

REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL TRANSPORT AND SAFETY
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2019**

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NATIONAL TRANSPORT & SAFETY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2019

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

(c) Key Management

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

- Board of Directors
- Director General
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Francis Meja
2.	Director Corporate Support Services	Christopher Leparan
3.	Director Road Safety	Njeri Waithaka (Until March 2019)
4.	Director Registration & Licensing	Jacqueline Githinji
5.	Director Road safety Audits and Inspection	Eng. Gerald Wangai
6.	Ag. Director Road Safety	Eng. Christine Ogut w.e.f April 2019

(e) Fiduciary Oversight Arrangements

The Board of Directors have constituted the following committees to provide fiduciary oversight

Committee	Members	Function
Audit, Risk & governance Committee	<ol style="list-style-type: none"> 1. Francis Mwongo- Chairperson 2. George Omino 3. Catherine Waweru 4. Eng. Meshack Kidenda 5. Alex Mbuvi 	Provides oversight on all internal Audit functions of the Authority
Finance Human Resources and Strategy Committee	<ol style="list-style-type: none"> 1. Moses Nderitu-Chairperson 2. Martin Eshiwani 3. Alice Chesire 4. Julius Kitili 5. Wilfred Okemwa 	Provides oversight on all Finance, Human resources and corporate planning and strategy matters
Transport & Technical Committee	<ol style="list-style-type: none"> 1. Eng. Meshack Kidenda-Chairperson 2. Catherine Waweru 3. Wilfred Okemwa 4. Martin Eshiwani 5. Francis Mwongo 6. Alex Mbuvi 7. George Omino 	Provides oversight registration licensing activities as well as motor vehicle inspection activities
Road Safety & Communication Committee	<ol style="list-style-type: none"> 1. Catherine Waweru-Chairperson 2. John Kitili 3. Eng. Meshack Kidenda 4. Alice Chesire 5. Moses Nderitu 6. Francis Mwongo 7. Wilfred Okemwa 	Provides oversight on Road safety and communication activities

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) NTSA Headquarters

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

(g) NTSA Contacts

Telephone: (254) 02 632300
E-mail: info@ntsa.go.ke
Website: www.ntsa.go.ke

(h) Corporate Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser



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

THE BOARD OF DIRECTORS

The Authority's Board Members comprise of the following

<p>1</p>	<p>Lt Gen (Rtd) Jackson Ndungu Waweru, CBS, OGW</p> <p>Chairman of the Board</p> 	<p>Lt Gen (Rtd) Jackson Ndungu Waweru, CBS, OGW, was appointed to serve as National Transport and Safety Authority Chair in October 2016.</p> <p>Prior to being appointed the Board Chairman, Lt Gen (Rtd) Waweru served in the Kenya Defence Forces (KDF) for 39 years. He held various positions in KDF among them Base Commander, Deputy Kenya Air Force Commander, Commandant Defence Staff College and Commandant National Defence College.</p> <p>He undertook various training courses among them flying training in India, Flying Supervisors Course in UK, Air Command and Staff training in USA and he is a graduate of National Defence College Kenya.</p> <p>He holds a Masters Degree in International Security Studies from the University of Leicester UK.</p>
<p>2</p>	<p>Dr. Alice Jephumba Chesire</p> <p>Vice Chairperson</p> 	<p>Mrs. Alice Chesire was appointed to the Board of National Transport and Safety Authority on 4th February 2019.</p> <p>Mrs Chesire is the Executive Chairman of Hornbill Development Company which specializes in property development and real estate. She has vast experience in corporate governance having served as a Director at Kenya Dairy Board, Horticultural Crops Development Authority and Fresh Produce Exporters Organization of Kenya. She has served in Human Resource, Technical and Audit committees of various Boards and has participated, championed and provided leadership in women empowerment.</p> <p>Dr. Chesire holds a PHD in Leadership (HC), and a degree in Leadership Management from St. Paul University. She also holds a Diploma in Agriculture from Egerton University.</p>




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<p>3</p>	<p>Mr. Wilfred Nyamwamu Okemwa</p> <p>Member</p> 	<p>Mr. Wilfred Okemwa was appointed to the Authority's Board on 30th May 2019.</p> <p>He holds a Bachelor's degree in Education (Business studies & Economics) and Diploma in Business Management both from the University of Nairobi. He has over 38 years' experience in public service with speciality in Public Policy, Tax and Road Transport Management having worked with the Kenya Revenue Authority as the Regional Coordinator in income tax for twenty two years and in Road Transport Department for sixteen years. He has attended several courses including Strategic Leadership development at the Kenya School of Government, Corporate Governance training with the Centre of Corporate Governance, Business Strategy for Results, HR for Non-HR Managers/Line Managers, Coaching and Winning, Performance Enhancement, Transformative Leadership, Talent Management, Conducting Meetings and Report Writing, Industrial Relations & Collective bargaining training, Communication & Interpersonal skills, Results Oriented management, Performance Management. He has also led various committees appointed as chairman at his previous work place leading from the front. Beside Government, he has also held leadership roles in various secondary schools in Kisii County and has been an inspiration to the community due to his leadership skills. He has held positions of chairmanship of various professional groups from the Kisii community.</p>
<p>4</p>	<p>Mr. Francis Kiriinya Mwongo, CBS,OGW,ndc(Kenya)</p> <p>Member</p> 	<p>Mr. Francis Kiriinya Mwongo was appointed to the Board of NTSA on 4th February 2019.</p> <p>He holds a degree in political science from the University of Nairobi and is a graduate of National defence college specializing in intelligence and security management, public administration, diplomacy and international studies. He is also an expert in leadership and strategic planning, public policy formulation and analysis. Having graduated from various institutions such as Strathmore University, Kenya School of Government, Storkholm University among others.He has over ten years' experience as a Director of intelligence and has served in the intelligence community of Kenya for forty years. He has previously held international leadership positions in the UN Security Council and Kenyan missions in Sweden and Tanzania.</p>




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5	<p>Mr. Moses Nderitu</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Moses Nderitu was appointed to the Board of NTSA on 4th February 2019. He is serving a second term in the Board having been appointed for the first time on 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>
6	<p>Hon. Catherine Njeri Waweru</p> <p>Member</p> 	<p>Hon. Catherine Waweru was appointed to the Board of National Transport and Safety Authority on 4th February 2019. She holds a Bachelor of Arts Degree in Communication Development from St Pauls University. She is an experienced Social Economic professional and development consultant with vast experience in community service, Governance and Development. She offers strategic leadership in areas of Health and Education in Nakuru County and serves in various community organisations and NGOs. She is a member of the Rift Valley Provincial Hospital Management Committee.</p>
7	<p>Eng. Meshak Kidenda</p> <p>Member</p> 	<p>Eng. Kidenda was appointed to the Board of National Transport and Safety Authority on 4th February 2019.</p> <p>Eng. Kidenda is a registered Consulting Engineer, a Fellow of the Institution of Engineers of Kenya and an Associate Member of the Chartered Institute of Arbitrators. He holds a B Sc. In Civil Engineering from the University of Nairobi and M Sc. in Traffic Engineering from University of Birmingham. He retired from Public Service after 37 years of service, where he served in various stations and capacities including in senior management as Chief Engineer (Roads), Director of Industrial Training and as the first Director General of the Kenya National Highways Authority - KeNHA.</p>

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8	<p>Ms. Esther Koimett, CBS</p> <p>Principal Secretary, State Department of Transport</p> 	<p>Ms Esther Koimett is the Principal Secretary, State Department of Transport.</p> <p>Ms. Koimett is a holder of a Bachelor of Commerce degree and a Master of Business Administration degree, both from the University of Nairobi. She has held various senior positions in Central Government and the State Corporations, including being the permanent secretary, Ministry of Tourism. She previously worked as the Investment Secretary, Ministry of Finance.</p> <p>The Alternate to the Principal Secretary on the Board of NTSA is Mr. Martin Eshiwani.</p>
9	<p>Mr. Henry K. Rotich, EGH</p> <p>Cabinet Secretary, The National Treasury</p> 	<p>Mr. Henry K. Rotich, EGH is currently the Cabinet Secretary for The National Treasury.</p> <p>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>
10	<p>AG. Paul Kihara,</p> <p>The Attorney General</p> 	<p>AG. Paul Kihara is the Attorney General of the Republic of Kenya</p> <p>Prior to his appointment he was the President of the Court of Appeal. He holds a Bachelors of Law Degree (LLB) from the University of Nairobi. He has vast experience as an advocate of the High Court having practiced Law for many years. Hon. Kihara has also served as a judge of the High Court and Court of Appeal of Kenya. He has also served in various judicial committees.</p> <p>The Alternate to the Attorney General is Mr. Alex Mbuvi.</p>

