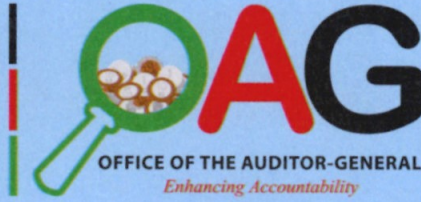


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

**SAFE ROADS/USALAMA BARABARANI
PROGRAMME**

**FOR THE YEAR ENDED
30 JUNE, 2025**

**NATIONAL TRANSPORT AND SAFETY
AUTHORITY**



PROJECT NAME: SAFE ROADS/USALAMA BARABARANI

IMPLEMENTING ENTITY: NATIONAL TRANSPORT AND SAFETY AUTHORITY

PROJECT GRANT/CREDIT NUMBER: No KE/FED/037-778

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

*Safe Roads/Usalama Barabarani
Annual Reports and Financial Statements
For the financial year ended June 30th, 2025 (KShs)*

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1. ACRONYMS AND DEFINITION OF TERMS

CTSC	County Transport and Safety Committee
CSRSAP	County Specific Road Safety Action Plan
EU	European Union
FY	Financial Year
NTSA	National Transport and Safety Authority

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name: SAFE ROADS / USALAMA BARABARANI PROGRAMME

Objective: The overall objective of the grant is to contribute towards enhancing road traffic safety in Kenya through road safety programmes and projects that will see a reduction in the number of fatalities per inhabitant due to road traffic crashes by 15%.

Address: The project headquarters offices are Nairobi, Kenya.

The address of its registered office is:

**NATIONAL TRANSPORT AND SAFETY AUTHORITY (NTSA)
316, Upper Hill Chambers, 2nd Ngong Avenue**

Contacts: The following are the project contacts

Telephone: (254) MOBILE NO: +254 722 477 704

E-mail: george.njao@ntsa.go.ke

Website: www.ntsa.go.ke

2.2 Project Information

Project Start Date:	The project start date is 1 st March 2020
Project End Date:	The project end date is 31 st August 2025
Project Manager:	The project manager is Dr Duncan Kibogong
Project Sponsor:	The project sponsor is European Delegation to the Republic of Kenya P.O. Box 45119-00100 Nairobi, Kenya



2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Transport Ministry of Roads and Transport Transcom Building, Ngong Road P.O Box 52692,00200 Nairobi. Tel: +254-020-2722216
Project number	No KE/FED/037-778
Strategic goals of the project	The strategic goal of the project is: Contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport services
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> • Improved capacity of NTSA; • Established County Transport and Safety Committees (CTSCs) to enhance road safety management; • Increased public awareness on road safety; • Improved driver training and testing; • Developed road safety engineering and road safety audits.
Other important background information of the project	The project pilot counties are Makueni, Nairobi, Nakuru, Kericho, Kisumu and Kakamega
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> (i) Road Safety Management; including Capacity Building of NTSA, County Transport & Safety Committees and Road safety research and audits; (ii) Safer Road Users; including driver training and testing and Road Safety Awareness/Public Education.
Project duration	The project started on 1 st March 2020 and is expected to run until 31 st August 2025

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.4 Bankers

The following are the bankers for the current year:

Kenya Commercial Bank
 Kencom House, Moi Avenue
 Nairobi City Center
 P.o Box 4360-00100
 Nairobi

2.5 Auditors

Office of the Auditor General
 Anniversary Towers
 P. o. Box 30084-00100
 Nairobi

Expenditure verification

Deloitte Kenya
 Deloittee Place
 Waiyaki Way, Muthangari
 P. O Box 40092 GPO. 00100
 Nairobi, Kenya
 Phone +254 719 039 00. Email admin@deloitte.co.ke

2.6 Roles and Responsibilities

The following key people will be working on the project;

Names	Title designation	Key qualification	Responsibilities
Mr. George Njao	Director General	Bachelor of Science degree	Overall accountability
Dr. Duncan Kibogong	Deputy Director – Road safety	Master’s Degree in Strategic Management Master’s in Public Health	Head - Project management team (PMT)
Samuel Musumba	Manager- Road safety	Masters in Project Management	Member- Project management team (PMT) Support project implementation
Michael Chege	Grant Manager	Bachelor of Commerce Degree, ACCA	Budget and reporting



PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.7 Funding summary

The Project is for duration of 5.5 years from March 2020 to August 2025 with an approved budget of EUR 5,375,000 equivalent to Kshs 754,171,625 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30th June 2025)		Undrawn balance to date (30th June 2025)	
	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
European Commission	4,300,000	603,337,300	3,143,735	441,100,653	1,156,265	162,236,647
(ii) Counterpart funds						
Government of Kenya	1,075,000	150,834,325	772,111	108,335,634	302,889	42,498,691
Total	5,375,000	754,171,625	3,915,846	549,436,287	1,459,154	204,735,338

