

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



*Paper laid by the
L. O. M.
M. J. F.
Tuesday, 25/10/2018*

REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



NATIONAL TRANSPORT & SAFETY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 2017

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

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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.

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 and Departments:

- 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, Motor Vehicle Inspection

D. FIDUCIARY MANAGEMENT

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

Designation	Name
1) Director General	Francis Meja
2) Director, Registration and Licensing	Jacqueline Githinji (Ms.)
3) Ag. Director Motor Vehicle Inspection	Eng. Gerald Wangai
4) Director, Road Safety	Njeri Waithaka (Ms.) (w.e.f Jan 2017)
5) Director, Corporate Support Services	Leparan Tialal (w.e.f Nov. 2016)

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REGISTERED OFFICE

Hill Park Building
Upper Hill Road
P.O. Box 3602 - 00506
Nairobi, Kenya

CORPORATE BANKER

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

INDEPENDENT AUDITORS




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

PRINCIPAL LEGAL ADVISERS




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

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II. THE BOARD OF DIRECTORS

<p>Lt Gen (Rtd) Jackson Ndungu Waweru, CBS, OGW</p> <p>Chairman of the Board</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>Ms. Bright Oywaya</p> <p>Member, Private Sector Representative</p> 	<p>Ms. Oywaya is on the Board of NTSA from 1st 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>
<p>Mr. Job Chirchir</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Chirchir is on the Board of NTSA from 1st 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>


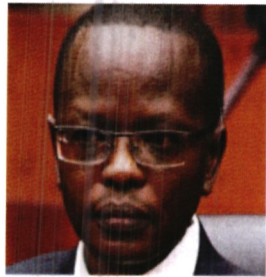

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<p>Mr. Moses Nderitu</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Nderitu is on the Board of NTSA from 1st October, 2015.</p> <p>Mr. Nderitu is a graduate of the Owner Manager Programmes at Strathmore Business School. He is a successful entrepreneur in diverse industries with vast experience in marketing and media production where he established Level One Productions Ltd. He is currently the CEO & founder of KOTO Housing Kenya Ltd and CEO of Excloosive Ltd.</p>
<p>Mr. M'Limbiine Joseph Gitonga</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Gitonga is on the Board of NTSA from 1st 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 & Magistrates Vetting Board; and the Tribunal Investigating the conduct of Puisne Judges & Grand Regency Hotel Commission of Inquiry. Mr. Gitonga is a Senior Partner in M'limbiine & Mungai Advocate.</p>
<p>Mr. Pius Atok Ewoton</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Ewoton is on the Board of NTSA from 1st 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 & development. Mr. Ewaton has headed several Non-Government organizations where he provided strategic leadership and linkages to development partners in Turkana County.</p>

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<p>Mr. Zachary Waruiru Mukui</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Mukui is on the Board of NTSA from 1st 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>
<p>Prof. Paul Maringa Mwangi, (PHD),CBS</p> <p>Principal Secretary, State Department of Transport</p> 	<p>Prof. Paul Maringa holds a Doctorate of Philosophy-Environmental Planning from JKUAT; a Master's degree in Planning (Urban & 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>The Alternate to the Principal Secretary on the Board of NTSA is Mr. Martin Eshiwani.</p>
<p>Mr. Henry Rotich</p> <p>Cabinet Secretary, The National Treasury</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>The Alternate to the Cabinet Secretary is Mr. George Omino.</p>

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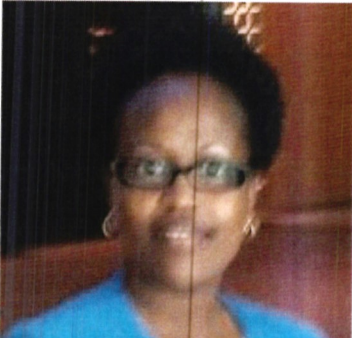
<p>Prof. Githu Muigai, The Attorney General</p> 	<p>Prof. Githu Muigai the Attorney General of the Republic of Kenya.</p> <p>Prior to his appointment he was the United Nations special rapporteur on contemporary forms of racism, racial discrimination, xenophobia and related intolerance. He holds a PhD and LLB in Law from the University of Nairobi and an LLB from Columbia University School of Law in New York.</p> <p>The Alternate to the Attorney General is Mr. Alex Mbuvi.</p>
<p>Mr. Joseph Boinett The Inspector General of Police</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>The Alternate to the Inspector General is Mr. Henry K. Barmao.</p>
<p>Mr. Francis Meja Director General</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>

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III. KEY MANAGEMENT TEAM

	NAME	POSITION
1	<p>Mr. Francis Meja</p> 	<p>Director General</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>Director, Registration and Licensing</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 & Geography) and Master of Arts (Labour Management).</p>
3	<p>Eng. Gerald Wangai</p> 	<p>Ag. Director, Motor Vehicle Inspection Unit</p> <p>He is Chief Superintendent Engineer 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.</p>

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4	<p>Mr. John Muya</p> 	<p>Ag. Director, Road Safety (Up to January 2017)</p> <p>He holds Bachelor of Arts Degree from the University of Nairobi and a Master's degree in Political Science from USA. Mr. Muya has vast experience in the Public Service.</p>
5	<p>Ms. Njeri Waithaka</p> 	<p>Director, Road Safety (From January, 2017)</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>
6	<p>Ms. Judith Kerich</p> 	<p>Director, Corporate Support Services (Up to Aug, 2016)</p> <p>Ms. Kerich was the Director, Corporate Support Services and was responsible for overseeing the Finance, Procurement, Human Resources & Administration and Corporate Affairs Departments.</p> <p>Ms. Kerich holds a Bachelor of Commerce Degree (Human Resources) and Master's Degree in Business Administration (Strategic Management) and a Master's in Public Policy.</p>

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7	<p>Mr. Leparan Tialal</p> 	<p>Director, Corporate Support Services (From Nov, 2016)</p> <p>Mr. Tialal the Director, Corporate Support Services is an experienced corporate strategy and performance management expert with a solid background in human resources, financial management and administration. He has a wealth of experience spanning 16 years, gained both in the public and private sectors. Mr. Tialal 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>
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OTHER KEY MANAGEMENT STAFF

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

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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 30th June 2017. 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 a critical to the country and its citizens. Within four years of its operations, the Authority has made significant steps in achieving its mandate despite the numerous challenges. These achievements include;

1) Automation of NTSA Services

During the year under review, the Authority automated a number of its core services through the introduction of the Transported 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 licences and application and renewal of Driving Licences.