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11	<p>Mr. Hillary Nzioki Mutyambai</p> <p>The Inspector General of Police</p> 	<p>Mr. Mutyambai is the Inspector General of the National Police Service</p> <p>He is a trained police officer with a vast experience on security and intelligence matters. He has previously worked as a Superintendent of Police and the Deputy Director in charge of Counter-Terrorism in the National Intelligence Service. Mr. Mutyambai holds a bachelor degree in Information from the University of Nairobi and a Masters of Arts in National Security from Australia International University.</p> <p>The Alternate to the Inspector General is Mr Julius Muthama Kitili.</p>
12	<p>Mr. Francis Meja</p> <p>Director General</p> 	<p>Mr. Meja is the Director General of National Transport & Safety Authority.</p> <p>He is responsible for implementing the policies, programs and objectives of the Authority. Prior to his appointment, he was the Registrar of Motor Vehicles. Mr. Meja commands a wealth of knowledge and expertise on road transport and transport logistics. He is a holder of a Master's Degree in Business Administration (Strategic Management) from the University of Nairobi and a BA in Economics and Public Administration from the University of Marathwada in India.</p>
13	<p>Mr. Lawrence Kibet</p> <p>Corporate Secretary</p> 	<p>Mr Lawrence Kibet is the corporate secretary representing Image Registrars Limited; the body corporate contracted for secretarial services.</p>

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Board Members who retired during the financial year were:

1	<p>Ms. Bright Oywaya</p> <p>Member, Private Sector Representative</p> 	<p>Ms. Oywaya was on the Board of NTSA from 1st October, 2015.to 31st October 2018</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>
2	<p>Mr. Job Chirchir</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Chirchir was on the Board of NTSA from 1st October, 2015 to 31st October 2018</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>
3	<p>Mr. M'Limbiine Joseph Gitonga</p> <p>Member, Private Sector Representative</p> 	<p>Mr. Gitonga was on the Board of NTSA from 1st October, 2015 to 31st October 2018</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>




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<p>4</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 to 31st October, 2015 to 31st October 2018</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. Ewoton has headed several Non-Government organizations where he provided strategic leadership and linkages to development partners in Turkana County.</p>
<p>6</p>	<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 to 31st October, 2018</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>

MANAGEMENT TEAM

	NAME	POSITION
1	Mr. Francis Meja 	Director General 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.
2	Ms. Jacqueline Githinji 	Director, Registration and Licensing 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).
3	Eng. Gerald Wangai 	Director Technical Services He is Director Technical Services and holds a Bachelor of Science Degree (Mechanical Engineering) from the University of Nairobi .He has vast experience spanning 28 years in the Public Service. (W.e.f. February, 2018) He is responsible for the inspection of motor vehicles and road safety Audits.

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4	<p>Ms. Njeri Waithaka</p> 	<p>Director, Road Safety up to March 2019</p> <p>Njeri is an Advocate of the High Court of Kenya with a Post Graduate Diploma in Law from the Kenya School of Law. She holds a Bachelor of Laws (LLB) in Criminology from Keele University; a Master of Science in Criminology from the University of Leicester; and a foundation degree in Policing from De Montfort University. She has attended numerous trainings, including system of car control, investigating road traffic collisions and police emergency response driving.</p>
5	<p>Mr. Leparan Tialal</p> 	<p>Director, Corporate Support Services</p> <p>Mr. Tialal is responsible for Corporate Support Services including Finance, human resource and administration functions. He holds a Masters of Business Administration (MBA) in Strategic Management (University of Nairobi); a Bachelor of Commerce Degree in Business Administration (Catholic University of Eastern Africa); a higher Diploma in Human Resource Management (Kenya Technical University); and a Diploma in Business Administration (RVIST). He is a member of the Institute of Human Resources Management and a certified ISO 9001:2008 QMS internal auditor.</p>
6	<p>Eng. Christine Adongo Ogut</p> 	<p>Ag. Director Road Safety (w. e. f April 2019)</p> <p>Eng. Christine Ogut is a Professional Engineer with Engineers Board of Kenya, Corporate Member and a Council Member of the Institution of Engineers of Kenya. She holds a Bachelor of Science Degree (Civil Engineering) from University of Nairobi; a Master of Science Degree in Urban Infrastructure Engineering Management from UNESCO-IHE, Delft, Netherlands and a Diploma in Environment and Public Transport Management from Vagoch Transport Forsknings Institute (VTI) Linkoping, Sweden. She is a Road Safety Auditor and Trainer of Trainees. She has served as a Board Member of the Public Procurement Administrative Review Board. She has a wealth of experience spanning twenty-eight years in public sector.</p>

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OTHER 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, Driver Test
5	Ms. Margaret Kabochi	Deputy Director, & Head of Admin & Human Resource Management
6	Mr. Shalakra Shem	Ag. Senior Deputy Director, Supply Chain Management
7	Mr. Duncan Kibogong	Deputy Director, & Head of Road Safety Strategies
8	Mr. Hared Hassan	Deputy Director, & Head of Enforcements & Accident Investigations
9	Ms. Dido Guyatu	Deputy Director, Corporate Affairs & Communications
10	Ms. Miriam Njoroge	Deputy Director, Internal Audit

CHAIRMAN'S STATEMENT

It is my pleasure to present to you the fifth Financial Statements and Annual Reports of National Transport & Safety Authority (NTSA) for the year ended 30th June 2019. 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.

During the financial year ended 30th June 2019, the Authority faced a myriad of challenges. However despite the challenges, the Authority remained committed in an all-inclusive journey of reducing fatalities and improving customer service delivery as outlined in the Strategic plan. Some of the key deliverables were in the areas of Automation. Resultant to this, the Authority has been able to improve efficiency and significantly reduce the cost of services by providing access at the convenience of customers. Further, a lot of gains have been made towards reducing the time taken in processing applications.

During the year under review, the Authority continued to automate its core services through the implementation 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 licenses and application and renewal of Driving Licenses.

During the Financial year 2018/2019, the Authority embarked on a review of the current strategic plan 2016-2020. The aim of the review is to align the Plan to the current third Medium Term Plan for the Vision 2030, and the "Big Four Agenda", particularly the Health Agenda, considering that road safety is equally a public health issue.

Since the establishment of the Authority, we have demonstrated that road transport and safety is critical to the country and its citizens. Within five years of operations, the Authority has made significant steps in achieving its mandate despite the numerous challenges. The Authority's key mandate is to oversee and implement promotion of road safety in Kenya by advocating for behavior change among road users.

During the year under review, the Authority in collaboration with stakeholders reviewed the National Road Safety Action Plan 2019-23 to guide, coordinate and harmonise the activities of various Road safety actors including Government agencies and private sector players with an aim of improving road safety.

The Authority alongside the National Police Service (NPS) carried out targeted joint enforcement operations. Targeted in all the 14 Regions. The December festive season Enforcement exercise targeted drivers and passengers and realized a reduction of fatalities by 3.9%. The April joint enforcement, the number of crashes for PSVs and Heavy Commercial Vehicles declined. However, there was a notable increase in pedestrian fatalities.

To address county specific road safety challenges, the Authorities strategic approach has been seeking a collaboration with County governments. This has been achieved through establishment of County Transport committees (CTSCs). A total of 18 CTSC's are already established and operationalized. During the Year under review, the Authority launched and inducted six more counties in which included Nairobi, Machakos, Makueni, Busia, Uasin Gishu and Nakuru.


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In realization that driver skills is critical in reduction of fatalities, and with the guidance of the Ministry of Interior and Coordination of National Government, the Authority undertook a revalidation exercise of 627 driving schools. The aim of the exercise was to ascertain the level of compliance and quality of the driver training facilities as per the Driving School Regulations of 1971. The outcome will inform policies to streamline and professionalize the driving sector in Kenya.

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 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.

In conclusion, 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.