B. Application of Funds

Application of funds	Amount received to date – (30th June 2025)		Cumulative Amount paid to date – (30th June 2025)		Unutilised balance to date (30th June 2025)	
	<i>EUR</i>	<i>Kshs</i>	<i>EUR</i>	<i>Kshs</i>	<i>EUR</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
European Commission	3,143,735	441,100,653	3,143,735	441,100,653	0	0
(ii) Counterpart funds						
Government of Kenya	772,111	108,335,634	726,434	101,926,613	45,677	6,409,021
Total	3,915,846	549,436,287	3,870,169	543,027,266	45,677	6,409,021



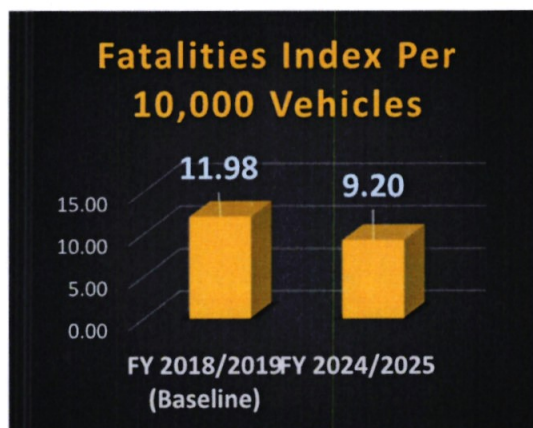
PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.8 Summary of Overall Project Performance:

The project is in the third year of implementation and activities undertaken during the period under review were targeted towards rolling-out key activities earmarked under the first tranche of financing from the contracting authority.

The overall objective of the programme was to contribute towards enhancing road traffic safety in Kenya through road safety programmes and projects that will see a reduction in the fatalities index per 10,000 vehicles due to road traffic crashes by 15%.

There was a **23%** reduction in the fatalities index per 10,000 registered vehicles in the Financial Year 2024/25 (ending June 2025) as compared to the baseline period 2018/19 before the inception of the project.



During the period under review the following key activities were undertaken in the respective project outputs;

Enhanced Capacity of NTSA Staff

The project trained all NTSA staff on road safety. The training focused on equipping the officers with advanced knowledge and practical skills to manage road safety challenges, enforce traffic laws, and respond effectively to road safety incidents. Core modules included: **Fundamentals of Road Safety** and **Leadership in Road Safety** for Senior Management staff. By building the capacity of NTSA officers, the program is positioned to create a ripple effect across Kenya's road transport sector, improving safety standards and reducing road traffic injuries and fatalities.

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The primary objective of the program is to align with Kenya's commitment to the United Nations Sustainable Development Goals (SDGs), particularly the target of reducing road traffic deaths and injuries by 50% by 2030. The comprehensive training offered to NTSA officers is a key part of the national road safety strategy outlined in the National Road Safety Action Plan (NRSAP) 2024-2028.

Support to County Transport and Safety Committees (CTSCs) to enhance road safety management

During this period, the European Union approved the implementation plan of key activities under the CSRSAPs for the six pilot counties. The implementation of activities commenced with the induction training workshop for all the six counties that was conducted in the month of February 2025.

The workshop aimed at inducting the new CTSC members and to take stock of the achievements made to date and share challenges and experiences in preparation for the full implementation of the key activities under the CSRSAPs. The other activities will be implemented in the next reporting period.



The Director General and County Executive Committee Members (CECMs) address the media on the sidelines of the workshop

The implementation of key activities under the County Specific Road Safety Action Plans commenced thereafter with specific activities such as public education campaigns for vulnerable road users such as school children undertaken within the 6 counties.

Increased public awareness on road safety

The project conducted public education and awareness campaigns in all the six pilot counties. The activities included sensitization of various vulnerable road users and was mainly conducted as workshops and on ground activations where the teams would visit bus stages, motorcycle stages, schools and other locations to educate the road users on road safety.

School Children Curriculum on Road Safety



The project continued the implementation of the Child Road Safety curriculum in all levels of basic education. During the period under review, the project finalized on the key deliverables on development of materials, stakeholder engagement forum and orientation of teachers across the country. The publishing of materials also commenced during the period and this is expected to be disseminated across various schools in the country.

The materials published will include picture books, booklets, teachers guides, posters and flyers for the various grades from Pre-Primary 1 to Grade 12.

Improved Driver Testing (Automated Testing)

During the period under review, the consultant submitted the final report on the automation of driver testing. The report included a review of the legal framework, review of curriculum books, financial assessment and architectural designs for a model testing center that includes a theory room, maneuver yard amongst other features.