Following the automation, the Authority was able to improve efficiency and reduced the cost of services by providing access at the convenience of the customers. To this end, over 3 million customers access the Authority's service through TIMS. Since its roll out, over 500,000 transactions have been undertaken through the system.

Further, a lot of gains have been made towards reducing the time taken in processing applications. Renewal of driving licences through the E-Citizen platform is instantaneous while processing of logbooks that initially took about 30 days has now been reduced to 3 days.

2) Road Safety Interventions

Road safety management is one of the key mandate of the Authority. In the year 2016/2017, a number of interventions were undertaken to reduce the number of fatalities. These interventions for the first time culminated to a reduction of road traffic fatalities by 10%. The reduction was despite increased motorization, improved road networks and poor driver behavior.

To achieve the reduction the Authority focused on educating road users on enforcement activities while at the same time encouraged change of attitudes and behavior. Training targeting vulnerable road users such as school children, pedestrians, and motorcyclists were undertaken across the country supported by mass media campaigns.

Under the '**Save a thousand lives initiative**'; a multi-sectoral Road Safety initiative involving the National Road Safety Trust, The Ministry of Transport, Infrastructure, Housing and Urban Settlement , several corporates and the Authority, measures were taken to mitigate the high number of fatalities of pedestrian road users especially in Nairobi County. High risk road in the county were mapped and so far about 5 kilometers of pedestrian fences have been erected.

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Consequently, the Authority constructed pedestrian guard rails along the North Airport Road, Waiyaki Way, Popo Road, Imara Daima junction, Landhies road and Mombasa Road (Nyayo Stadium Round About and opposite Standard Media Group offices.) The Authority also deployed traffic marshals to assist pedestrians at the designated crossing points. As a result, the fatalities in Nairobi County were 270 compared to 376 in the previous financial year, this translates to 39% reduction.

I take this opportunity to thank all partners involved in this initiative and call upon other stakeholders to support such activities due to its impact as were strive to reduce road traffic fatalities in our country.

3) Embracing New Technology

Innovation and inventions play 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 DL 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 in line with Legal Notice No.62 of April, 2016. In its first phase of implementation, the Authority issued the third identifier stickers to all new and second hand motor vehicle registrations. In the coming year, the Authority will implement the second phase by issuing the stickers to all vehicles undergoing motor vehicle inspection and eventually to all motor vehicles in the country.

In addition, the Authority with the support of the World Bank, successfully implemented the installation of equipment and automation of the inspection at the Likoni and Mombasa motor vehicle inspection centres. The automation has significantly improved the speed, quality of service while at the same time enhanced revenue collection.

Further, I wish to affirm the Authority's commitment to continuous improvement, policy formulation and management of road transport. We will focus our efforts towards implementation of the strategic plan. Our new vision is to provide "efficient, reliable and safe roads in Kenya." This statement clearly states that we exist to serve the public. We do so by understanding the transport needs of the general public and offering innovative competitive products and services that meet those needs. By ensuring efficiency, safety and reliability of our road transport, we are connecting families, communities and economies.

We are committed to working with various stakeholders in formulating policies that enhance road transport and safety. We are cognizant to the fact that the Authority cannot operate exclusively but engage with different stakeholders to keep our roads safe.

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

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As I conclude, I wish to remind all road users that road safety is a shared responsibility. Therefore, all road users 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**

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V. REPORT OF THE DIRECTOR GENERAL

The Authority has prepared its third annual report and financial statement for the period ended 30th June 2017. The statements adopts the accrual concept based on the International Public Sector Accounting Standards (IPSAS) recommended presentations. 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, the Authority's sources of revenue included grants appropriated by Parliament through the parent Ministry; fees from the inspection of motor vehicles, sale of road service licenses, sale of number plates, driving test application fees, foreign motor vehicle permit and sale of PSV badges. From its activities, the Authority raised a total revenue of Ksh. 2.19 Billion as compared to a figure of 1.83 billion in the previous year. This is an increase by 19.8%.

The Authority's main expenditure are related to road safety interventions; technical operations; maintenance of assets; procurement of specialized supplies on 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.2.2 Billion.

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

All the four area relate to each other, and success in all provides the foundation to sustain NTSA's mandate in the future. We are expected to align our actions to support the four key themes but also plead for increased stakeholder collaboration to ensure that this strategy is achieved.

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 Integrated National Transport Policy is a policy paper constituted in 2009 in order to identify and suggest ways to overcome the challenges within the transport sector. The objective of the 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.

Vision, Mission and Core Values

In an effort to actualize the Strategic Plan, NTSA Board, developed a new Vision, Mission and Core Values that reflects the Authority's aspirations:

Vision: To provide Efficient, Reliable and Safe Roads in Kenya

Mission: To continually improve accessibility of Kenya's road transport system for users

The Board also redefined the Authority's core values as the Commitment to Safety, Courage, and Service with Honor, Dynamic Leadership, and Resource Optimization

WAY FORWARD

The financial year 2016/2017 had a number of challenges but despite the huddles, the Authority with the support of the Board, managed to undertake its mandate and implemented its strategic plan. Success in point is the reduction of fatalities by 10% and automation of a number of services.

We acknowledge that the fatality rates are high despite the reduction but we endeavor to put in place appropriate interventions to significantly reduce road traffic crashes while at the same time engage with key stakeholders in road safety management.

We therefore appeal to all stakeholders and road users to play their respective roles and make the Kenyan roads safer for the benefit and wellbeing of the general public and the country as a whole.

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Further, we are cognizant of the fact that customer needs 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**

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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 organisation 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.

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:

- 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.

The Board has created the four committees to meet regularly under well-defined terms of reference set by the Board: They include; the Finance, Human Resource & Strategy Committee, Transport & Technical Committee, Road Safety & Communication Committee and Audit, Risk & Governance Committee.

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The following is a summary of Board membership and average attendance in each committee.

Board Committee	Committee Membership	Number of Meetings	Average Attendance
Full Board	12	6	9
Finance, Human Resource & Strategy Committee	6	14	11
Transport & Technical Committee	5	2	5
Road Safety & Communication Committee	7	8	6
Audit, Risk & Governance Committee	5	5	5
Special meetings	12	15	11

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VII. MANAGEMENT DISCUSSIONS & ANALYSIS

During the year under review, the Authority in meeting its mandate achieved a number of milestones.

A. ROAD SAFETY MANAGEMENT

a) Road Crashes Statistics for the Financial Year 2016/2017

As part of the performance contract for the year, the Authority envisaged to reduce road fatalities by 10%. This target was met as a result of the various intervention employed by the Authority.