Dr. Alice J. Chesire
VICE CHAIRPERSON

REPORT OF THE DIRECTOR GENERAL

The Authority has prepared its fourth Annual Report and Financial Statement for the period ended 30th June 2019. The statements adopts the accrual concept based on the International Public Sector Accounting Standards (IPSAS) as pronounced by the Public Sector Accounting Standards Board. The statements provide more disclosures on utilization of allocated resources; detailed recording of significant financial transactions and summary of major expenditure items within the requirements of the Public Sector Accounting Standards and the Public Financial Management Act of 2015.

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:

- 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.

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.

Operational Performance

The financial year 2018/2019 had a number of challenges but despite the huddles, the Authority with the support of the Board undertook its mandate and achieved successes in its various areas of operations. Success in point is the full automation of motor Vehicle inspection Centres and commencement of the issuance of the Smart Driving License.

Migration of various NTSA services to the TIMS online system led to improved operation efficiency. During the Financial Year 2018/2019, the total number of registered vehicles for all categories was 319,161. The total number of transfers of all categories of vehicles were 320,009, duplicates logbooks issued were 4,923, Motor vehicle discharges were 35,625, reflective plates were 5,621, change of particulars were 8,276 while the number

of Asset finance Motor vehicles were 21,951. Also improved were the number of all categories of Licences. Road service licences issued were 68,218, Driver test Licenses were 383,880 while the Total number of PSV Badges were 160,289. The number of Smart Driving licenses issued were 96,907. Additionally, automation of inspection centres led to improved performance in terms of number of Motor vehicles inspected. During the year, 391,362 motor vehicles were inspected in the various NTSA motor vehicle centres.

Financial Performance

During the financial year 2018/19, 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. During the financial year ended 30th June 2019, the Authority raised Kshs. 1.84 Billion as revenue from its activities as compared to a figure of Kshs.1.48 billion in the previous year presenting a 24% growth. Further, the Authority also received Kshs 421.4Million as grant from the State Department of Transport.

The Authority's main expenditure are related to road safety interventions; technical operations; maintenance of assets; procurement of specialized supplies for registration; licensing and inspection of vehicles; staff costs and other administrative operational costs. The overall cost of NTSA operations for the year under review was Ksh 2.3 Billion.

Strategic Focus

During the year, the Authority reviewed its Strategic Plan (2019-2020). 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. Additionally, the revised strategic plan is aligned to the current third Medium Term Plan for the Vision 2030, and the "Big Four Agenda", particularly the Health Agenda, considering that road safety is equally a public health issue.

The focus of the strategic plan is on four key areas, namely Stakeholder Collaboration, Financial Sustainability, Innovation and People. All the four areas relate to each other, and success in all provides the foundation to sustain NTSA's mandate in the future. We are expected to not only align our actions to support the four key themes but also foster increased stakeholder collaboration to ensure that this strategy is achieved.

Road Safety Interventions

The Authority's key mandate is to oversee and implement promotion of road safety in Kenya by advocating for behaviour change among road users. This is done through enforcement, public education and awareness, research and data, policy formulation and mass media campaigns.

During the year under review, the Authority in collaboration with stakeholders developed the National Road Safety Action Plan 2019-23 to guide, coordinate and harmonise the activities of various Road safety actors including Government agencies and private sector players. The strategy sets a new path for creating a "Safe Roads for all users in Kenya". The NRSAP will guide the overall implementation of road safety policy in Kenya for the next five years. The action plan is aligned to the five (5) pillars of Decade of Action for Road Safety namely (i) Road Safety Management (ii) Safer Roads and Mobility (iii) Safer Vehicles (iv) Safer Road Users and (iv) Post-Crash Care. Coordinating actions across a range of disciplines and sectors.

During the high travel periods i.e. December-January and Easter (April), the Authority in collaboration with the National Police Service (NPS) carried out joint enforcement and highly visible enforcement operations activities targeting drivers and passengers in all the 14 Regions. The December Enforcement realized a reduction of fatalities by 3.9%. In the April joint enforcement, the number of crashes for PSVs and Heavy Commercial Vehicles declined. However, there was a notable increase in pedestrian fatalities.

Authority has also established and operationalized County Transport committees (CTSCs) where a total of 18CTSC's have been established. During the Year under review, the Authority launched and inducted six more counties in Naivasha (Nairobi, Machakos, Makueni, Busia, Uasin Gishu and Nakuru). The induction workshop also gave the counties an opportunity to develop county specific road safety action plans. The Authority also carried out capacity building workshops for the Machakos County to support the county implement their own County specific road safety action plan. This included road audit and assessment training among other key road safety issues.

In an effort to ascertain the level of compliance and quality of the driver training facilities as per the Driving School Regulations of 1971 and for a positive impact on road safety, the Authority achieved another key milestone through a revalidation of 627 driving schools. The outcome will inform policies to streamline and professionalize the driving sector in Kenya. A total of Six hundred and twenty-seven (627) schools were evaluated out of which only Three hundred and two (302) schools i.e. 48% schools qualified. All none-compliant driving schools were de-registered.

The Authority continued to collaborate with stakeholders in enhancing public Knowledge and awareness on safer road use. The Authority established relationships and engaged with various agencies both Government and Non-Governmental in implementing Road Safety Programmes.

Further, the Authority achieved a major milestone by undertaking the Road Safety Audits at different stages of the road projects. The exercise will go a long way in achievement of safer roads and mobility pillar under the Decade of action. With our country's rapidly expanding road network, we must assure road users of road safety for both new and existing road projects. Some of the Road safety audit project undertaken during the year under review included;

- a) Road safety audit on the newly constructed Kitui-Kibwezi road ;
- b) Pedestrian and Road Safety Audit on Outer Ring Road,
- c) Mombasa Southern Bypass Road Safety Audit
- d) Kwa Jomvu Work Zone Road Safety Audit in liaison with KenHA,
- e) Black spot survey on the Northern Corridor (A8) in conjunction with the Northern Corridor Transport and Transit Coordination Authority, NPS and KENHA to identify ten high risk black spots along the corridor.
- f) Other Audit reports submitted to the Authority by KeNHA included Road Safety Audits for Isiolo-Kualamawe- Modogashe (A10/B84) Road, Malindi-Garsen-Hola-Madogo (A7/B89) Road, Nakuru-Loruk-Marich Pass (B17) Road, and Isiolo-Moyale (A2) Road.

Human Capital

Under the People Pillar, we planned to institutionalize a performance management system. In this regard, the Authority Institutionalized a revised human resources policy, (ii) revised staff establishment and grading structures, and (iii) reviewed NTSA organization structure and career progression guidelines. The implementation of this policy instruments will adequately address gaps in staff establishment and related challenges, and further enhance staff productivity.

Way forward

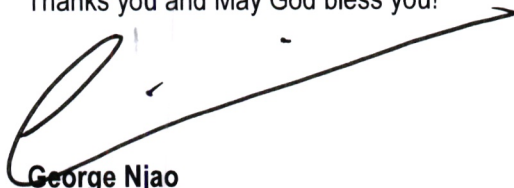
Going forward, we will continue with the implementation of our five year strategic plan with a view to achieving the set strategic objectives.

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

In conclusion, I wish to thank the Board for the support accorded to management and staff in the year. On the same breadth, may I also acknowledge the management and staff for their dedication throughout the year.

Thanks you and May God bless you!



George Njao
DIRECTOR GENERAL

CORPORATE GOVERNANCE STATEMENT

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

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

Appointment and Vacation of Office

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

Remuneration of the Board

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

Board Responsibilities

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

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

- a) Formulation and approval of the Authority's vision, mission and core values and formulation & approval of the Corporate Strategy, business plan and principles of technical operations.
- b) Approval of annual budget and the financial statements.

- c) Performance and approval of risk management strategy.
- d) Approval of major restructuring.
- e) Settlement of major litigation/claims.
- f) Approval of banking/authority levels, policies, procedures and manuals.
- g) Periodic formulation and review of ICT policies, procedures, strategies and work plans.

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

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They include;

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

The following is a summary of Board membership and average attendance in each committee during the financial year ended 30th June 2019.

