**  
**Reports and Financial Statements**  
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These are generated by rendering the services of motor vehicle inspection, sale of Road Service Licenses, sale of number plates, test booking of prospective drivers & instructors, sale of PSV badges, e-Stickers, new curriculum and charges for foreign travel permits.

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. In this context, this consists of all revenues received from the direct cost of sale of tender documents and disposal of boarded assets among others.

**b) Budget Information – IPSAS 24**

The Authority'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 annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, the transactions that required reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget have been indicated in the reconciliation statement.

An explanatory 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. In particular, the budget lines with material differences have been explained in the explanatory statement below:

**EXPLANATORY STATEMENT OF MATERIAL DIFFERENCES**

	<b>Budget</b>	<b>Performance</b>	<b>Variance</b>	<b>Remarks</b>
<b>Revenue</b>	2,555,663,247	2,216,195,639	(339,467,608)	Target was not met due to slow uptake of Third Plate Sticker and withdrawal from enforcement operations from the Kenyan roads
Goods and services	878,818,045	961,079,203	(82,261,158)	Over expenditure was occasioned by initial cost of rolling out the e-stickers & smart-card driving license currently held up in inventory
Other payments	702,883,663	486,391,123	216,492,540	Under absorption was occasioned by shortfall on collection of AIA revenue

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**c) Property, Plant and Equipment – IPSAS 17**

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 Authority 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.

**d) Operating Lease Rentals Disclosures-IPSAS 13**

The office lease for the Hill Park Building Head Quarters will be for a term of 8 years with a clause for rent escalation. The Authority further entered into additional rental leases for a storage facility for a term of 6years and a lease agreement for Mombasa offices at the Imaara Building.

**e) 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 Authority generally impairs intangible assets over a 3year period.

**f) 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. 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.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

**g) Provisions**

Provisions are recognized when the Authority 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.

The expense relating to any provision is presented in the statement of financial performance.

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***Contingent liabilities***

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

In the financial year ended 30 June 2018, the Authority had a contingent liability of Kshs 52.2 Million arising from request for payment of 90% surplus arising from the financial statements of the financial year ended 30 June, 2016. However, the Authority had initiated discussions with The National Treasury on the matter and a conclusion is expected in the future.

***Contingent assets***

The Authority 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 Authority 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.

**h) Nature and Purpose of Reserves**

The Authority created and maintains three reserves made up of Capital Reserves, Government Reserve and Revaluation Reserve in terms of specific requirements.

**i) Changes in Accounting Policies and Estimates – IPSAS 3**

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

**j) Employee Benefits – IPSAS 25**

**Retirement Benefit Plans**

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into a separate and distinct entity (a fund); The NTSA-Staff Retirement Benefit Scheme, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**k) 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.

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**l) 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.

**m) Related Parties – IPSAS 20**

The Authority 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 members of the board of directors, the Director-General and senior managers (full-time directors)

**n) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

The NTSA bank accounts in existence are shown below:

Ref	Account Name	Account No.	Opening Date	Bank
1	National Transport & Safety Authority	1141386534	12 <sup>th</sup> July, 2013	KCB
2	National Transport & Safety Authority	1180379527	7 <sup>th</sup> April, 2016	KCB
3	National Transport & Safety Authority	1206870842	6 <sup>th</sup> March, 2017	KCB
4	National Transport & Safety Authority	01060202394100	30 <sup>th</sup> October 2017	NBK
5	National Transport & Safety Authority	01060202394300	30 <sup>th</sup> October 2017	NBK

**o) Comparative Figures**

The comparative figures for the financial year 2016/17 have been availed (as restated) for comparison with the 2017/18 financial year.

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**p) Subsequent Events-IPSAS 14**

Subsequent to the financial year ended June 30, 2018, a Presidential directive was issued directing the Authority to withdraw direct operations and active engagements from the Kenyan Roads. Consequently, the Authority handed over to The National Police Service, various road safety assets and equipment whose original costs was estimated at These assets and equipment are as summarised below:

No	Item description	Classification	Quantity	Original Cost (Kshs)
1	Drager Breathalyzers	Other Equipment	50	19,500,000
2	Lifeloc breathalyzers	Other Equipment	20	4,292,000
3	Binar Speed Cameras	Other Equipment	25	39,750,000
4	Laser Technology Speed Cameras	Other Equipment	30	49,500,000
5	Enforcement Gadgets	Other Equipment	200	19,053,600
6	BMW Motorcycles	Motor Vehicles	12	27,800,000
7	Breathalyzer Straws	Consumable stores	105,700	5,285,000
	<b>TOTAL</b>			<b>165,180,600</b>

During the financial year, the financial statements for the prior financial year 2016/2017 were restated to factor the treatment of a receipt & prepayment previously treated as performance issues instead of a financial position.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY – IPSAS 1**

The preparation of the Authority'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.