Road safety audits

The road safety audits conducted during the period included;

- a) Likoni Road Road safety Inspection
- b) Likoni Road Safe schools zone audit
- c) Dagoretti Road Road safety inspection
- d) Jogoo Road
- e) Outering Road
- f) Kipchimchim Kiptebeswet Road (M&E)
- g) Pedestrian safety audit Kericho County
- h) Pedestrian Safety Audit Nakuru County
- i) Naivasha Nakuru Road (M&E)
- j) Kibwezi River Athi (M&E)
- k) Sultan Hamud-(M&E)
- l) Kisumu Busia Road
- m) Mambo Leo-Miwani-Chemilil-Muhoroni-Kipsitet Road
- n) Kakamega Chavakali (M&E)
- o) Kakamega-Ikero-Mumias-Mayoni-Korinda (M&E)
- p) Pedestrian Safety Audit Kisumu County

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The absorption rate for the project was 1% for FY 2019/20 and 64% for the FY 2020/21, 21% for the for FY 2021/22, 105% for FY 2023/24 and 106% for the period ending June FY 2024/25 which is as a result of a budget carryover from the previous FY.

2.8.1 Project Implementation Challenges

- (i) Delayed approval of the project addendum that changed the mode of implementation of the project. This meant that the consultancies under the project could not commence until the addendum was fully approved and signed.

2.8.2 Way Forward

- (i) Implement project activities through innovative ways where possible such as virtual meetings and capacity building.
- (ii) Ensure project is adequately provided for in the Budget through early engagement with the State Department for Transport and The National Treasury.

2.9 Summary of Project Compliance:

In the period under review there were no cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objective of the grant is to contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objective to specific sectors, the development objective was made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Safe Roads/Usalama Barabarani	contribute to strengthen the National Transport and Safety Authority in implementing policies related to road safety and ensuring the provision of safe, reliable and efficient road transport.	Improved capacity of the NTSA staff as a solid foundation for sustainable Road Transport system in Kenya	% of trained staff	During the FY a total of 693 staff were trained on road safety.
		Enhanced operations of County Transport and	% progress of equipping	The procurement of equipment was finalized during the period.

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Project	Objective	Outcome	Indicator	Performance
		Safety Committees (CTSCs) in the 6 pilot counties	Development and implementation of County Road Safety Action Plans completed	The implementation plan for key activities was approved by EU and implementation commenced during the period.
		Increased public education and awareness on road safety	% of school curriculum on road safety developed	During the period under review, development of materials, and orientation of teachers was done. Publishing of materials also commenced.
			No. of road safety campaigns conducted	Multimedia campaigns were conducted on TV, radio and digital.
			No of sensitization workshops held	Workshops held in all pilot counties targeting different vulnerable road users.
		Improved driver training and testing	% completion of automation for driver testing and training	Final report submitted.
		Road safety audits and road safety improvement programs	No. of road safety audits conducted	During the FY sixteen RSAs were conducted.

4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The action targets to initially cover and support six pilot counties out of 47 counties in the country. NTSA will continue with the implementation of interventions and road safety enhancement strategies identified through the project in all the remaining counties to ensure that the project achieves a sustained positive effect.

2. Environmental Performance

The Authority is a responsible entity and is committed to ensuring a safe and clean environment devoid of all forms of pollution. During the period ended 30th June 2025, the Authority undertook a tree planting exercise in selected regional offices and regions to promote tree planting and inculcate the culture of afforestation among its key player commonly known as Public Service vehicle.

To address reduction of carbon emission by unroadworthy vehicles, the Authority with support from key development partners which include the World bank and the European Union has commenced and partially rolled out within its inspection centres, a component of assessing the level of carbon emission for vehicles under inspection. It is anticipated that as this initiative will go a long way in mitigating the air pollution and in effect contribute to environmental preservation and sustainability.

3. Employee welfare

The Authority's hiring process is guided by the Human Resource Policies & Procedure manual which in itself is aligned to the Public Service Polices and Employment Act,2007. Moreover, the Authority has in place the Gender & Disability Mainstreaming policies and committees which is used to promote affirmative action on matters Gender and disability in recruitment.

Members of staff are eligible and are in fact trained as part of career progression and capacity building. The Authority has put in place a Career Progression Manual which informs actions taken under staff progression and rewards system. Further, appraisals are done semi-annual and the same has continuously been used as basis for promotion.



As a matter of compliance, the Authority has in place a fully trained committee to deal with matters occupational safety & health at the workplace in accordance with the Occupational Safety and Health Act of 2007, (OSHA.)