No.	Name of the Committee	No of members	No of Meetings	Average Attendance
1	Full Board	12	20	8
	Special Full Board	11	1	9
2	Finance, HR & Strategy	5	17	5
3	Transport & Technical	7	12	7
4	Road Safety & Communication	6	11	6
5	Audit, Risk and Governance	5	10	5
6	Adhoc Committee of the Board	8	4	8

MANAGEMENT DISCUSSION AND ANALYSIS

A) The Authority's Operational and Financial Performance

During the financial year 2018/19, the Authority in meeting its mandate, realized a number of milestones under its technical core functions of Road safety, Registration, licensing and Motor vehicle inspection as detailed below;

1. Road Safety Management

1.1. Road Crash Fatalities and Injuries

The Authority committed to reducing the number of road traffic fatalities and injuries by 6% in Performance Contract of the financial year 2018/2019 as tabulated below:

Table 1.0 Targeted Traffic fatalities and Injuries 2018/2019

CLASS OF VICTIMS	ACTUAL 2017/2018	6% TARGET 2018/2019
FATALITIES	2,957	2,779
SERIOUSLY INJURED	3,886	3,653
SLIGHTLY INJURED	4,435	4,168
TOTAL	11,278	10,600

Table 1.1 Absolute number of fatalities recorded FY 2018/19 Compared to FY 2017/18

INJURIES	F/Y 2017/2018	F/Y 2018/2019	VAR	%VAR
FATALITIES	2957	3337	380	12.9
SERIOUSLY INJURED	3886	5687	1801	46.3
SLIGHTLY INJURED	4435	4923	488	11.0
TOTAL	11278	13947	2669	23.7

A total of 3,337 persons lost their lives in FY 2018/2019, a 12.9% increment, while 5,687 persons were seriously injured, a 46.3% increment and another 4,923 slightly injured, an 11.0% increment. The targeted 6% reduction was not achieved. The increment in fatalities was attributed to high number of pedestrians killed through "Hit and Run cases", human error - Over speeding, overtaking, reckless driving, not wearing seat belts or helmets, pedestrians crossing at unsafe locations etc.

Majority of the traffic fatalities were vulnerable road users- pedestrians (37.5%), Motor cyclists (19.0%) pillion passengers (8.4%) and cyclists (2.3%). In addition, slightly above one quarter of the deaths were among passengers (23.5%) many of whom are killed in Public Service Vehicles. Drivers who constituted 9.3% of the fatalities, realised an actual reduction in actual numbers from 319 fatalities to 310 fatalities.

The details of the fatalities are as below:

Table 1.2 Number of fatalities per category of victim's FY 2018/19 Compared to FY 2017/18

CATEGORIES OF VICTIMS	F/Y 2017/2018	F/Y 2018/2019	VAR	%VAR
PEDESTRIANS	1088	1250	162	14.9
PASSENGERS	735	786	51	6.9
MOTOR CYCLIST	532	633	101	19.0
DRIVERS	319	310	-9	-2.8
PILLION PASSENGERS	221	280	59	26.7
PEDAL CYCLIST	62	78	16	25.8
TOTAL	2957	3337	380	12.9

1.2. Road Safety Initiatives

The Authority's road safety initiatives focused on the following priority areas during the financial year under review to reduce fatalities and injuries:

i. Joint targeted and highly visible enforcement operations with National Police Service (NPS)

During the high travel periods i.e. December-January and Easter (April), the Authority carried out joint enforcement and sensitization activities targeting drivers and passengers in all the 14 Regions. The December Enforcement realized a reduction of fatalities by 3.9%. In the April joint enforcement, the number of crashes for PSVs and Heavy Commercial Vehicles declined. However, there was a notable increase in pedestrian fatalities.

ii. Public Education on Road Safety

During the year under review, the Authority carried out targeted, comprehensive and highly publicized road safety awareness campaigns on safer road use in all the 14 regions with NTSA presence, aimed at improving road user behavior and reducing road crash fatalities and injuries. A total of 106 public education programmes on safer road use were undertaken where 45,596 stakeholders were involved. The initiatives were done through one on one sensitization workshops, road safety caravans, social media, radio and TV campaigns, leveraging on existing partnerships with road safety actors, and through driver training and testing. The target groups included pedestrians, motorcyclists, PSV drivers and conductors, Private Motorists, Heavy Commercial Vehicle drivers and school children.

Milestones

- a) In all the fourteen (14) regions, weekly road safety campaigns were done.
- b) The Authority engaged the public through media forums/stations on road safety i.e.: Meru FM, K24, Citizen TV, Switch TV, Gikuyu TV, KASS Media, NTV, Inoro FM, Njata TV and Radio Maisha.
- c) Over 30 schools were sensitized in Makueni and Kitui Counties on road safety in collaboration with KeNHA and the respective County Governments.
- d) The Authority organized and participated in the UN road safety week, a worldwide annual event 6th to 12th May, 2019. The activities involved a caravan for 6 days, blood donation for crash victims among others and sensitization of the public on critical road safety issues.

iii. Road Safety Audits

The Authority undertook the following Road Safety Audits at different stages of the road projects

- a) Road safety audit on the newly constructed Kitui-Kibwezi road ;
- b) Pedestrian and Road Safety Audit on Outer Ring Road,
- c) Mombasa Southern Bypass Road Safety Audit
- d) Kwa Jomvu Work Zone Road Safety Audit in liaison with KenHA,
- e) Black spot survey on the Northern Corridor (A8) in conjunction with the Northern Corridor Transport and Transit Coordination Authority, NPS and KENHA to identify ten high risk black spots along the corridor.
- f) Other Audit reports submitted to the Authority by KeNHA included Road Safety Audits for Isiolo-Kualamawe- Modogashe (A10/B84) Road, Malindi-Garsen-Hola-Madogo (A7/B89) Road, Nakuru-Loruk-Marich Pass (B17) Road, and Isiolo-Moyale (A2) Road.

iv. Pedestrian Safety

Traffic Marshals channeled Pedestrians to cross at the designated crossing points along Nairobi high risk roads. Pedestrians were also sensitized at crossing points.

v. County Transport and Safety Committees

NTSA Act provides for the establishment of County Transport and Safety Committees in each County (CTSC). During the Year under review, the Authority launched and inducted six more counties in Naivasha (Nairobi, Machakos, Makueni, Busia, Uasin Gishu and Nakuru). The induction workshop also gave the counties an opportunity to develop county specific road safety action plans. The Authority also carried out capacity building workshops for the Machakos County to support the county implement their own County specific road safety action plan. This included road audit and assessment training among other key road safety issues.

vi. Driving Schools Revalidation

During the FY2018/19, the Authority carried out a driving school revalidation exercise for 627 driving schools. The exercise was conducted by the Government of Kenya, through the Ministry of Interior and Coordination of National Government, the National Police Service (NPS) and the National Transport and Safety Authority (NTSA). The objective of this revalidation process was to check and ascertain the level of compliance and quality of the driver training facilities as per the Driving School Regulations of 1971. The outcome will inform policies to streamline and professionalize the driving sector in Kenya.

As spelt out in the regulations all driving schools MUST meet the following requirements:

- a) Duly licensed by NTSA and offering training on classes for which they are licensed
- b) Have a training facility with a learner friendly environment
- c) Have qualified instructors to train specified driving categories
- d) Safe roadworthy training vehicles with a comprehensive insurance cover, inspected with the most current inspection reports
- e) Statutory requirements
- f) Instructor –student ratio is within the authorized limit.

A total of Six hundred and twenty-seven (627) schools were evaluated out of which Three hundred and two (302) schools i.e. 48% schools qualified, while Three hundred and twenty-five (325) schools i.e., 52% did not qualify.

All none-compliant driving schools were to be de-registered and those that qualified to be licensed afresh retrospectively. Forty-three (43) schools did not provide the necessary documents and were De-gazetted.

vii. National Road Safety Action Plan (NRSAP) 2019-2023

The National Road Safety Action Plan 2019-23 was developed and approved. The strategy sets a new path for creating a "Safe Roads for all users in Kenya". The NRSAP will guide the overall implementation of road safety policy in Kenya for the next five years. During the year under review, a final validation workshop was held which was attended by a high-level government delegation. The final NRSAP will be launched at a function that the Authority has organized.

viii. Baseline Surveys

The Authority Conducted the following surveys during the financial year.