***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 the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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**Useful Lives and Residual Values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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.

**6. FINANCIAL RISK MANAGEMENT**

The Authority's activities expose it to a variety of financial risks including credit and liquidity. Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and where appropriate, hedges financial risks.

**i) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Authority.

The credit risk on bank balances and short term deposits is limited because the counterparties are banks with high credit ratings assigned by the banking regulatory authority. The carrying amount of financial assets recorded in the financial statements that represents the Authority's maximum exposure to credit risk obtained is as follows:

	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30<sup>th</sup> June 2018</b>				
Trade receivables	326,430,851	Nil	Nil	<b>326,430,851</b>
Bank balances	83,961,360	Nil	Nil	<b>83,961,360</b>
<b>At 30<sup>th</sup> June 2017</b>				
Trade receivables	107,842,457	Nil	Nil	<b>107,842,457</b>
Bank balances	270,070,651	Nil	Nil	<b>270,070,651</b>

**ii) Liquidity risk**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Authority's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Authority manages liquidity risk by continuously reviewing forecasts and actual cash flows.

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The table below represents financial liabilities payable by the Authority 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.

	<b>Less than 1 Month</b>	<b>Between 1-3 Months</b>	<b>Between 4-12 Months</b>	<b>Over 12 Months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30<sup>th</sup> June 2018</b>					
Trade payables	305,649,145	5,171,008	15,610,698	0	<b>326,430,851</b>
Payroll deductions	0	0	0	0	0
Gratuity payable	2,268,841	6,806,524	18,150,730	17,104,296	<b>44,330,391</b>
<b>Total</b>	<b>307,917,986</b>	<b>11,977,532</b>	<b>33,761,428</b>	<b>17,104,296</b>	<b>370,761,242</b>
<b>At 30<sup>th</sup> June 2017</b>					
Trade Payables	38,865,674	39,011,084	29,965,699	-	<b>107,842,457</b>
Payroll deductions	33,719,362	-	-	-	<b>33,719,362</b>
Gratuity payable	1,015,136	3,045,406	8,121,082	4,922,672	<b>17,104,296</b>
<b>Total</b>	<b>108,651,761</b>	<b>44,136,982</b>	<b>38,924,696</b>	<b>7,071,473</b>	<b>198,784,912</b>

**7. TRANSFERS FROM MINISTRIES, DEPARTMENT & AGENCIES**

<b>Name of Ministry sending grant</b>	<b>Amount Recognized to statement of Financial Performance</b>	<b>Amount Recognized to statement of Financial Position (Capital Fund)</b>	<b>Total Grant during the year 2017/2018</b>
<b>Unconditional Grants</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
State Department of Transport	436,000,000	300,000,000	736,000,000
<b>Total Government Grants</b>	<b>436,000,000</b>	<b>300,000,000</b>	<b>736,000,000</b>