The table highlights monthly comparison of road crash statistics during the year.

COMPARISON OF FATALITIES BASED ON ABSOLUTE FIGURES – UP TO JUNE 2017				
Month	F/Y 2015/2016	F/Y 2016/2017	Variance	% Variance
July	220	216	-4	-1.8
August	248	240	-8	-3.2
September	249	218	-31	-12.4
October	264	230	-34	-12.9
November	283	190	-93	-32.9
December	304	289	-15	-4.9
January	272	253	-19	-7.0
February	305	227	-78	-25.6
March	250	269	19	7.6
April	255	265	10	3.9
May	246	259	13	5.3
June	254	178	-76	-29.9
TOTAL	3150	2834	-316	-10.0

In this year, a total of 316 lives were saved representing a 10% drop in fatalities. The highest reduction was recorded in the June 2017 and the lowest in July 2016. The Authority noted the possible causes of crashes this year were;

- i. High travel numbers during this time hence increased exposure
- ii. High speed travel especially on the highways
- iii. Drink driving, drink walking, drink riding

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- iv. Motorists using unfamiliar roads during weekends
- v. Mechanical condition of the vehicle
- vi. Environmental /road condition,
- vii. Increased levels of motorization
- viii. Poor road design and engineering

During the year, major reduction in fatalities was observed among pedestrians as per the table below. This could be attributed to increased public education and installation of pedestrian fences along high risk roads.

COMPARATIVE FATALITIES BY CATEGORIES OF VICTIMS					
Category	F/Y 2015/2016	F/Y 2016/2017	Variance	%Variance	
Pedestrians	1,306	1,021	-285	-21.8	
Passengers	687	743	56	8.2	
Motor Cyclist	512	465	-47	-9.2	
Drivers	369	319	-50	-13.6	
Pillion Passengers	200	232	32	16.0	
Pedal Cyclist	76	54	-22	-28.9	
Total	3,150	2,834	-316	-10.0	

From the reports received, it was observed that the weekends had the highest number of fatalities in comparison to the weekdays with a combined figure averaging 49% while majority of the victims were aged between 20 and 44 years.

b) Road Safety Interventions

One of the Authority's key mandate is to ensure the roads are safe for all users and in so doing, a number of interventions were undertaken. The initiatives related to enhanced awareness on risks of drunk driving through anti-drunk driving operations, speed assessment through use of speed cameras in various highways in the country, increased public education through mass media campaigns. The Authority also ensured compliance with speed limiters in PSVs and commercial vehicles for speed management.

The Authority also focused on improved road crash data collection, analysis in order to understand causes of crashes with the aim of developing evidence based interventions.

During the period under review, the Authority engaged Counties through the County Transport and Safety Committee (CTSC). The Authority established and operationalized 14 County Transport and Safety Committees (CTSCs) upon gazettelement of nominated members as per the NTSA Act 2012 requirements.

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These are Kajiado, Taita Taveta, Mombasa, Kakamega, Kisii, Kericho, Kiambu, Nakuru, Uasin Gishu, Baringo, Laikipia, Bungoma and Nairobi.

Pedestrian safety interventions on high risk roads was an area of interest to the Authority during the year. Collaboration with stakeholders through the **Save a Thousand Lives Initiative**, deployment of marshals to assist with pedestrian crossing and implementation of the 50kph within the Nairobi metropolitan area. This contributed to general reduction in pedestrian fatalities from 1,306 in the financial year 2015/2016 to 1,021 in 2016/2017. The Authority is also in the process of mapping high risk roads in other counties with the aim of reducing pedestrian fatalities.

Other road safety activities undertaken during the year were;

- i) Commemoration of the Fourth UN Global Road Safety Week In line with the global practice. In marking this, the Authority focused on speed management to address road traffic deaths and injuries. Some of the activities included; speed deterrence on major highways, motor vehicle inspection clinics, school children safety sensitization in collaboration with ASSIRT Kenya among others.
- ii) The Authority also partnered with Safe Way Right Way to undertake a hazard mapping exercise to identify black spots and made appropriate recommendations on Nairobi's High Risk Road and the Northern Corridor.
- iii) The Authority is also in the process of finalizing the National Road Safety Action Plan (RSAP) 2016-2021

B) IMPLEMENTATION OF THE STRATEGIC PLAN

During the period under review, the Authority embarked on implementing initiatives identified in the strategic plan. In order to monitor the implementation progress, the Authority ensured each directorate's work plan was aligned to the plan. A number of the targets and activities set in the plan for the Financial Year 2016-2017 were accomplished. The achievement are as follows;

a) Automation of Services

During the year under review, the Authority automated a number of its services and introduced the Transport Integrated Management System (TIMS). Service available on TIMS include: motor vehicle registration, motor vehicle inspection booking among others.

TIMS provide a self-service platform and has enabled the Authority to provide fast, seamless service delivery to the public. It has also offers improved efficiency and reliability of motor vehicle data due to data cleaning and migration. The system is also integrated with KRA's Simba system and iTax enabling the sealing of revenue leakages

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The tables below highlights, the number of vehicles registered, transfers and inspections booked on the system during the year under review:

NUMBER OF REGISTERED MOTOR VEHICLES DURING THE FINANCIAL YEAR 2016/17				
Type Of Vehicle	Motor Cycles	Motor Vehicles	Trailers	Total
16-July	15,092	1,591	109	16,792
16-August	11,346	1,907	199	13,452
16-September	7,995	1,676	159	9,830
16-October	5,401	1,311	143	6,855
16-November	17,987	4,868	113	22,968
16-December	15,988	10,790	107	26,885
17-January	16,403	7,244	155	23,802
17-February	15,697	4,902	113	20,712
17-March	19,173	8,422	114	27,709
17-April	15,554	7,336	135	23,025
17-May	16,287	8,250	193	24,730
17-June	17,804	6,764	193	24,761
TOTAL	174,727	65,061	1,733	241,521

NUMBER OF MOTOR VEHICLES TRANSFERRED DURING THE FINANCIAL YEAR 2016/17			
Type Of Process	Transfer	Asset Financing	Discharge
16-July	81	25	4
16-August	508	54	30
16-September	749	102	168
16-October	1,198	72	284
16-November	1,399	421	437
16-December	1,599	389	793
17-January	6,001	650	1,703
17-February	8,904	661	2,248
17-March	11,234	933	2,543
17-April	9,532	823	1,864
17-May	14,260	968	2,760
17-June	13,497	1,063	2,558
TOTAL	68,962	6,161	15,392

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MOTOR VEHICLE INSPECTIONS BOOKINGS DURING THE FINANCIAL YEAR 2016/17	
Month	Number Of Inspected Vehicles
16-July	45
16 August	103
16-September	893
16-October	5,399
16-November	17,204
16-December	16,928
17-January	19,808
17-February	19,065
17-March	24,098
17-April	21,483
17-May	27,364
17-Jun	26,230
TOTAL	178,620

The TIMS has a total of 3,236,902 registered accounts which include individuals, dealers and companies. In this year, a total of 241,521 motor vehicles were registered, 90,515 application for transfers of ownership were processed and 178,620 motor vehicle inspection bookings were made.

b) 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 issuance of the sticker is to start from July 1st 2017.