- a) A baseline survey to assess current knowledge and public awareness on safer road use;
- b) a study on road users' compliance levels on all high-risk roads
- c) A survey on the effective and evidence-based road safety messaging which involves scientific approaches in developing messages;
- d) A Post campaign evaluation to ensure efficacy of road safety awareness interventions;

ix. Road Safety Materials Development for Education Curriculum

The Authority Developed Road Safety support materials to be included in the new education curriculum which will include involvement of children in road safety awareness (as the next generation/as agents of change, creation of school safety zones, school safety clubs). This was in collaboration with the Kenya Institute of Curriculum Development.

x. Collaboration and Partnership enhanced

Stakeholder engagement and collaboration is one of the Authority's key strategic objectives. The Authority established relationships and engaged with various agencies both Government and Non-Governmental in implementing Road Safety Programmes including:

- a) Kenya Institute of Curriculum Development to develop children safety support materials
- b) Road Safety Movement
- c) County governments through CTSCs
- d) Road Authorities (KeNHA and KURA) and County Governments on road safety audits
- e) Motor cycle operators through the BodaBoda Taskforce

1.3. Challenges Facing Road Safety

- a) The behaviour of road users is, in fact, the main cause of road crashes and road crash injury and death. Among the many risk factors involved in causing road crashes or increasing injury severity, the four most common are: 1 the failure to wear seat belts 2 the failure to wear crash helmets 3 driving at excessive or unsuitable speeds; and 4 driving under the influence of alcohol.
- b) Lack of road safety culture
- c) Limited number of riding schools for motorcycle riders. From a research study by Kenya Crime Research Institute only 10% riders are licenced yet there are 1,742,501 motorcycles registered on TIMS

- d) Lack of safe pedestrian crossing infrastructure
- e) High cost of road crashes (5.6% of Kenyan GDP)
- f) In adequate Capacity to inspect motor vehicles to ascertain their road worthiness in line with the law
- g) Poor enforcement of traffic legislation

2. Registration and Licensing

2.1 Registration of Motor Vehicles

During the current Financial Year, (2018/19) the Authority is expected to deliver on its mandate to register motor vehicles as prescribed in the NTSA Act. The tables below summarize 2018/2019 total performance under the registration activities carried out during the financial year.

NUMBER OF REGISTERED MOTOR VEHICLES DURING THE FINANCIAL YEAR 2018/19				
Type Of Vehicle	Motor Cycles	Motor Vehicles	Trailers	Total
Jul-18	13,960	10,318	171	24,449
Aug-18	18,682	9,891	147	28,720
Sep-18	14,758	8,284	215	23,257
Oct-18	17,668	10,925	172	28,765
Nov-18	18,047	9,788	138	27,973
Dec-18	13,591	9,202	94	22,887
Jan-19	18,550	10,318	117	28,985
Feb-19	15,877	8,051	110	24,038
Mar-19	19,043	8,482	130	27,655
Apr-19	18,312	9,595	134	28,041
May-19	18,806	10,209	107	29,122
Jun-19	15,270	9,893	106	25,269
TOTAL	202,564	114,956	1,641	319,161

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NUMBER OF TRANSFERS DURING THE FINANCIAL YEAR 2018/19				
Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-18	14,107	183.00	8,115	22,405
Aug-18	14,977	146.00	9,419	24,542
Sep-18	14,123	169.00	7,577	21,869
Oct-18	16,425	230.00	10,014	26,669
Nov-18	17,164	182.00	10,083	27,429
Dec-18	12,837	145.00	8,163	21,145
Jan-19	16,519	174.00	10,415	27,108
Feb-19	14,316	173.00	9,857	24,346
Mar-19	16,820	211.00	14,165	31,196
Apr-19	16,119	164.00	14,639	30,922
May-19	18,571	159.00	16,808	35,538
Jun-19	15,786	161.00	10,893	26,840
Total	187,764.00	2,097.00	130,148.00	320,009.00

NUMBER OF DUPLICATE LOG BOOKS ISSUED DURING THE FINANCIAL YEAR 2018/19				
Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-18	412	22	78	512
Aug-18	363	21	83	467
Sep-18	406	29	68	503
Oct-18	398	24	95	517
Nov-18	536	23	157	716
Dec-18	325	9	71	405
Jan-19	360	17	70	447
Feb-19	438	20	81	539
Mar-19	177	8	32	217
Apr-19	138	2	33	173
May-19	186	7	39	232
Jun-19	164	4	27	195
Total	3,903	186	834	4,923

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NUMBER OF VEHICLES DISCHARGED DURING THE FINANCIAL YEAR 2018/19				
Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-18	3,079	81	35	3,195
Aug-18	3,107	231	27	3,365
Sep-18	2,670	80	57	2,807
Oct-18	2,971	127	11	3,109
Nov-18	3,058	55	9	3,122
Dec-18	2,186	38	17	2,241
Jan-19	2,927	67	8	3,002
Feb-19	2,491	82	4	2,577
Mar-19	2,969	65	7	3,041
Apr-19	2,831	98	13	2,942
May-19	3,191	61	31	3,283
Jun-19	2,870	58	13	2,941
Total	34,350	1,043	232	35,625

NUMBER OF REFLECTIVE NUMBER PLATES ISSUED DURING THE FINANCIAL YEAR 2018/19				
Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-18	399	26	63	488
Aug-18	345	32	47	424
Sep-18	387	32	67	486
Oct-18	370	44	65	479
Nov-18	417	15	88	520
Dec-18	299	19	56	374
Jan-19	416	77	66	559

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Feb-19	388	29	81	498
Mar-19	399	6	64	469
Apr-19	354	14	62	430
May-19	463	44	62	569
Jun-19	353	11	61	425
Total	4,590	305	726	5,621

NUMBER OF CHANGE OF PARTICULARS DURING THE FINANCIAL YEAR 2018/19

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-18	286	1	1	288
Aug-18	313	1	0	314
Sep-18	360	2	0	362
Oct-18	416	2	0	418
Nov-18	535	1	0	536
Dec-18	447	7	0	454
Jan-19	774	13	4	791
Feb-19	1059	32	2	1093
Mar-19	952	39	1	992
Apr-19	830	39	1	870
May-19	1052	47	1	1100
Jun-19	1047	11	0	1058
Total	8,071	195	10	8,276

NUMBER OF ASSET FINANCING SERVICES OFFERED DURING THE FINANCIAL YEAR 2018/19

Month	Number of Motor Vehicle	Number of Trailer	Number of Motor Cycle	Total
Jul-18	1,836	10	7	1,853
Aug-18	1,854	17	8	1,879
Sep-18	1,877	14	5	1,896
Oct-18	2,029	16	5	2,050
Nov-18	2,080	14	11	2,105

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Dec-18	1,422	18	7	1,447
Jan-19	1,796	11	35	1,842
Feb-19	1,401	11	8	1,420
Mar-19	1,851	23	3	1,877
Apr-19	1,722	14	6	1,742
May-19	2,087	15	1	2,103
Jun-19	1,720	13	4	1,737
Total	21,675	176	100	21,951

2.2 Licensing

During the Financial Year, (2018/19) the Authority issued licenses as summarized in the table below;

Table 2.I Number of Licenses issued during the FY 2018/19

	Performance Target	Target FY2018/2019	Achieved FY2018/2019
1.	Road Service Licenses to PSV vehicles	200,000	68,218
2.	Driving test applications	197,000	383,880
3.	PSV badges	87,000	160,289
4.	Smart Driving License to drivers	1,000,000	96,907

3. Motor Vehicle Inspection and Safety Audit

	Performance Target	Target for the Year	Actual for the Year
1.	Vehicles inspected	365,000	391,632
2.	E- Stickers issued in MVI Centers	108,000	156,453

B) Compliance with statutory requirements

During the period under review there was no major non-compliance that may expose the Authority to potential contingent liabilities.

C) Key Projects/Investment Decisions The Authority is Implementing

Smart Driving License Project

During the Financial Year under review, the Authority continued the migration to the smart driving license. 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 key stakeholders profile drivers based on their behavior and driving history. Through its demerit point system, the Smart DL will go a long way in improving road safety by profiling drivers to keep good history. In addition, the DL has a payment wallet that will be used to pay for traffic fines.