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		<b>2017/2018</b>	<b>2016/2017(Restated)</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>7</b>	<b>Transfers Ministries, Department &amp; Agencies</b>		
	<b>Unconditional Grants</b>		
	Ministry/State Department of Transport	436,000,000	586,000,000
	<b>Total Government Grants</b>	<b>436,000,000</b>	<b>586,000,000</b>
	Development Grant	300,000,000	375,500,000
<b>8</b>	<b>Rendering of Service</b>		
(i)	Revenue collected through KRA:	404,744,355	952,592,168
	Direct Deposits	24,766,114	64,213,999
	Transfers from E- Citizen	1,050,685,170	212,004,650
		<b>1,480,195,639</b>	<b>1,228,810,817</b>
(ii)	<b>Other Income</b>		
	Interest on Bank Deposits	-	3,188,082
	<b>Other Income</b>	-	<b>3,188,082</b>
	<b>Total Income</b>	<b>1,480,195,639</b>	<b>1,231,998,899</b>
	<b>Rendering of Service-Cash Flow</b>		
(iii)	Revenue collected through KRA:	404,744,355	952,592,168
	Direct Credits	24,766,114	64,213,999
	Revenue collected through E-Citizen:	1,050,685,170	212,004,650
	Less: Accrued Revenue Receivable	(42,872,318)	(84,782,083)
	Add:2016/17 Revenue Received	84,782,083	121,013,213
	<b>Cash inflow</b>	<b>1,522,105,404</b>	<b>1,265,041,947</b>
<b>9(i)</b>	<b>USE OF GOODS &amp; SERVICES</b>		
	Electricity & Water-Utilities supplies & services	11,039,745	10,485,249
	Contracted Guards & Cleaning Services	33,594,105	20,715,139
	Contracted Professional Services	26,718,851	30,432,119
	Membership Fees & Subscription	1,945,358	-
	<b>Total Use of Goods &amp; Services Expense</b>	<b>73,298,060</b>	<b>61,632,508</b>
	Total Use of Goods & Services Expense	73,298,060	61,632,508
	Less: Accrued Costs	(5,494,776)	
(ii)	<b>Total Cash Expense on Use of Goods &amp; Services</b>	<b>67,803,284</b>	<b>61,632,508</b>

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		<b>2017/2018</b>	<b>2016/2017(Restated)</b>
<b>10</b>	<b>EMPLOYEE COSTS</b>		
	Salaries and wages(Cash)	865,961,765	759,874,523
	Employee related costs - Contribution to pension costs	61,241,205	42,186,970
	Gratuity accrued to contracted staff	7,498,046	17,104,296
		<b>934,701,016</b>	<b>819,165,789</b>
	Accrued - Staff Costs		33,719,362
	<b>Total Staff Costs</b>	<b>934,701,016</b>	<b>852,885,151</b>
	Travel, Accommodation, Subsistence and Other Allowances	45,303,551	78,957,236
(i)	<b>Total Employee Costs</b>	<b>980,004,568</b>	<b>931,842,387</b>
	<b>Total Staff Costs</b>	<b>934,701,016</b>	<b>852,885,151</b>
	Less: Accrued Costs & Gratuity	(7,498,046)	<b>(17,104,296)</b>
	Add:2016/17 FY Creditors settled	33,719,362	<b>(33,719,362)</b>
(ii)	<b>Total Cash Employee Costs</b>	<b>960,922,332</b>	<b>802,061,493</b>
<b>11</b>	<b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b>		
	<b>Description</b>		
	Property, Plant & Equipment	174,773,689	171,153,269
	Intangible Assets	121,608	726,020
	<b>Total Repairs &amp; Maintainance</b>	<b>174,895,297</b>	<b>171,879,289</b>
<b>12</b>	<b>Repairs and Maintenance</b>		
	Vehicles	4,506,918	7,249,364
	Office Furniture & Equipment, maintainance of Computer,softwares & networks	509,881	1,514,614
	<b>Total Repairs &amp; Maintainance</b>	<b>5,016,799</b>	<b>8,763,978</b>
	Less: Accrued Vehicles		(1,768,749)
	Accrued Office Furniture & Equipment, maintainance of Computer,softwares & networks expenses		(67,212)
	<b>Total Repairs &amp; Maintainance</b>	<b>5,016,799</b>	<b>6,928,017</b>