The third identifier sticker is be placed on the wind screen of a motor vehicle and will bear bearing discrete, overt and covert features of the motor vehicle registration , ownership and will hold details such as the chassis number, make, registration number and other details.

c) Smart Driving Licence

During the year under review, the Authority signed the contract for the supply, delivery, installation and maintenance of the second generation smart card based driving licence with The National Bank of Kenya. Following this milestone, the Authority was able to design the new smart driving licence, integrate it with TIMS and is in the process of developing the roll out plan.

The DL has a biometric system that will facilitate capturing of driver details with the aim of profiling them. This data will help the Authority and any other interested institutions profile drivers based on their behavior



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and driving history. 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. The DL also has a payment wallet that will be used to pay traffic fines.

d) Upgrading Motor Vehicle Inspection Services

With the support of the World Bank, the Authority successfully implemented the installation of equipment and automation of the inspection at the Likoni and Mombasa motor vehicle inspection centres. With the upgrading of the inspection centres, the Authority has realized improved customer service, quality and speed of services. Plans are also underway to upgrade other inspection centres in the coming financial year.

e) Review of the Driving School Curriculum

One of NTSA's mandate is to establish systems and procedures for and oversee the training, testing and licensing of drivers. During the year, the Authority in consultation with stakeholders developed the new curriculum for training and testing of drivers. The curriculum covers both theoretical learning, practical training and examinations.

The development of the curriculum was necessitated by the fact that road traffic crashes kill more than 3,000 people in Kenya every year. 80 per cent of these crashes are as of from human related factors. Therefore, the need to provide sufficient education and skills to enable our drivers use and follow rules and regulations became a priority.

Handbooks to guide trainees at driving schools were also developed. They include the Highway Code, learners handbooks for Light and professional drivers, truck drivers and Motor cycle riders.

f) Implementation of Development Partner Funded Projects

During the year under review, the Authority initiated a number of procurements for projects funded by World Bank. They included the procurement of enforcement equipment (body cameras, speed cameras and breathalyzers) and acquisition of motor cycles to support in enforcement operations. The items are to be delivered in July 2017.

The Authority also prepared funding proposals to the European Union. This donation has 80% funding from the EU and 20% from the Authority and if approved run for a period of 5 years. The areas of focus are on improved capacity of the staff and enforcement unit, operationalization of County Transport and Safety Committees (CTSCs), support for public education and awareness and of road safety audits.

g) Stakeholder Collaboration

The Authority in all its undertakings, collaborated with stakeholders in all sectors. To ensure proper management of public service transport sector, the Authority engaged the players and embarked on formation and operationalization of Saccos and Companies. This has since facilitated self-regulation of the sector. Further, the Authority has undertaken several audits in abide to help improve compliance levels while at the same time trained officials on management of the Saccos and Companies.

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Throughout the period under review, the Authority closely worked with stakeholders across different sectors including County Governments, National Police Service, transport operators and road safety actors to ensure harmonious execution of its mandate.

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VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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 company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others. As part of its CRS initiatives, the Authority under the **Save a thousand lives initiative**, spearheaded the construction of 5km pedestrian guard rails along high risk roads within Nairobi County.

In commemoration of the World Day of Road Crashes in Nairobi, the Authority donated a number of merchandize used during the awareness campaign; wheel chairs and medical stretchers to institutions managing Road Crash Victims.

In order to create awareness and encourage the use of creative art as a major tool for road safety awareness and behavioral change, the Authority was a key sponsor the Kenya National Music festivals. Road safety themes such as dangers of speed, corruption, drink driving among others were for the first time introduced as categories of the competition.

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.

During the year under review, the Authority in conjunction with Upper Hill District Association (UHDA) held three successful clean up exercises around the Upper hill area.

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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, 2017 in accordance with Section 68 (2) (k) of the Public Financial Management Act, 2012 which requires the accounting officer to prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the controller of Budget and the Auditor General for audit.

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 financial results of the Authority for the year ended 30 June, 2017 are set out on pages 1-20

Directors

The Directors of the Authority who held the office during the year are listed on pages (iv) to (vii).

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with the Section 68 (1) (k) of the Public Finance Management (PFM) Act, 2012.

**National Transport & Safety Authority
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X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board has the responsibility of preparing financial statements that give a true and fair view of the state of affairs of the Authority at the end of the financial year and also the Statement of Financial Performance for the same period. The National Transport and Safety Authority's Board requires that the Directors do ensure that proper books of accounts and records are maintained which disclose with reasonable accuracy at any time the financial position of the Authority and ensure that the financial statements comply with the establishing Act. They are also responsible for safeguarding the assets of the Authority and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Public Financial Management Act, 2012 Section 68(1) (k) states that it is the responsibility of accounting officers to prepare and submit accounts for each financial year in accordance with the provisions of the Public Audit Act and submit them to the Controller of Budget, the Auditor – General and Chairman, Commission of Revenue Allocation.

The Directors accept responsibility for the financial statements for the year 2016/2017, which have been prepared using appropriate accounting policies consistently applied, supported by reasonable and prudent judgment and estimates, in conformity with the International Public Sector Reporting Standards (IPSAS) and the requirements of the National Transport and Safety Authority Act, 2012.

The Directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Authority as at 30th June, 2017, and of its deficit for the year then ended. The Board further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements as well as adequate systems of Internal Financial Controls.

The Directors regularly meet to monitor the Authority's financial performance. Specific review of management performance and operational issues are undertaken through Committees, which make suitable recommendations to the Board of Directors.

Nothing has come to the attention of the Directors to indicate that the National Transport and Safety Authority will not remain as a going concern for at least the next twelve months from the date of this statement.