The Authority has issued **96,907** smart driving licenses during the FY 2018/2019. This number is significantly below the targeted number of 1,000,000 driver's licenses. The delay has been occasioned by lack of Printers and inadequate Readers. The Authority has in an effort to address this shortcoming sourced for a higher capacity state of the art printing machine known as INNO6000 which has the capacity of up to 300 cards per hour. It is expected that increased efficiency will be achieved in the coming year as a result of this initiative.

D) Major Risks Facing The Authority

The Authority is prone to risk because of the nature of its activities. These risks include credit and liquidity risk. 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.

1. 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 Authority was not exposed to any credit risks during the year ended 30th June 2019.

2. 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. During the year under review, the Authority managed liquidity risk by continuously reviewing forecasts and actual cash flows.

E) Material Arrears in Statutory/Financial Obligations

The Authority has no material arrears in statutory/financial obligations such as loan default, tax default, outstanding staff and pension obligations/actuarial deficit on pension schemes, non-payment of dividends and loan redemption to the National Exchequer.

F) The Authority's financial probity and serious governance issues

There was no major financial improbity that has been reported by internal audit/Board audit committee, external auditors. There are also no other serious governance issues among the Board or member of the Board and top management.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Corporate Social Responsibility (CSR) refers to the voluntary activities undertaken by the Authority to operate in an economic, social and environmentally sustainable manner. The strategies are expected to make a positive impact on the environment and all stakeholders. In this regard, during the financial year 2018/2019, the Authority alongside the Kenya Forests Service (KFS) and Tana Athi River Development Authority (TARDA) undertook a tree planting exercise where 300 seedlings were planted at NTSA Machakos Regional Offices. The tree planting is part of a Presidential Directive where 10% of all CSR budget allocations be allocated for reforestation.

As our country deals with the challenges presented by road transport, majority of road crash victims who sustain injuries lose a lot of blood and often rely on donated blood to save their lives. As a way of commemorating the World Day of Road Crashes in the year 2018, the Authority organized various pre road safety activities in a week dubbed road safety week.

One of the key activities undertaken during the week was a blood drive targeting the PSV industry players and the general public was conducted between 6th and 7th December, 2018 at the August 7th Memorial Park in Nairobi. The exercise was undertaken in collaboration with the Kenya National Blood Transfusion Services. During the two-day exercise a total of 110 pints of blood were collected.

Further, the Authority in conjunction with the Ministry of Health conducted a free medical camp at Railways Bus Station targeting PSV operators as well as the members of the public. The aim of the free medical camp was to screen for ailments that predispose one to compromised safety on the roads. Other activities held during the week included free Motor vehicle inspection clinics and sensitization of general public on road safety.

During the year under review, the Authority also partnered with Standard Chartered Bank in their global initiative aimed at tackling avoidable blindness and visual impairment dubbed '**Seeing is believing**'. Through this initiative, 25 members of staff participated in the annual marathon.

The Authority holds that "a healthy workforce is the backbone of its success". It is against this backdrop that it partnered with medical service providers in setting up a two days wellness clinic/medical camp at the NTSA headquarters. The clinic offered staff a choice of the test/examination they wished to undergo with the aim of providing early detection of chronic condition followed by treatment/proper management to lower risks of complications.

It is evident that the impact of maintaining a clean environment has numerous social and economic benefits to a country. During the year under review, the Authority in conjunction with Upper Hill District Association (UHDA) held two successful clean up exercises around the Upper hill area.

The Authority will continue undertaking more CSR activities as a way of giving back to the society during the coming financial year.

REPORT OF THE 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, 2019 which shows the state of the Authority's affairs

Principal Activities

The principal activities of the Authority include:

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

Results

The results of the Authority for the year ended 30 June, 2019 are set out on pages **1-24**

Directors

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

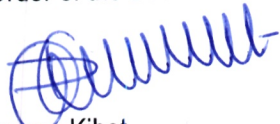
Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY18/2019) and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board


Lawrence Kibet
Corporate Secretary
Nairobi

Date..... 07th Aug. 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 51 of the National Transport and Safety Act, 2012 require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the National Transport and Safety Authority. The Directors are also responsible for safeguarding the assets of the Authority

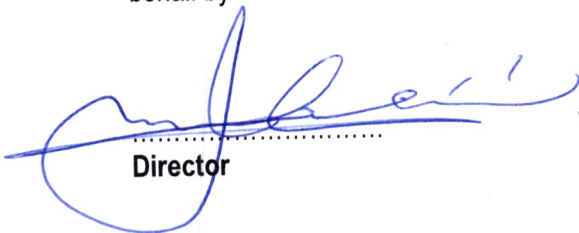
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Transport and Safety Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the NTSA Act 2012). The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of National Transport and Safety Authority transactions during the financial year ended June 30, 2019, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the Financial Statements

The Authority's financial statements were approved by the Board on 20th SEP. 2019 and signed on its behalf by:

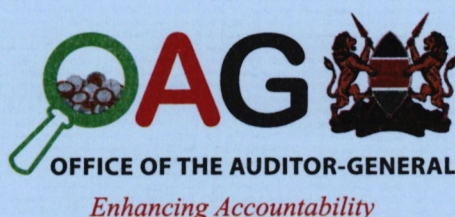

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Director


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Director


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Director

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL TRANSPORT AND SAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Transport and Safety Authority set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2019, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Transport and Safety Authority as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Transport and Safety Authority Act, 2012.

Basis for Qualified Opinion

1. Receipts for National Urban Transport Improvement Project (NUTRIP)

As disclosed in Note 7 to the financial statements, the Authority received an amount of Kshs.36,000,000 for NUTRIP Project Cr.5140 KE, which is funded by the World Bank, to facilitate payment of specified transactions as per the State Department for Transport letter Ref. MOT&I/ACCTS/033/VOL. III (74) of 25 January, 2019. However, no satisfactory explanation was provided on the circumstances under which the transfer was made to the Authority. It was also not explained why the State Department for Transport, being the implementing agency for the project, could not make the payments.

Further, the documents provided in support of the payments indicated that the transactions were for the financial years 2016/2017 and 2017/2018. Although Management explained that the payments were related to 20% GOK counterpart funding owed to suppliers for equipment delivered under the project in the previous financial years, no evidence was provided to confirm that the bills or invoices were still outstanding.

In the circumstances, the validity of the receipt for NUTRIP Project and propriety of the expenditure of Kshs.36,000,000 could not be confirmed.

2. Unsupported Revenue from Foreign Motor Vehicle Travel Permits Fees

The statement of financial performance reflects an amount of Kshs.1,873,420,733 being revenue earned from rendering services which includes an amount of Kshs.65,752,925 relating to foreign motor vehicle travel permit fees. The fee payable by the applicants for the permits was dependent on the duration of the applicants' stay within the country and the engine capacity of the vehicles used. However, supporting documents including form C32 or Carnet used for applications and renewal of the permits as well as reconciliations of the permits applied for, permits issued and the revenue received were not provided for audit verification. Although Management explained that the fee is collected by a different government agency, evidence of the measures in place to ensure that all revenue due was collected and accounted for was not provided for audit review.

Consequently, the completeness and accuracy of the revenue amount of Kshs.65,752,929 in respect of foreign motor vehicle travel permits fees could not be confirmed.

3. Technical Operational Costs

3.1. Misstatement of Expenses

The statement of financial performance reflects an expenditure of Kshs.1,054,376,096 under general expenses (operating expenses) which, as disclosed in Note 13(i) to the financial statements, includes amounts of Kshs.34,200,655 and Kshs.28,476,544 in respect of smart-card driving license expenses and specialized materials and supplies expenses respectively. However, a scrutiny of records revealed that the reported smart-card driving license expenses were overstated by Kshs.1,990,820 while the reported amount of Kshs.28,476,544 for specialized materials and supplies was understated by Kshs.2,355,092.

3.2. Printing of Third License Stickers

Included in the expenditure of Kshs.1,054,376,096 under general expenses (operating expenses) is an amount of Kshs.105,222,540 relating to printing of third-party license stickers. The amount specifically relates to the expensed cost of the Radio Frequency Identification (RFID) stickers issued in the period under review. The schedule provided in support of the expenditure indicated an opening balance of 808,000 stickers and a closing balance of 446,000 stickers translating into 362,000 stickers issued in the period.