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13(i)	General Expenses	2017/2018 Kshs	2016/2017(Restated) Kshs
	<b>a.) Technical Operational Costs</b>		
	Smart-Card Driving License Expense	-	-
	Printing of Number Plates	283,078,512	256,911,688
	Printing of Third License Stickers	86,038,320	2,900,001
	Specialized Materials & Supplies	31,076,265	69,361,912
	<b>b.) Administrative Costs</b>		
	Rentals with Lease	88,481,136	101,987,659
	Rentals without Lease	36,545,024	-
	Medical Insurance & Group Life	127,931,767	78,210,778
	Hire of Transport, Equipment & Space	139,200	3,844,378
	Refined Fuels and Lubricants	9,312,066	9,990,932
	Motor Vehicle Insurance & Other Assets Insurance	6,905,525	5,781,147
	Internet, Telephone & Postal Services	34,088,780	21,987,010
	<b>c.) Other Operational Costs</b>		
	Conference, Hospitality, Suppliers & Services	11,634,763	19,910,970
	County Committees & Safety Strategies Expenses	2,630,200	6,968,905
	Training & Membership Fee	8,539,709	15,556,387
	Bank Service and Commission Charges	1,918,803	1,713,441
	Printing, Advertising & Information Supply Services	17,803,757	51,002,658
	Legal Fees	9,416,397	1,915,300
	Audit Fee		500,000
	General Office Supplies (Papers, Pencils, Forms small Office Equipments etc)	14,283,422	17,094,385
	e-Board Subscription Fees	2,120,094	
	Foreign Exchange Loss	33,049,312	-
	<b>Total General Expenses</b>	<b>804,993,051</b>	<b>665,637,551</b>
(ii)	<b>Total Cash Flow Movement</b>		
	Total General Expenses	804,993,051	1,041,137,551
	Less: Creditors	(182,001,169)	(107,842,457)
	Add:2016/17 FY Creditors settled	107,842,457	172,071,198
	<b>Cash Payments</b>	<b>730,834,340</b>	<b>729,866,292</b>

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14	<b>BOARD EXPENSES</b>	2017/2018	2016/2017(Restated)
(i)	<b>REMUNERATION OF DIRECTORS</b>	<b>Kshs</b>	<b>Kshs</b>
	Chairman's Honoraria & related expenses		1,820,003
	Directors Emoluments	12,152,290	11,281,970
	Other Allowances (Travel & Subsistence)	15,582,441	10,835,105
	<b>Total Directors Emoluments</b>	<b>27,734,731</b>	<b>23,937,079</b>
(ii)	<b>OTHER DIRECTORS COSTS</b>		
	Training expenses	3,381,545	4,609,415
	Conferences & seminars	1,351,466	1,125,783
	<b>Total</b>	<b>4,733,011</b>	<b>5,735,198</b>
	<b>Total Board Expenses</b>	<b>32,467,742</b>	<b>29,672,276</b>
15	<b>Cash and Cash equivalents</b>		
	Bank	78,976,130	236,057,454
	Cash-on-hand	102,372	13
	Outstanding imprests		5,375,089
	<b>Total Cash and cash equivalents</b>	<b>79,078,502</b>	<b>241,432,556</b>
16	<b>Receivable from Exchange Transactions</b>		
	June, 2018 revenue collections due from KRA	20,422,686	48,585,153
	Revenue collection through <i>e citizen</i>	54,919,317	68,666,615
		<b>75,342,003</b>	<b>117,251,768</b>
17	<b>Rental Lease Deposit</b>		
	Deposit for operational lease relates to deposit on Leasehold property of Hill Park Building, Hifadhi and Kenstreal in Mombasa	<b>26,174,315</b>	<b>26,174,315</b>
18	<b>Retention Fee</b>		
	Various Contractors	20,247,740	10,746,525
	<b>Total</b>	<b>20,247,740</b>	<b>10,746,525</b>

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19	<b>PREPAYMENTS</b>	<b>2017-2018 Kshs</b>	<b>2016-2017 Kshs</b>
	Balance as at 1/7/2017	18,417,990	18,417,990
	Recovered from interim certificates - Nelliwa	(12,437,890)	
	<b>Total - Nelliwa</b>	<b>5,980,100</b>	<b>18,417,990</b>
	Balance as at 1/7/2017-Restated	375,500,000	375,500,000
	National Bank of Kenya	59,042,209	
	Flooring & Interiors	4,734,894	-
	Recovered from interim certificates - Flooring&Interior	(2,890,191)	
	<b>Total - Flooring&amp;Interior</b>	<b>436,386,912</b>	<b>375,500,000</b>
	Total Prepayments	<b>442,367,012</b>	<b>393,917,990</b>
20	<b>STOCK</b>		
	Number Plates	18,193,440	34,883,450
	Specialised Materials	455,817,709	20,590,925
		<b>474,011,149</b>	<b>55,474,375</b>
21	<b>STAFF DEBTORS</b>		
	Outstanding Imprest	944,146	
		<b>944,146</b>	-

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22 PROPERTY PLANT AND EQUIPMENT