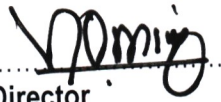
The Authority's financial statements were approved by the Board and signed on its behalf by:


.....
Director

Date 14/6/2018


.....
Director

Date 14.06.18


.....
Director

Date 14.06.18

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



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 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements on National Transport and Safety Authority set out on pages 1 to 21, which comprise the statement of financial position as at 30 June 2017 and the statement of financial performance, the statement of cash flows, the statement of changes in net assets and the statement of comparison of budget and actual amount for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the NTSA Act, 2012.

In addition, as required by Article 229 (6) of the Constitution, I confirm that, based on the procedures performed, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

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 that, in my professional judgement, are of most significance in the audit of the financial statements. There were no Key Audit Matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of National Transport and Safety Authority for the year ended 30 June 2017

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Authority or 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.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements.

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.

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

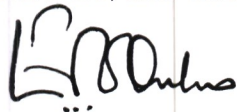
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the

purpose of giving an assurance on the effectiveness of the project's 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 Authority's ability to continue as a going concern. 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate 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.

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

11 July 2018

**National Transport & Safety Authority
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**XII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE, 2017**

	Note	2016-2017 Kshs	2015-2016 Kshs
Revenue from Non-Exchange Transactions			
Transfers from Ministry - Grants and other Authorities	5	961,500,000	736,000,000
		961,500,000	736,000,000
Revenue from Exchange Transactions			
Rendering of services	6 (i)	1,228,810,817	1,091,966,931
Other income	6 (ii)	3,188,082	436,687
		1,231,998,899	1,092,403,618
TOTAL REVENUE		2,193,498,899	1,828,403,618
Expenses			
Employee Costs	7(ii)	931,842,387	870,063,342
Depreciation	8(i)	171,153,269	155,870,214
Amortization of Intangible Assets	8(ii)	726,020	726,020
Repairs & Maintenance	9	8,763,978	6,207,777
General Expenses	10(i)	1,102,770,059	708,444,770
Board Expenses	11	29,672,276	29,045,236
TOTAL EXPENSES		2,244,927,989	1,770,357,358
Surplus/(deficit) for the period		(51,429,090)	58,046,260
Transfer from Capital Fund		-	(15,676,103)
Balance as at 1st July 2016		71,276,858	28,906,701
Balance as at 30th June 2017		19,847,768	71,276,858




The notes set out on pages 6 to 20 form an integral part of these Financial Statements

National Transport & Safety Authority
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XIII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
ASSETS			
Current Assets			
Cash and Cash equivalents	13	241,432,556	207,669,135
Receivables from Exchange Transactions	14	117,251,768	153,482,898
Rental Lease Deposit	15	26,174,315	26,174,315
Retention Fee	16	10,746,525	10,746,525
Prepayments	17	18,417,990	6,772,313
Stock	18	55,474,375	38,800,650
		469,497,529	443,645,836
Non-Current Assets			
Property, Plant and equipment	8(i)	328,206,986	444,880,543
Intangible Assets	8(ii)	121,608	847,628
		328,328,594	445,728,171
TOTAL ASSETS		797,826,123	889,374,007
LIABILITIES			
Current Liabilities			
Staff Gratuity	19(i)	17,104,296	12,236,258
Creditors	19(ii)	141,561,819	186,548,651
TOTAL LIABILITIES		158,666,115	198,784,909
NET ASSETS			
Capital Reserves	20	333,000,337	333,000,337
Capital Fund	21	286,311,903	286,311,903
Accumulated surplus c/f		19,847,768	71,276,858
		639,160,008	690,589,098
TOTAL NET ASSETS AND LIABILITIES		797,826,123	889,374,007

The financial statements on pages 1 to 20 were signed on behalf of the Board of Directors by:

		
Director General	Head of Finance	Chairman of the Board
Name: Francis Meyer	Name: WYCLIFFE WASIKE	Name: JACKSON WAWERU
	ICPAK No: 4267	
Date: 04/06/2018	Date: 14 th June 2018	Date: 14/06/2018

**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE, 2017**

	Attributable To The Owners Of The Controlling Entity			Total
	Reserves			
	Capital Reserves	Capital Fund	Accumulated surplus	
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2015	302,267,781	151,500,723	28,906,701	482,675,205
Surplus/(deficit) for the period	-	-	58,046,260	58,046,260
Transfers to/from accumulated surplus		15,676,103	(15,676,103)	0
Grants received during the year	30,732,556	119,135,077	0	
Balance as at 30 JUNE 2016	333,000,337	286,311,903	71,276,858	690,589,098
Balance as at 1 July 2016	333,000,337	286,311,903	71,276,858	690,589,098
Surplus for the period	-	-	(51,429,090)	(51,429,090)
Grants received during the year	-	-		-
Balance as at 30 JUNE 2017	333,000,337	286,311,903	19,847,768	639,160,008

**National Transport & Safety Authority
Reports and Financial Statements
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**XV. STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2017**

	Note	2016-2017 Kshs	2015-2016 Kshs
Cash flows from Operating Activities			
Receipts			
Government grants and subsidies	5	961,500,000	736,000,000
Other income	6(ii)	3,188,082	436,687
Revenues through KRA	6(iii)	1,265,041,947	1,074,912,056
		2,229,730,029	1,811,348,743
Payments			
Compensation of employees	7(i)	802,061,493	720,660,164
Goods and Services (General Expenses)	10(ii)	1,166,998,800	668,775,073
Board Expenses	11	29,672,276	29,045,236
Prepayments	17	18,417,990	6,772,313
Other Expenses	22	85,885,254	78,484,144
		2,103,035,813	1,503,736,930
Net cash flows from Operating Activities		126,694,216	307,611,813
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment	23	92,933,722	104,157,331
Net Cash flows used in Investing Activities		92,933,722	104,157,331
Net Increase/(decrease) in Cash and Cash Equivalents		33,760,494	203,454,482
Cash and Cash equivalents as at 1 July 2017		207,669,134	4,214,652
Cash and Cash Equivalents as at 30 June 2016		241,429,628	207,669,134