The hiring process under the project is guided by the NTSA Human Resources manual and procedures. Staff under the project are also appraised periodically in line with Government procedure, this is undertaken at least twice a year.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible Supply chain and supplier relations-

Through adherence to the Public Procurement and Disposals Act 2015 and Public Procurement and Asset Disposal Regulations 2020, the project ensures it maintains responsible supplier relations and payment practices by ensuring compliance to credit terms as set out in the various engagements/contracts.

b) Responsible ethical practices

The project ensures and maintains ethical and anti- corruption practices and responsible political involvement through adherence to set laws and regulations. In addition the Authority has Integrity Assurance Officers and a Corruption Prevention Committee that reports to the Ethics and Anti-Corruption Commission on a quarterly basis.

c) Regulatory impact assessment

The project ensures the rights of citizens and stakeholders are safeguarded during its implementation.

5. Community Engagements

The project targets to improve the livelihoods of the community through public education and awareness on road safety. This involves distribution of IEC materials to the targeted groups under the project that includes pedestrians, youth, school children, motorcyclists amongst other key groups.

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Director General for the National Transport and Safety Authority (NTSA) and the Head-Project Management team for Safe Roads / Usalama Barabarani programme are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the period ended on June 30, 2025.

This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Director General for the National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani programme accept responsibility for the Project's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General for the National Transport and Safety Authority and the Head- Project management team for Safe Roads / Usalama Barabarani programme are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2025, and of the Project's financial position as at that date. The Director General for National Transport and Safety Authority and the Head of Project management team for Safe Roads / Usalama Barabarani programme further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director General for the National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani programme confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

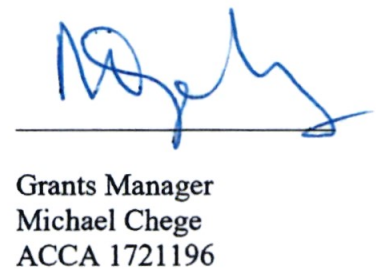
The Project financial statements were approved by the Director General for National Transport and Safety Authority and the Head-Project management team for Safe Roads / Usalama Barabarani programme on 30th June, 2025 and signed by them



Director General
George Njao



Head-Project Management Team
Duncan Kibogong



Grants Manager
Michael Chege
ACCA 1721196

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON SAFE ROADS/USALAMA BARABARANI PROGRAMME FOR THE YEAR ENDED 30 JUNE, 2025 - NATIONAL TRANSPORT AND SAFETY AUTHORITY

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of Safe roads/Usalama Barabarani Programme - NTSA set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement

of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Safe roads/Usalama Barabarani Programme as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the Safe roads/Usalama Barabarani Programme Financing Agreement No.KE/FED/037-778 dated 1 March, 2020, and the Public Finance Management Act, 2012; and The National Treasury and Economic Planning Circular No. 3 of April, 2025.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Safe roads/Usalama Barabarani Programme Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.170,000,000 and Kshs.65,718,886 respectively resulting to an under-funding of Kshs.104,281,114 or 61% of the budget and which was not explained inform of notes to the financial statements.

Similarly, the Project spent an amount of Kshs.180,534,931 against an approved budget of Kshs.170,000,000 resulting to over-expenditure of Kshs.10,534,931 or 6% of the budget.

The underfunding affected the planned activities of the Project and impacted negatively on service delivery to the public.

2. Low Project Uptake of Funds

Section 2.7 on funding summary and the report on Project Information and Overall Performance, indicates that the project is for a duration of 5 years and 6 months from March, 2020 to August 2025 with an approved budget of EUR 5,375,000 equivalent to

Kshs.754,171,625. By 30 June, 2025, the Project was at 5 year 3 months years or approximately 97%-time lapse. However, it was noted that an amount of Kshs.549,436,287 approximately 73% had been drawn leaving an undrawn balance of Kshs.204,735,338 or 27% with two (2) months remaining to Project end time.

The Project period may lapse before achieve targets impacting negatively on service delivery to the public.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, one issue of Undrawn Loan Balance was raised under Emphasis of Matter. However, the Management has not provided an explanation why the issue has not been resolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xvi which comprise of Project Information and Management, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Financing Agreement No.KE/FED/037-778 dated 1 March, 2020, between the Government of Kenya and the International Development Association (European commission), I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project'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 Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 57 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(5) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 58 of the Public Audit Act, 2015. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

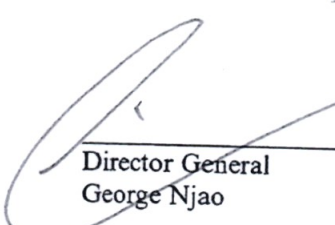
25 November, 2025

Safe Roads/Usalama Barabarani
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For the financial year ended June 30th, 2025 (KShs)

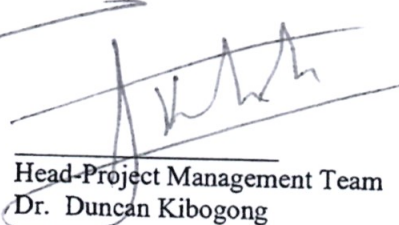
7. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2025