	M/ VEHICLES	M/ CYCLES	COMPUTER & OTHERS	OTHER EQUIPMENT	FURNITURE & FIXTURES	WORK IN PROGRESS	TOTAL
<b>COST OR VALUATION</b>	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1 July 2016	72,822,474		329,413,830	8,981,660	132,837,909		644,055,873
Additions					11,746,240	42,733,472	54,479,712
At 30 June 2017	172,822,474		329,413,830	8,981,660	144,584,149	42,733,472	698,535,586
Additions		30,046,680	1,793,070	168,966,163	26,688,835	211,133,253	438,628,001
Revaluation	71,118,247						71,118,247
Balance as at 30/06/18	243,940,721	30,046,680	331,206,900	177,947,823	171,272,984	253,866,726	1,208,281,834
Depreciation and impairment							
As at 1.7. 2016	65,003,103		130,203,237	2,141,333	1,827,657		199,175,330
Charge for the year	43,205,619		109,694,805	1,122,708	17,130,137		171,153,269
Disposal							-
Transfers/Adjustments							
As at 1.7. 2017	108,208,721		239,898,042	3,264,041	18,957,794		370,328,599
Charge for the year	39,137,206	7,511,670	86,118,325	22,243,478	19,763,010		174,773,689
Disposal							
Balance as at 30/06/18	147,345,928	7,511,670	326,016,367	25,507,518	38,720,804		545,102,288
<b>NET BOOK VALUE</b>							
At 30th June 2018	96,594,794	22,535,010	5,190,533	152,440,304	132,552,180	253,866,726	663,179,546
At 30th June 2017	64,613,753	-	89,515,788	5,717,619	125,626,355	42,733,472	328,206,987

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		<b>2017/2018</b>	<b>2016/2017(Restated)</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>23</b>	<b>TRADE &amp; OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
(i)	<b>Gratuity Accrued to Staff on Contract</b>		
	Balance b/d from previous years	17,104,296	4,922,672
	Accrued for the year	7,498,046	12,181,624
	<b>Total</b>	<b>24,602,342</b>	<b>17,104,296</b>
(ii)	<b>Other current Liabilities</b>		
	Accrued salaries	-	33,719,362
	Creditors	326,430,851	107,842,457
	<b>Total</b>	<b>326,430,851</b>	<b>141,561,819</b>
<b>24</b>	<b>CAPITAL RESERVES</b>		
	The Authority received no asset in kind during the year.		
	<b>DONATIONS IN KIND</b>		
	Balance b/d	333,000,337	333,000,337
	Motor Cycles	30,046,680	-
	Other Equipment	168,966,163	
	<b>Total</b>	<b>532,013,180</b>	<b>333,000,337</b>
<b>25</b>	<b>GOVERNMENT RESERVE</b>		
	Balance b/f	86,311,903	151,500,723
	Restatement of Opening Balance	375,500,000	375,500,000
	Transfer of Development funds from Ministry-State Dept of Transport	300,000,000	134,811,180
	<b>TOTAL</b>	<b>961,811,903</b>	<b>661,811,903</b>
<b>26</b>	<b>REVALUATION RESERVE</b>		
	Revaluation of Motor Vehicle	71,118,247	-
	<b>Total Revaluation Reserve</b>	<b>71,118,247</b>	<b>-</b>

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27	<b>COMPUTATION OF CASH EXPENDITURE FROM OTHER EXPENSES</b>	<b>2017/2018 Kshs</b>	<b>2016/2017(Restated) Kshs</b>
	<b>Other Expenses</b>		
	Travel & Subsistence Costs <b>(Note 10)</b>	45,303,551	78,957,236
	Repairs & Maintenance of Vehicles & Equipment <b>(Note 11)</b>	5,016,799	6,928,018
	Purchase of e-Stickers	280,006,115	
	<b>TOTAL</b>	<b>330,326,466</b>	<b>85,885,254</b>
28	<b>CASH FLOW ON ACQUIRED NON-CURRENT ASSETS</b>	<b>2017-2018 Kshs</b>	<b>2016-2017 Kshs</b>
	<b>Total Additions During the Year</b>		
	Work In Progress(WIP)	200,310,299	-
	Other Equipment	-	42,733,472
	Furniture & Fittings	21,244,124	11,746,240
		<b>221,554,424</b>	<b>54,479,712</b>
	Motor Vehicles	-	13,120,350
	Fittings & Fixtures (Refubishment of Hill Park Building)	11,826,695	25,333,660
	<b>Cash purchases(Cash flow)</b>	<b>233,381,118</b>	<b>92,933,722</b>