**National Transport & Safety Authority
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**XVI. STATEMENT OF COMPARISON OF BUDGETS AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE, 2017**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2016-17	2016-17	2016-17	2016-17	2016-17	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants and subsidies	736,000,000	225,500,000	961,500,000	961,500,000	-	
Rendering of services	1,799,912,590	(306,819,046)	1,493,093,544	1,228,810,817	(264,282,727)	18
Other Revenue	139,630,954	(139,630,954)	-	3,188,082	3,188,082	
Development Partner Funding	-	-	-	-	-	
Total income	2,675,543,544	(220,950,000)	2,454,593,544	2,193,498,899	261,094,645	18
Expenses						
Compensation of employees	946,605,648	(110,700,000)	835,905,648	835,780,855	124,793	0
Goods and services	1,301,437,896	(333,750,000)	967,687,896	844,663,549	123,024,347	13
Other payments	427,500,000	223,500,000	651,000,000	498,367,663	152,632,338	23
Total expenditure	2,675,543,544	(220,950,000)	2,454,593,544	2,178,812,067	275,781,478	
Surplus for the period	-	-	-	14,686,833	14,686,833	

RECONCILIATION STATEMENT

Particulars	Kshs
Reported Surplus as per Budget Statement	14,686,833
Add Back	
Capital Expenditure in Budget Statement	122,867,662
Adjusted Surplus	137,554,495
Less –Non Cash Transactions in Performance	
Depreciation	(171,153,269)
Amortization of Intangible Assets	(726,020)
Accrued Gratuity	(17,104,296)
Total Non- Cash Transaction	(188,983,585)
Surplus for the period as per Statement of Performance	(51,429,090)

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

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**XVII. NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017**

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 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 in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Authority. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) National Transport and Safety Authority adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to NTSA.
IPSAS 34: Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) NTSA does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 35: Consolidated Financial Statements	Effective for annual periods beginning on or January 1, 2017) NTSA does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 36: Investments in Associates and Joint Ventures	(Effective for annual periods beginning on or January 1, 2017) NTSA does not have investments in associates or joint ventures.
IPSAS 37: Joint Arrangements	(Effective for annual periods beginning on or January 1, 2017) The entity does not have an interest in a joint arrangement and therefore the standard does not apply.

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Standard	Impact
IPSAS 38: Disclosure of Interests in Other Entities	(Effective for annual periods beginning on or January 1, 2017) The entity does not have an interests in other entities and therefore the standard does not apply.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The Authority evaluated the impact of this new standard not yet effective for the year and it had no impact on the Authority's financial statements.
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The Authority evaluated the impact of this new standard not yet effective for the year and it had no impact on the Authority's financial statements.

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2017.

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. 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 listed overleaf including actual receipts during the financial year 2016/2017:

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NTSA AIA REVENUE FOR THE FINANCIAL YEAR 2016/2017

No.	REVENUE STREAM	TOTAL RECEIPTS (KSHS)
i	Road Service License	194,500,037
ii	Sale of Number Plates	421,384,500
iii	Driver Test Booking	162,655,800
iv	Motor Vehicle Inspection	348,629,801
v	Foreign Motor Travel Permits	17,032,080
vi	Sale of PSV Badges.	20,394,600
vii	Direct Credits	64,213,999
viii	Interest on Bank Deposits	3,188,082
	TOTAL REVENUE	1,231,998,899

These are collected by rendering the services of motor vehicle inspection, sale of Road Service Licenses, sale of number plates, test booking of prospective drivers, sale of PSV badges 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 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.

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

EXPLANATORY STATEMENT OF MATERIAL DIFFERENCES

	Budget	Performance	Variance	Remarks
Revenue	2,454,593,544	2,193,498,899	261,094,645	Target was not met due to slow uptake of Third Plate Sticker
Goods and services	967,687,896	844,663,549	123,024,347	Under absorption was occasioned by shortfall on collection of AIA revenue
Other payments	651,000,000	498,367,663	152,632,338	Under absorption was occasioned by shortfall on collection of AIA revenue

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 an additional rental lease for a storage facility for a term of 6 years and lease agreement for Mombasa offices at the Imaara Building.

e) Nature and Purpose of Reserves

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

f) 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.

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g) 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.

h) 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 th July, 2013	KCB
2	National Transport & Safety Authority	1180379527	7 th April, 2016	KCB
3	National Transport & Safety Authority	1206870842	6 th March, 2017	KCB

i) Comparative Figures

The comparative figures for the financial year 2015/2016 have been availed for comparison with the 2016/17 financial year.

j) 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

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circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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.

Contingent Liabilities

There was no contingent liability as at end of the financial year ended June 30, 2017.

k) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June, 2017.

l) 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)

m) Pronouncements from the Public Sector Accounting Standards Board (PSASB)

Section 192 of The Public Finance Management (PFM) Act 2012 provides for the setting up of the Public Sector Accounting Standards Board (PSASB) which culminated into the gazettelement of the members of the board through Gazette Notice No. 1199 of 28th February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as commercial entities and the Commercial Business Entities and the International Public Sector Accounting Standards (IPSAS) for non-commercial entities, the Authority has adopted the pronouncements made by the IPSAS Board in preparation of its current year financial statements.

n) Intangible assets (IPSAS 31)

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

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generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

o) 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.

p) Receivables (IPSAS 12)

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

q) Risk management objectives and policies

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) 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.

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.

	Less than 1 Month	Between 1-3 Months	Between 4-12 Months	Over 12 Months	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 30th June 2017					
Trade payables	38,865,674	39,011,084	29,965,699	-	107,842,457
Payroll deductions	33,719,362	-	-	-	33,719,362
Gratuity payable	1,015,136	3,045,406	8,121,082	4,922,672	17,104,296
Total	73,600,172	42,056,490	38,086,781	4,922,672	158,666,115

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At 30th June 2016					
Trade Payables	38,157,860	42,845,785	35,481,504	-	116,485,149
Payroll deductions	70,063,502	-	-	-	70,063,502
Gratuity payable	430,399	1,291,197	3,443,192	7,071,473	12,236,261
Total	108,651,761	44,136,982	38,924,696	7,071,473	198,784,912

ii) 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:

	Fully performing	Past due	Impaired	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2017				
Trade receivables	107,842,457	Nil	Nil	107,842,457
Bank balances	270,070,651	Nil	Nil	270,070,651
At 30th June 2016				
Trade receivables	153,482,898	Nil	Nil	153,482,898
Bank balances	207,669,135	Nil	Nil	207,669,135