	Notes	Period Ended	Period Ended
		30th June, 2025	30th June, 2024
		Kshs	Kshs
Revenue			
Revenue Transfers	6	5,718,886	202,533,100
Revenue Appropriated from Capital Fund	7	167,520,169	
Total revenue		173,239,055	202,533,100
Expenses			
Employee costs	8	14,277,583	12,835,573
Use of goods and services	9	157,412,350	204,504,422
Depreciation and amortization expense	10	1,549,123	-
Total expenses		173,239,055	217,339,995
Other gains/(losses)			
Surplus/ (deficit)		-	(14,806,895)

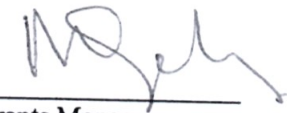
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.


 Director General
 George Njao

27/8/2025
 Date


 Head-Project Management Team
 Dr. Duncan Kibogong

27/8/25
 Date


 Grants Manager
 Michael Chege
 ACCA 1721196

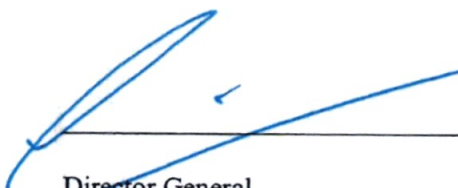
27/8/25
 Date

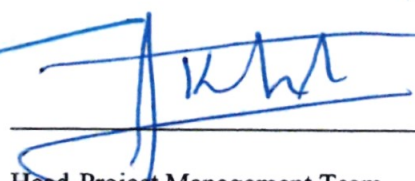
Safe Roads/Usalama Barabarani
Annual Reports and Financial Statements
For the financial year ended June 30th, 2025 (KShs)

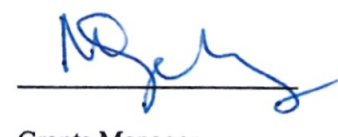
8. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30TH, 2025

	Note	Period Ended 31st June. 2025	Opening Statement as at 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	6,409,021	106,607,363
Receivables	12	22,334,497	6,881,978
Total Current Assets		28,743,518	113,489,341
Non-Current Assets			
Property, Plant and Equipment	13	8,210,776	23,586,014
Total Non- Current Assets		8,210,776	23,586,014
Total Assets (a)		36,954,295	137,075,355
Liabilities			
Current Liabilities			
Trade and Other Payables	14	30,070,223	
Total Current Liabilities(b)		30,070,223	-
Total Liabilities		-	-
Represented By:			
Capital Reserves		6,884,072	137,075,355
Total Net Assets		36,954,295	137,075,355

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27/8 2025 and signed by:


 Director General
 George Njao

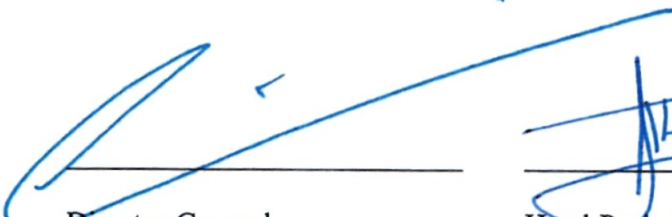

 Head-Project Management Team
 Dr. Duncan Kibogong


 Grants Manager
 Michael Chege
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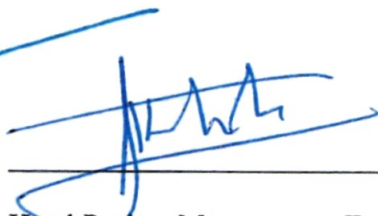
9. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th JUNE 2025

Description	Capital Reserve	Accumulated Surplus
	Kshs	Kshs
As at 30th June 2024 (Cash Basis)	483,247,739	-
Adjustments: (to recognize assets and liabilities)	(346,172,384)	-
As at 1st July 2024	137,075,355	-
Transfer from SDoT-Counterpart Funding	60,000,000	
Appropriation from Reserves	(167,520,169)	
Adjustment for accumulated depreciation	(22,671,114)	-
As at 30th June 2025	6,884,072	-

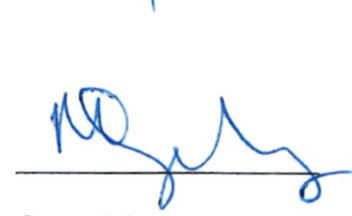
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27/8 2025 and signed by:



 Director General
 George Njao



 Head-Project Management Team
 Dr. Duncan Kibogong



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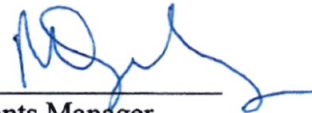
10. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2025