However, stores ledger and stock control card No. 291523 reflected a balance of 818,000 stickers as at 30 June, 2018 and a balance of 470,000 stickers at the close of the financial year on 30 June, 2019 translating into 348,000 stickers issued in the financial year 2018/2019, resulting to an unexplained difference of 14,000 stickers leading to an estimated overstatement of the printing of third-party license stickers expenditure by Kshs.4,069,380.

4. Unsupported Total Cash Flow Movement for General Expenses

The statement of cash flows reflects a total cash flow movement of Kshs.918,304,484 arrived at by deducting accrued expenses (creditors) amount of Kshs.318,072,780 from the total general expenses of Kshs.1,054,376,096 and adding back 2017/2018 financial year creditors settled amount of Kshs.182,001,169. However, a schedule in support of the creditors balance was not provided for audit.

In the circumstances, the accuracy and validity of the cash payments of Kshs.918,304,484 relating to general expenses as reflected in the statement cash flows could not be confirmed.

5. Unreconciled Differences Between the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts

The expenditure amounts for two items reflected in the statement of financial performance differs with amounts in the statement of comparison of budget and actual amounts as shown below:

Expenditure Item	Expenditure as per Statement of Financial Performance Kshs.	Expenditure as per Statement of Comparison of Budget and Actual Amount Kshs.	Variance Kshs.
Compensation of Employees	1,050,725,415	993,197,223	57,528,192
Goods and Services	69,627,236	1,211,157,369	(1,155,904,305)

Consequently, the accuracy of the expenditure amounts reported under these items could not be confirmed.

6. Long Outstanding Receivables

The statement of financial position reflects an amount of Kshs.218,849,949 under receivables from exchange transactions which, as disclosed in Note 16 to the financial statements, includes an amount of Kshs.61,655,788 relating to revenue collections through e-Citizen. The latter balance includes an amount of Kshs.32,469,685 for e-Citizen revenue generated between March and June, 2015. No satisfactory explanation was provided for failure to recover the long outstanding receivables to date.

Consequently, the recoverability of the long outstanding receivable is, therefore, doubtful.

7. Inventories

7.1. Overstated Smart Card Inventories

The statement of financial position reflects inventories balance of Kshs.271,554,918 as at 30 June, 2019. The balance includes Kshs.98,661,768 being the cost of 297,174 blank

smart cards held in the Authority's main store at the Head Office. The cards were valued at Kshs.332 instead of Kshs.307.80 per card as provided in the bid documents and the supplier's invoices leading to an overstatement of inventories as at 30 June, 2019 by Kshs.7,192,276. Although Management availed Journal Voucher No. 27 by which the inventories balance was increased by Kshs.7,192,276, details of the particular smart cards that led to the increase of the inventories balance were however, not provided for audit review.

7.2. Unaccounted for Radio Frequency Identification (RFID) Stickers

Also included in the inventories balance of Kshs.271,554,918 is an amount of Kshs.129,638,810 being the value of 446,000 RFID stickers in the Authority's main store as at 30 June, 2019. However, stores ledger and stock control card No. 29123 indicated that there were 470,000 RFID stickers in the store as at June 30, 2019. It was further observed that on 3 July, 2019 the stock control card No.29123 was replaced with stock control card No. 531342 wherein the balance brought forward was recorded as 446,000 stickers thereby, leading to 24,000 unaccounted for stickers. The unaccounted-for stickers had a value of Kshs.6,976,080 and would have generated Kshs.16,800,000 in revenue.

Although, Management provided Enterprise Resource Planning (ERP) system generated counter requisition and issue vouchers (S11s) indicating that the 24,000 stickers were issued in May, 2019, the reliability of the system generated documents was in doubt since they were not duly signed and due to the fact that Management had admitted having challenges in the implementation of the inventory module in the ERP system.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Transport and Safety Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing 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 qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Contingent Assets - Motor Vehicle Inspection Centres

As disclosed in Note 4(g) to the financial statements under significant accounting policies-contingent assets, the Authority undertakes motor vehicle inspections in seventeen (17) centers across the country which were handed over to the Authority by the Kenya Police Service in December, 2013. During the financial year 2018/2019, the Authority generated revenue amounting to Kshs.391,631,700 from motor vehicle inspections carried out at the centers. However, the fair value of the properties has not been reflected in the financial statements as required under Paragraph 14 of IPSAS 17 – Property, Plant and Equipment and Paragraph 41 of IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets.

Further, no documentary evidence was provided for audit review of notification to The National Treasury regarding the transfer of the inspection Centres as required under regulation 143 (5) of the Public Finance Management (National Government) Regulations, 2015. In addition, the Authority is yet to obtain ownership documents for the inspection Centres.

2. Cash and Cash Equivalents

The Authority reported cash and cash equivalents balance of Kshs.212,936,095 as at 30 June, 2019, being the cash in hand and reconciled bank balances held in five (5) bank accounts with local commercial banks. However, monthly bank reconciliation statements for the bank accounts were not prepared and submitted to The National Treasury or to the Auditor-General as required under Regulation 90 of the Public Finance Management (National Government) Regulations, 2015. Management explained that the Cash and Bank Module of the Enterprise Resource Planning (ERP) system had a technical challenge which took a longtime to address resulting in delayed bank reconciliation exercise.

3. Failure to Secure Ownership for Smart Card-Based Driving License Application Software and Related Infrastructure

The Authority in March, 2017 signed a contract for supply, delivery, installation and maintenance of second-generation smart card-based driving license and associated services with a local bank - being a lead partner of the consortium that was to deliver the services at a contract sum of Kshs.2,028,991,484 (USD. 21,094,282) for a period of three (3) years ending on 8 March, 2020. The contract period was later extended for a period of twenty-four months effective from 8 March, 2020 to 8 March, 2022.

The contract sum included an amount of Kshs.431,309,012 for supply of application software and operating system, installation, testing, commissioning and other software related components. However, the Management has not secured ownership of the application software and related infrastructure including equipment such as signature pads, printers and the bulk printer used for printing the cards.

Sign-offs provided for audit verification indicated that the system had been tested and accepted by the Authority. The Authority had also paid the vendor an amount of Kshs.2,841,742 for the cost of training the staff on use the system. However, audit inspection at the smart card-based driving license production room at the Authority's Head Office revealed that printing of the cards was being undertaken by the project consortium staff. This cast doubt on whether the system and hardware were handed over to the Authority and on the continued usage of smart card-based driving licenses already issued to the public upon the expiry of the contract between the Authority and the vendor. The Authority upon issuance of the five million smart cards provided for in the contract to the public is likely to incur additional costs in development, supply and installation of another software and related infrastructure which will be borne by the public.

In the circumstances, it could not be ascertained whether the Authority obtained value for money in acquiring and using the software and related infrastructure.

4. Overstocking of Blank Smart Cards

A review of stores ledger and stock control cards for the blank smart cards maintained by the Authority and an audit inspection at the Authority's stores revealed that the balance of the cards was 297,174 as at June 30, 2019. However, as of May, 2020 the stock balance had increased to 1,749,174 cards despite the slow usage of the Smart Cards. The Authority was, therefore, in contravention of Section 162(3) of Public Procurement and Asset Disposal Act, 2015 which provides that overstocking of any particular item shall be avoided and Regulation 83(2)(h) of the Public Finance Management (National Government) Regulations, 2015 which provides for managing inventories to the minimum level necessary for efficient and effective programme delivery. The Authority is likely to incur losses from pilferage, damage or deterioration of the excess cards.

5. Accountability for Inventory Items Issued in Bulk

The inventories balance of Kshs.271,554,918 reflected in the financial statements as at 30 June, 2019 includes amounts of Kshs.242,569,352 and Kshs.11,329,717 for the value of accountable items (held-for-sale inventories) held at the Authority's main store at the Head Office and at various regional offices, respectively. However, records of the movement of the items after being issued in bulk from the main store to the regional offices and to the user departments were not provided for audit verification. In addition, it was not clear why the Authority had not fully automated its inventory management processes in spite of having acquired the Enterprise Resource Planning (ERP) system in the financial year 2015/2016. It could, therefore, not be confirmed that preventative mechanisms were in place to eliminate theft, losses, wastage and misuse of the assets as required under Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015.