**29. Related Party Balances**

**a) Nature of Related Party Relationships**

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

The Authority is related to

- i) The National Government;
- ii) The Parent Ministry; (Ministry of Transport, Infrastructure, Housing & Urban Development)
- iii) Board of Directors
- iv) Key Management

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**b) Related Party Transactions**

	2017-2018	2016-2017	2016
	Kshs	Kshs	Kshs
Transfers from related parties'	736,000,000	961,500,000	736,000,000
<b>Total</b>	<b>736,000,000</b>	<b>961,500,000</b>	<b>736,000,000</b>

**c) Key Management Remuneration**

The total remuneration paid during the FY 2016/2017 to the four key management personnel namely the Director General, Director Corporate Support Services, Director Road Safety and Director Registration & Licensing was as shown below:

	Position	No.	2017-2018	2016-2017
			Kshs	Kshs
1	Director General	1	9,093,336	8,643,996
2	Directors	4	22,830,240	14,048,669
	<b>Total</b>		<b>31,923,576</b>	<b>22,692,665</b>

**XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

Concerning the follow up on the previous financial year (FY 2016/2017), there was no issue raised by the Auditor General that needed management address.



Director General

Date..... 30/09/18



Chairman of the Board

Date..... 30/9/18

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**XIX. Appendix I: INTER-ENTITY TRANSFERS**

ENTITY NAME		NATIONAL TRANSPORT & SAFETY AUTHORITY		
<b>Break down of Transfers from the Ministry of Transport</b>				
<b>FY 2017-2018</b>				
<b>a. Recurrent Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The FY to which the amounts relate</u>
		27-09-2017	109,000,000	FY 2017/18
		09-11-2017	109,000,000	FY 2017/18
		12-02-2018	109,000,000	FY 2017/18
		23-04-2018	109,000,000	FY 2017/18
		<b>Total</b>	<b>436,000,000</b>	
<b>b. Development Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The FY to which the amounts relate</u>
		17-10-2017	75,000,000	FY 2017/18
		20-12-2017	75,000,000	FY 2017/18
		18-05-2018	150,000,000	FY 2017/18
		<b>Total</b>	<b>300,000,000</b>	

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

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**XX. Appendix II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA Transferring the funds	Name of Entity	National Transport & Safety Authority		Where Recorded/recognized	Total Transfers during the Year
	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Kshs	Statement of Financial Performance	
Ministry- State Dept. of Transport	27-09-2017	Recurrent	109,000,000	✓	109,000,000
	09-11-2017	Recurrent	109,000,000	✓	109,000,000
	12-02-2018	Recurrent	109,000,000	✓	109,000,000
	23-04-2018	Recurrent	109,000,000	✓	109,000,000
	17-10-2017	Development	75,000,000		75,000,000
	20-12-2017	Development	75,000,000		75,000,000
	18-05-2018	Development	150,000,000		150,000,000
<b>Total</b>			<b>736,000,000</b>		<b>736,000,000</b>

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**National Transport  
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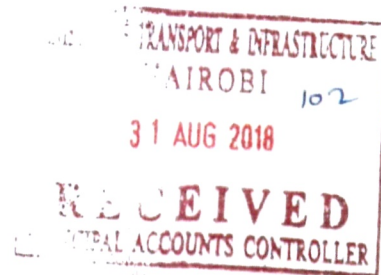
Telephone: +254-(020) 2395854  
Website: www.ntsago.ke

OFFICE OF THE DIRECTOR GENERAL  
UPPER HILL ROAD  
HILL PARK PLAZA  
5<sup>TH</sup> FLOOR  
P.O. Box 3602-00506  
NAIROBI, KENYA

NTSA/C/FIN/4/Vol. I

31<sup>st</sup> August, 2018

**The Principal Secretary**  
Ministry of Transport and Infrastructure  
State Department of Transport  
P.O. Box 52692-00200  
**NAIROBI**



(Attn: Head of Finance/Accounts)

**CONFIRMATION OF GRANTS/DISBURSEMENT TO SAGAs FINANCIAL YEAR 2017/18**

The above subject matter refers.

Attached please find a duly completed form confirming the receipt of recurrent and development grants by the Authority.

Regards

Elizabeth Mbatia  
For: DIRECTOR GENERAL