Description	Note	Period Ended	Period Ended
		30th June. 2025	30th June. 2025
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Revenue Transfers	6	5,718,886	202,533,100
Total receipts		5,718,886	202,533,100
Payments			
Employee costs	8 (ii)	13,826,544	12,835,573
Use of goods and services	9 (ii)	127,793,166	204,504,422
Receipts from Accounts Receivable	12	15,452,519	(86,873,706)
Total payments		157,072,229	130,466,289
Net cash flow from operating activities		(151,353,343)	72,066,811
Cashflow from financing activities			
Transfer from SDoT-Counter Part Funding		60,000,000	
Net cash flow from financing activities		60,000,000	
Net cash flows from investing activities			
Acquisition of non-financial assets	13	8,844,999	
Net cash flows from investing activities		8,844,999	
Net increase/Decrease in cash and cash equivalents		(100,198,342)	72,066,811
Cash and cash equivalent at 1st July 2024		106,607,363	34,540,551
Cash and cash equivalent at end of Period 2025		6,409,021	106,607,363

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Authority financial statements were approved on 27/8/2025 and signed by:


 Director General
 George Njao


 Head-Project Management Team
 Dr. Duncan Kibogong


 Grants Manager
 Michael Chege
 ACCA 1721196



11. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Revenue Appropriated from previous periods		167,520,169	167,520,169	167,520,169	-	100%
Receipts						
Transfer from Government entities	60,000,000	10,000,000	70,000,000	65,718,886	4,281,114	94%
Proceeds from domestic and foreign grants	100,000,000	-	100,000,000	-	100,000,000	0%
Total Receipts	160,000,000	10,000,000	170,000,000	65,718,886	104,281,114	39%
Total Receipts (Including Carryovers)		177,520,169	337,520,169	233,239,055	104,281,114	69%
Payments					-	
Compensation of employees	15,000,000	-	15,000,000	14,277,583	722,417	95%
Purchase of goods and services	133,000,000	10,000,000	143,000,000	157,412,350	(14,412,349)	110%
Acquisition of non-financial assets	12,000,000	-	12,000,000	8,844,999	3,155,001	74%
Total Payments	160,000,000	10,000,000	170,000,000	180,534,931	(10,534,931)	106%
Surplus	-0	-	-0	52,704,124		

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BUDGET RECONCILIATION STATEMENT		FY 2024/25
Particulars	Total (Kshs)	
Reported Surplus as per Statement of Budget as of 30th June 2025	52,704,124	
Add Back		
Capital Expenditure in Statement of Budget	8,844,999	
Total Capital Expenditure	8,844,999	
Less: Non-Cash Transactions in the Statement of Performance		
Depreciation charge & Amortization expense	(1,549,123)	
Total Non-Cash Transactions	(1,549,123)	
Adjust for Development Grant		
Development Partner funding	-	
Grant from State Dept. of Transport	(60,000,000)	
Total Development Grant	(60,000,000)	
Sub-Total Non-Cash and Total Development Grant	(61,549,123)	
Surplus for the period as per Statement of Performance as at 30th June, 2025	-	

12. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The National Transport and Safety Authority is established by and derives its authority and accountability from the NTSA Act, 2012. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is the management of road safety in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 4th August 2025.

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an

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Standard	Effective date and impact:
	additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For &	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Standard	Effective date and impact:
Evaluation of Mineral Resources	<ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

Budget information

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The original budget for FY 2024/25 was approved on 6th August 2024. The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis.

b) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

The rate used to depreciate the assets during the year was as summarised below:

Asset	Depreciation Rate
Buildings	2.5%
Motor Vehicles	25%
Motor cycles	25%
Computer Equipment	33.333%
Intangible Assets	33.333%
Furniture, Fixtures & Fittings	12.5%
Other Assets	12.5%

c) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of

the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

d) Intangible assets

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

e) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete,

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and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the financial statements

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Authority measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the Authority's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date

Financial liabilities

Classification

The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value.

However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Notes to the financial statements

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

h) Provisions


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

Contingent liabilities

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

Contingent assets

The *Authority* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Authority* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential



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will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Nature and purpose of reserves

The *Authority* creates and maintains reserves in terms of specific requirements.

j) Changes in accounting policies and estimates

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.

Notes to the financial statements

k) Employee benefits

Retirement benefit plans


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

l) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

m) Borrowing costs

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



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

n) Related parties

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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.



Notes to the financial statements

o) Service concession arrangements

The *Authority* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Authority* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Authority* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) 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.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

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.

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- 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

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Notes to the financial statements

6. Revenue Transfers

These represent counterpart funding and other receipts from government as follows:

Revenue Transfers	Period Ended 30th June, 2025	Period Ended 30th June, 2024
	KShs	KShs
Unconditional Transfers		
GoK Counter Part funding	5,718,886	27,752,635
Transfers from Development partners	-	174,780,465
Total Unconditional Transfers (a)	5,718,886	202,533,100

The above represents counterpart funding from the National Transport and Safety Authority.