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	2016/2017	2015/2016
	Kshs	Kshs
5 Transfers from other Governments		
Unconditional Grants		
2016/17 Operational grant from Ministry	436,000,000	736,000,000
	525,500,000	
Total Government Grants	961,500,000	736,000,000
6 Rendering of Service		
(i) Revenue collected through KRA:		
Direct Deposits	952,592,168	1,091,966,931
Transfers from E- Citizen	64,213,999	
	212,004,650	-
	1,228,810,817	1,091,966,931
(ii) Other Income		
Interest on Bank Deposits	3,188,082	-
Donation for Road Safety Week		-
Short Code Messages	-	436,687
Other Income	3,188,082	436,687
Total Income	1,231,998,899	1,092,403,618
Rendering of Service-Cash Flow		
(iii) Revenue collected through KRA:		
Direct Credits	952,592,168	1,091,966,931
Revenue collected through E-Citizen:	64,213,999	
Less: (i) Accrued Revenue Receivable	212,004,650	
Add: 2015/16 Revenue Received	(84,782,083)	(121,013,213)
	121,013,213	103,958,338
Cash inflow	1,265,041,947	1,074,912,056
7 Employee Costs		
(i) Employee related costs - Salaries and wages(Cash)		
Add: Accruals	802,061,493	720,660,164
Gratuity accrued to contracted staff	17,104,296	5,164,785
	819,165,789	725,824,949
Accrued - Staff Costs	33,719,362	70,063,502
	852,885,151	795,888,451
Travel, Accomodation, Subsistence a	78,957,236	74,174,891
(ii) Employee Costs	931,842,387	870,063,342

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8 i.) PROPERTY, PLANT & EQUIPMENT AS AT 30TH JUNE 2017				
COST	MOTOR VEHICLES (25%)	COMPUTER EQUIPMENT (33.3%)	FURNITURE, FITTINGS & OTHER EQUIPMENT (12.5%)	TOTAL
	Kshs	Kshs	Kshs	Kshs
01.07.2015 Balance b/f	172,822,474	329,413,830	141,819,569	644,055,873
Additions			54,479,712	54,479,712
Disposal				-
30.06.2015 Balance c/d	172,822,474	329,413,830	196,299,281	698,535,586
DEPRECIATION				
Accumulated depreciation as at 01.07.2016	65,003,103	130,203,237	3,968,990	199,175,331
Charge for the year	43,205,619	109,694,805	18,252,845	171,153,269
Accumulated depreciation as at 30.06.2017	108,208,722	239,898,043	22,221,835	370,328,599
Net book Value as at 01.07.2016	107,819,371	199,210,593	137,850,579	444,880,543
Net book Value as at 30.06.2017	64,613,753	89,515,787	174,077,446	328,206,986
ii.) Amortization of Intangible Assets		2016/2017 Kshs		2015/2016 Kshs
MS Office 2013 professional with License-350		847,628		1,573,648
Charge @33.3% (2,178,060*1/3*1year)		(726,020)		(726,020)
Net Book Value of Asset		121,608		847,628
9 Repairs and Maintenance				
Vehicles		7,249,364		5,033,156
Office Furniture & Equipment,maintainance of Computer,softwares & networks		1,514,614		1,174,621
Total Repairs & Maintainance		8,763,978		6,207,777
Less: Vehicles		(1,768,749)		
Office Furniture & Equipment,maintainance of Computer,softwares & networks		(67,212)		
Total Cash Payment of Repairs & Maintainance		6,928,018		6,207,777

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10(i)	General Expenses	2016/2017	2015/2016
		Kshs	Kshs
	a.) Technical Operational Costs		
	Smart-Card Driving License	375,500,000	-
	Printing of Number Plates	256,911,688	264,685,935
	Printing of Inspection stickers	2,900,001	39,615,318
	Specialised Materials & Supplies	69,361,912	56,115,318
	b.) Administrative Costs		
	Rentals with Lease	101,987,659	76,670,730
	Rentals without Lease	-	23,289,076
	Medical Insurance & Group Life	78,210,778	76,398,318
	Hire of Transport, Equipment & Space	3,844,378	2,982,598
	Refined Fuels and Lubricants	9,990,932	10,276,888
	Motor Vehicle Insurance & Other Assets Ins	5,781,147	7,416,533
	Internet, Telephone & Postal Services	21,987,010	21,378,747
	Utilities, Supplies & Services	10,485,249	4,956,997
	c.) Contracted Services		
	Contracted Professional Services	30,432,119	52,995,513
	Contracted Guards and Cleaning Services	20,715,139	8,113,350
	d.) Other Operational Costs		
	Conference, Hospitality, Suppliers & Services	19,910,970	10,891,690
	County Committees & Safety Strategies Expenses	6,968,905	-
	Training & Membership Fee	15,556,387	19,310,420
	Bank Service and Commission Charges	1,713,441	4,224,239
	Printing, Advertising & Information Supply Services	51,002,658	18,277,671
	Legal Fees	1,915,300	8,014,000
	Audit Fee	500,000	500,000
	General Office Supplies (Papers, Pencils, Forms small Office Equipments etc)	17,094,385	2,321,529
	Sanitary and Cleaning Materials, Supplies and Services	-	9,900
	Total General Expenses	1,102,770,059	708,444,770
10(ii)	Total Cash Flow Movement		
	Total General Expenses	1,102,770,059	708,444,770
	Less: Creditors	(107,842,457)	(116,485,149)
	Add: 2015/16 FY Creditors settled	172,071,198	76,815,452
	Cash Payments	1,166,998,800	668,775,073

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	2016/2017	2015/2016
	Kshs	Kshs
11 Board Expenses		
Sitting Allowances	11,281,970	16,430,508
Chairman's Honoraria & related expenses	1,820,003	1,071,117
Training expenses	4,609,415	2,759,652
Conferences & seminars	1,125,783	-
Travel & Subsistence	10,835,105	8,783,959
Total	29,672,276	29,045,236
12 Transfer to Accumulated Surplus		
Purchase of Nissan Urvan from Crown Motors	-	(13,120,350)
Capitalization of Consultancy Work by Scope De	-	(16,100,379)
Advance Payment to Alfatech Contractors	-	13,544,626
TOTAL	-	(15,676,103)
13 Cash and Cash equivalents		
Bank	236,057,454	201,815,223
Cash-on-hand	13	4,513
Outstanding imprests	5,375,089	5,849,399
Total Cash and cash equivalents	241,432,556	207,669,135
14 Receivable from Exchange Transactions		
June, 2017 revenue collections due from KRA	48,585,153	121,013,213
Revenue collection through <i>e citizen</i>	68,666,615	32,469,685
	117,251,768	153,482,898
15 Rental Lease Deposit		
Deposit for operational lease	26,174,315	26,174,315
Relates to deposit on Leasehold property of Hill Park Building, Hifadhi and Kenstreal in Mombasa		
16 Retention Fee		
Alfatech Contractors Ltd	10,746,525	10,746,525
Total	10,746,525	10,746,525