7. Revenue Appropriated from Capital Fund

Appropriated Revenue	Period Ended 30th June, 2025
	KShs
Unconditional Transfers	
Revenue Appropriated from Capital Fund	167,520,169
Total Unconditional Transfers (a)	167,520,169

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8	COMPENSATION OF EMPLOYEES			
		Period Ended 30th June, 2025	Period Ended 30th June, 2024	Prior period audited (30th June, 2024)
		KShs	KShs	
	-			
	Basic salaries of permanent employees	7,710,216	7,498,760	7,498,760
	Personal allowances paid as part of salary	5,130,298	4,353,311	4,353,311
	Pension and other social security contributions	1,437,069	983,502	983,502
(i)	Total Employee Costs	<u>14,277,583</u>	<u>12,835,573</u>	<u>12,835,573</u>
	Cashflow Movement			
	Total Employee Costs	14,277,583		
	Less: Accrued Salaries & Gratuity	451,039		
(ii)	Total Cash Employee Costs	<u>13,826,544</u>		

9	PURCHASE OF GOODS AND SERVICES			
		Period Ended 30th June, 2025	Period Ended 30th June, 2024	Prior period audited (30th June, 2024)
		KShs	KShs	
	-			
	Printing, advertising and information supplies	57,051,877	107,903,382	107,903,382
	Hospitality supplies and services	3,928,039	10,880,802	10,880,802
	Domestic travel and subsistence	59,918,000	6,813,900	6,813,900
	Contracted professional services	32,340,840	50,674,748	50,674,748
	Routine maintenance – vehicles and other transport equipment	2,600,365	1,970,409	1,970,409
	Training	408,298	25,944,280	25,944,280
	Hire of transport	1,004,935	252,479	252,479
	Bank Charges	159,995	64,422	64,422
(i)	Total Use of Goods	<u>157,412,350</u>	<u>204,504,422</u>	<u>204,504,422</u>
	Less Accrued Expenses	<u>29,619,184</u>		
(ii)	Total Use of Goods	<u>127,793,166</u>		

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10	DEPRECIATION AND AMORTIZATION EXPENSE	Period Ended 30th June, 2025	Period Ended 30th June, 2024	Prior period audited (30th June, 2024)
		KShs	KShs	
	-			
	Property plant & Equipment	1,549,123	-	
	Total Depreciation	1,549,123		

11. Cash and Cash Equivalents

Description	Period Ended 31st June, 2025	1 st July 2024
	Kshs	Kshs
Cash in Bank	6,409,021	106,607,363
Total Cash and Cash Equivalents	6,409,021	106,607,363

The project has one project account within the project implementation area and one foreign currency designated accounts managed by the National Treasury at the Central Bank of Kenya as listed below:

Project Bank Accounts

Details	Period Ended 31st June, 2025	1 st July 2024
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No. 1000426896]	1,122,489	1,122,489
Total Foreign Currency balances	<u>1,122,489</u>	<u>1,122,489</u>
<u>Local Currency Accounts</u>		
Kenya Commercial Bank [A/c No 1266570756]	6,409,021	106,607,363
Total local currency balances	<u>1,122,489</u>	<u>1,122,489</u>
Total bank account balances	<u>7,531,510</u>	<u>107,729,852</u>

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Special Deposit Accounts

The balances in the Project’s Special Deposit Account(s) as at 30th June 2025 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

	Year Ended 30th June 2025	Prior year audited (30th June, 2024)
	EUR	EUR
Central Bank of Kenya [A/c No. 1000426896]		
Opening balance	8,000	0
Total amount deposited in the account		1,253,665
Total amount withdrawn (as per Statement of Receipts & Payments)	=	- 1,245,665
Closing balance (as per SDA bank account reconciliation attached)	<u>8,000</u>	<u>8,000</u>

12. Receivables

Description	Period Ended 31st June, 2025	1st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Kenya Institute of Curriculum Development	6,881,978	6,881,978
Other Receivable (NTSA)	15,452,519	-
Total Receivables	22,334,497	6,881,978

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13. Property, Plant and Equipment

	M/ VEHICLES	COMPUTER & OTHERS	FURNITURE & FIXTURES	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.
<u>COST OR VALUATION</u>				
At 1 July 2024	21,708,000	523,614	1,354,400	23,586,014
Additions	-	8,249,999	595,000	8,844,999
Balance as at 30/06/25	21,708,000	8,773,613	1,949,400	32,431,013
Depreciation and impairment				
At 1 July 2024	21,708,000	523,614	439,500	22,671,114
Charge for the year	-	1,373,625	175,498	1,549,123
Balance as at 30/06/25	21,708,000	1,897,239	614,998	24,220,237
<u>NET BOOK VALUE</u>				
At 30th June 2025	-	6,876,374	1,334,402	8,210,776
At 30th June 2024	21,708,000	523,614	1,354,400	23,586,014

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14. Trade and Other Payables

Description	Period Ended 30th June, 2025	1 st July 2024
	Kshs	Kshs
Employee payables (Accrued Salaries)	451,039	-
Trade Payables	29,619,184	
Total Payables	30,070,223	-

15. ANNEXES


Annex 1: Prior Year Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY 2023/24	Undrawn Loan Balance	The project experienced delays at its inception stage because of exogeneous factors such as project funding remittance, Covid-19 pandemic, the electioneering period (pre and post) and approval of the project addendum (as disclosed in Financial Statements). This led to limited project activities in the first two project years and hence low absorption of project allocated funds. Management has accelerated implementation of activities especially during the year under audit. Further, Management also sought a one-year extension for the project to ensure all the undrawn balance is requested and utilized before the end of the implementation period for the project.	Not Resolved	30 th June 2026

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Annex 2: Reconciliation of inter-entity transfers



REPUBLIC OF KENYA

MINISTRY OF ROADS AND TRANSPORT
STATE DEPARTMENT FOR TRANSPORT

Telegrams: "TRANSCOMS", Nairobi
 Telephone: 2729200
 E-mail: info@transport.go.ke
 When replying please quote

NGONG ROAD
 P. O. Box 52692-00200
 NAIROBI, KENYA

REF: MOT&I/ACCTS/062 Vol. I (81) 16th July, 2025

The Managing Director
 National Transport and Safety Authority (NTSA)
NAIROBI

(Attn: Head of Finance/Accounts)

RE: CONFIRMATION OF GRANTS/DISBURSEMENT TO SAGAS FINANCIAL YEAR 2024/2025

The **State Department for Transport** wishes to confirm the amounts *disbursed to you* as at 30 June 2025 as indicated in the table below. Please compare the amounts *disbursed to you* with the amounts *you received* and populate them in column E in the table below. Then please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by (NTSA) as at 30 June 2023						
Reference Number	Date Disbursed	Amounts Disbursed by State Department for Transport as at 30 June 2023			Amount Received by (NTSA) as at 30 June 2024 (Kshs) (D)	Differences (Kshs) (E)=(C-D)
		Recurrent (Kshs) (A)	Development (Kshs) (B)	Total (Kshs)(C)= (A+B)		
FT24242L80TM	29/08/2024	16,700,000		16,700,000	16,700,000	0
FT242750DV35	01/10/2024	16,700,000		16,700,000	16,700,000	0
FT24316LVLTS	11/11/2024	16,600,000		16,600,000	16,600,000	0
FT24359X8MQ5	24/12/2024	50,000,000		50,000,000	50,000,000	0
FT2502881RCH	28/01/2025	50,000,000		50,000,000	50,000,000	0

NATIONAL TRANSPORT AND SAFETY AUTHORITY

21 JUL 2025

RECEIVED BY: _____

**Safe Roads/Usalama Barabarani
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FT2514053X26	20/05/2025	30,000,000		30,000,000	30,000,000	0
FT25015YF5CV	15/01/2025		30,000,000	30,000,000	30,000,000	0
FT250288MCFL	28/01/2025		30,000,000	30,000,000	30,000,000	0
FT2507820GR3	19/03/2025		30,000,000	30,000,000	30,000,000	0
FT25083MR4J5	24/03/2025		325,973,107.50	325,973,107.50	325,973,107.50	0
FT2513221GZG	12/05/2025		30,000,000	30,000,000	30,000,000	0
Total		180,000,000	445,973,107.50	625,973,107.50	625,973,107.50	0

I confirm that the amounts shown above are correct as of the date indicated.
Head of Accounting Unit – State Department for Transport

Name JOHN MACHARA Signature [Signature]

Date 17/7/2025 Stamp _____

THE PRINCIPAL SECRETARY
 STATE DEPARTMENT OF TRANSPORT
 P. O. Box 52682 - 00200
 NAIROBI

Head of Accounts Department - NTSA

Name Wasike W Signature [Signature]

Date 23/7/25 Stamp _____

DEPUTY DIRECTOR FINANCE
 23.07.2025
 NATIONAL TRANSPORT AND SAFETY AUTHORITY

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

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Annex 3: Fixed Asset Register

SCHEDULE OF PROPERTY PLANT & EQUIPMENT FY 2024-25 FOR THE PERIOD ENDED 30TH JUNE 2025				
	M/ VEHICLES	COMPUTER & OTHER EQUIPMENT	FURNITURE ,FIXTURES& FITTINGS	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.
COST OR VALUATION				
At 30th June,2024	21,708,000	523,614	1,354,400	23,586,014
Additions	-	8,249,999	595,000	8,844,999
Balance as at 30th June.,2025	21,708,000	8,773,613	1,949,400	32,431,013