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		2016-2017	2015-2016
		Kshs	Kshs
17	Prepayments		
	Alfatech Contractors Ltd	-	6,772,313
	Nelliwa Contractors Ltd	18,417,990	
	Total	18,417,990	6,772,313
18	Stock		
	Number Plates	34,883,450	33,140,040
	Specialised Materials	20,590,925	5,660,610
	Total	55,474,375	38,800,650
	TRADE & OTHER PAYABLES FROM		
19	EXCHANGE TRANSACTIONS		
	i.) Gratuity Accrued to Staff on Contract		
	Balance b/d from previous years	4,922,672	7,071,473
	Accrued for the year	12,181,624	5,164,785
	Total	17,104,296	12,236,258
	ii.) Other current Liabilities		
	Accrued salaries	33,719,362	70,063,502
	Creditors	107,842,457	116,485,149
	Total	141,561,819	186,548,651
20	CAPITAL RESERVES		
	The Authority received no asset in kind during the year.		
	DONATIONS IN KIND		
	Balance b/d	333,000,337	302,267,781
	Motor Vehicles	-	30,732,556
	Computers	-	-
	ICT Infrastructure	-	-
	Windows Licence	-	-
	Total	333,000,337	333,000,337

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		2016/2017 Kshs	2015/2016 Kshs
21	CAPITAL FUND		
	Balance b/f	286,311,903	151,500,723
	Purchase of Non Current Assets in 2015/16	-	134,811,180
	TOTAL	286,311,903	286,311,903
22	COMPUTATION OF OTHER CASH EXPENDITURE FROM OPERATIONS		
	Other Expenses		
	Travel & Subsistence Costs (Note 5)	78,957,236	74,174,891
	Repairs & Maintenance of Vehicles & Equipment (Note 7)	6,928,018	4,309,253
	TOTAL	85,885,254	78,484,144
23	CASH FLOW ADJUSTMENTS ON ACQUIRED NON-CURRENT ASSETS		
	Total Additions During the Year	2016/2017 Kshs	2015/2016 Kshs
	ICT Infrastructure		
	Ms Office		
	Other Equipment	42,733,472.30	82,089,841.00
	Office Furniture	11,746,240.00	8,947,140.00
		54,479,712.30	91,036,981.00
	Motor Vehicles (2015-16)	13,120,350.00	13,120,350.00
	Fittings & Fixtures (Refurbishment of Hill Park)	25,333,660.00	
	TOTAL	92,933,722.30	104,157,331.00
	Capital Purchases by NTSA		
	Cash purchases(Cash flow)	92,933,722.30	104,157,331.00

24. 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	2016
	Kshs	Kshs
Transfers from related parties'	961,500,000	736,000,000
Total	961,500,000	736,000,000

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	2016
			Kshs	Kshs
1	Director General	1	8,643,996	9,042,644
2	Directors	3	14,048,669	17,623,428
	Total		22,692,665	26,666,072

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XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Concerning the follow up on the previous financial year (FY 2015/2016), there was no issue raised by the Auditor General that needed management address.



Director General

Date...14/6/2018.....



Chairman of the Board

Date...14/06/2018.....

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XIX. Appendix I: INTER-ENTITY TRANSFERS

ENTITY NAME	NATIONAL TRANSPORT & SAFETY AUTHORITY		
Break down of Transfers from the Ministry of Transport			
FY 16/17			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The FY to which the amounts relate</u>
	26.08.2016	109,000,000	FY 16/17
	31.10.2016	109,000,000	FY 16/17
	24.02.2017	109,000,000	FY 16/17
	22.05.2017	109,000,000	FY 16/17
	Total	436,000,000	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The FY to which the amounts relate</u>
	04.04.2017	375,500,000	FY 16/17
	08.06.2017	150,000,000	FY 16/17
	Total	525,500,000	

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	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KSHS	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Transport	26.08.2016	Recurrent	109,000,000	✓						109,000,000
Ministry of Transport	31.10.2016	Recurrent	109,000,000	✓						109,000,000
Ministry of Transport	24.02.2017	Recurrent	109,000,000	✓						109,000,000
Ministry of Transport	22.05.2017	Recurrent	109,000,000	✓						109,000,000
Ministry of Transport	04.04.2017	Development	375,500,000		✓					375,500,000
Ministry of Transport	08.06.2017	Development	150,000,000		✓					150,000,000
Total			961,500,000							961,500,000

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National Transport and Safety Authority



Telephone: +254 (020) 6632100
Website: www.ntsa.go.ke

OFFICE OF THE DIRECTOR GENERAL
HILL PARK PLAZA
P.O. BOX 3692-00601
NAIROBI

NTSA/G/FIN/002 VOL II

22nd August, 2017

Prof. Arch. Paul M. Maringa (PhD), CBS
Principal Secretary
State Department of Transport
Ministry of Transport, Infrastructure, Housing & Urban Development
P.O. Box 52592 -- 00200
Nairobi

Attn: Mr. Were (PAC)

Dear Sir,

RECEIPT OF GOVERNMENT GRANT FOR THE FINANCIAL YEAR 2016/17

Reference is made to the above subject relating to Government of Kenya grants for the FY 2016/17 ended on 30th June 2017.

We wish to confirm receipt of the advances as follows;

Particulars	Period	Bank	Account Name	Account	Receipt Date	Amount
Recurrent	Q 1	KCB	NTSA Current Account	1141386534	26/08/16	109,000,000.00
Recurrent	Q 2	KCB	NTSA Current Account	1141386534	31/10/16	109,000,000.00
Recurrent	Q 3	KCB	NTSA Current Account	1141386534	24/02/17	109,000,000.00
Recurrent	Q 4	KCB	NTSA Current Account	1141386534	04/04/17	109,000,000.00
Capital					23/05/17	525,500,000.00
Total						961,500,000.00

We are grateful for the support the Ministry of Transport offered NTSA in the FY 2016/17 and look forward to enhance the working relationship in the current FY 2017/18.

Yours Sincerely,

Wycliffe Wasike

Wycliffe Wasike
For: Director General

MINISTRY OF TRANSPORT, INFRASTRUCTURE,
HOUSING & URBAN DEVELOPMENT
STATE DEPARTMENT
P.O. BOX 52592
NAIROBI
RECEIVED
PRINCIPAL SECRETARY'S OFFICE