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

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

14 July, 2021

National Transport and Safety Authority (NTSA)
Annual Report and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Revenue from Non-Exchange Transactions			
Transfers from Ministry - Grants and other Authorities	7	421,400,000	436,000,000
		421,400,000	436,000,000
Revenue from Exchange Transactions			
Rendering of services	8 (i)	1,873,420,733	1,480,195,639
		1,873,420,733	1,480,195,639
TOTAL REVENUE		2,294,820,733	1,916,195,639
Expenses			
Use of Goods & Services	9(i)	69,627,236	73,298,060
Employee Costs	10(i)	1,050,725,415	980,004,568
Depreciation & Amortization expense	11	75,653,727	174,895,297
Repairs & Maintenance	12	6,215,967	5,016,799
General Expenses (Operating Expense)	13(i)	1,054,376,096	804,993,051
Remuneration of Directors (Board Expenses)	14	23,409,878	32,467,742
TOTAL EXPENSES		2,280,008,319	2,070,675,516
Surplus/(deficit) for the period		14,812,414	(154,479,877)
Balance as at 1st July 2018		(134,632,109)	19,847,768
Balance as at 30th June 2019		(119,819,695)	(134,632,109)

The notes set out on pages 1 to 30 form an integral part of these Financial Statements

National Transport and Safety Authority (NTSA)
Annual Report and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2019

ASSETS	Note	2018-2019	2017-2018
Current Assets		Kshs	Kshs
Cash and Cash equivalents	15	212,936,095	79,078,502
Receivables from Exchange Transactions	16	218,849,859	75,342,003
Rental Lease Deposit	17	26,174,315	26,174,315
Retention Fee	18	5,023,070	20,247,740
Prepayments	19	202,902,171	442,367,012
Inventory	20	271,554,918	474,011,149
Staff Debtors	21	2,871,050	944,146
		940,311,478	1,118,164,867
Non-Current Assets			
Property, Plant and equipment	22	614,075,159	663,179,546
Intangible Assets	23	431,309,012	
		1,045,384,171	663,179,546
TOTAL ASSETS		1,985,695,650	1,781,344,413
LIABILITIES			
Current Liabilities			
Staff Gratuity	24(i)	32,030,354	24,602,342
Retention Payable	18	5,023,070	-
Creditors	24(ii)	218,875,070	326,430,851
Provision for Contingent Liabilities-Legal	25	69,616,443	-
TOTAL LIABILITIES		325,544,937	351,033,193
NET ASSETS			
Capital Reserves	26	447,040,258	532,013,180
Government Reserves	27	1,261,811,903	961,811,903
Revaluation Reserves	28	71,118,247	71,118,247
Accumulated Surplus		(119,819,695)	(134,632,109)
		1,660,150,713	1,430,311,221
TOTAL NET ASSETS AND LIABILITIES		1,985,695,650	1,781,344,413

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Board of Directors by:

Director General

Name: George Njoro

Date: 06/08/2020

Head of Finance

Name: Wycliffe Wasiko

Date: 4th August 2020

Chairman of the Board

Name: Dr. Alice Chesire

Date: 8th August 2020

ICPAK Member Number: 4267

National Transport and Safety Authority (NTSA)
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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2019

	Capital Reserves Kshs	Government Reserves Kshs	Revaluation Reserves	Accumulated Surplus Kshs	TOTAL Kshs
Balance as at 1st July, 2017	333,000,337	661,811,903	-	19,847,768	1,014,660,008
ADD					-
Revaluation of Motor Vehicles		-	71,118,247		71,118,247
Donations	199,012,843				199,012,843
Transfer of Development Funds from Ministry-State Dept. of Transport		300,000,000			300,000,000
Surplus/(deficit) for the period				(154,479,877)	(154,479,877)
Balance as at 30th June 2018	532,013,180	961,811,903	71,118,247	(134,632,109)	1,430,311,221
Balance as at 1st July, 2018	532,013,180	961,811,903	71,118,247	(134,632,109)	1,430,311,221
ADD					(84,972,922)
Donations	(84,972,922)				(84,972,922)
Transfer of Development Funds from Ministry-State Dept. of Transport		300,000,000			300,000,000
Surplus/(deficit) for the period	-	-	-	14,812,414	14,812,414
Balance as at 30th June 2019	447,040,258	1,261,811,903	71,118,247	(119,819,695)	1,660,150,713

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Cash flows from Operating Activities			
Receipts			
Government grants and subsidies	7	421,400,000	436,000,000
Transfer of Development funds from Ministry-State Dept. of Transport	7	300,000,000	300,000,000
Transfer from The National Treasury for Payment of NUTRIP Project Suppliers	7	36,000,000	-
Other income		-	-
Revenues through Direct Deposit, KRA & e-Citizen	8(iii)	1,809,441,786	1,522,105,404
		2,566,841,786	2,258,105,404
Payments			
Use of Goods	9(ii)	73,777,412	67,803,284
Compensation of Employees	10(ii)	968,564,857	960,922,332
General Expenses (Operations)	13(ii)	918,304,484	730,834,340
Board Expenses	14	23,409,878	32,467,742
Prepayments		-	63,777,103
Staff Debtors	21	2,871,050	944,146
Other Expenses	29	335,167,818	330,326,466
		2,322,095,500	2,187,075,412
		244,746,287	71,029,993
Net cash flows from Operating Activities			
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment	30	110,888,694	233,381,118
		110,888,694	233,381,118
Net Cash flows used in Investing Activities			
Net Increase/(decrease) in Cash and Cash Equivalents			
		133,857,593	(162,351,126)
Cash and Cash equivalents as at 1 July 2018		79,078,502	241,429,628
Cash and Cash Equivalents as at 30 June 2019		212,936,095	79,078,502

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs
Revenue						
Government grants and subsidies	1,061,400,000	(340,000,000)	721,400,000	721,400,000	0	0
Rendering of services	1,729,200,000	130,800,000	1,860,000,000	1,873,420,733	13,420,733	1
Development Partner Funding	521,400,000	(521,400,000)	0	0	0	0
Total income	3,312,000,000	(730,600,000)	2,581,400,000	2,594,820,733	13,420,733	1
Expenses						
Compensation of employees	956,900,000	48,000,000	1,004,900,000	993,197,223	11,702,777	1
Goods and Services	918,200,000	110,600,000	1,028,800,000	1,211,157,369	(182,357,369)	(18)
Other Payments	1,436,900,000	(889,200,000)	547,700,000	389,955,395	157,744,605	29
Total Expenditure	3,312,000,000	(730,600,000)	2,581,400,000	2,594,309,987	(12,909,988)	
Surplus for the period	0	-	(0)	510,746	510,746	

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RECONCILIATION STATEMENT	
Particulars	Total (Kshs)
Reported Surplus as per Statement of Budget as at 30 June 2019	510,746
Add Back	
Capital Expenditure in Statement of Budget	389,955,395
Adjusted Surplus	390,466,141
Less: Non-Cash Transactions in the Statement of Performance	
Depreciation charge & Amortization expense	75,653,727
Total Non-Cash Transactions	75,653,727
Adjust for Development Grant	
Grant from State Dept. of Transport	300,000,000
Total Development Grant	300,000,000
Sub-Total (Total Non-Cash and Total Development Grant)	375,653,727
Surplus for the period as per Statement of Performance as at 30 June 2019	14,812,414

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

XIII NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2019

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS)-Accrual Basis. The accounting policies adopted have been consistently applied to all the years presented.

**National Transport & Safety Authority
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3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.</p> <p>The Authority evaluated the impact of this new standard and noted that it had no impact on the Authority's financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The Authority evaluated the impact of this new standard and noted that it had no impact on the Authority's financial statements.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows. <p>The Authority evaluated the impact of this new standard and noted that it had no impact on the Authority's financial statements.</p>

iii. Early Adoption of Standards

The entity did not early – adopt any new or amended standards in year 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions

Fees, Taxes and Fines

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

Transfers from other Government Entities

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

ii) Revenue from Exchange Transactions

Rendering of Services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. In this context, NTSA revenues consist of the following government approved Appropriation in Aid (AIA) revenue streams including actual receipts during the financial year 2018/2019 as below:

NTSA AIA REVENUE FOR THE FINANCIAL YEAR 2018/2019

S//No.	REVENUE STREAM	TOTAL RECEIPTS (KSHS)
i	Road Service License	244,809,370
ii	Sale of Number Plates	518,572,680
iii	Driver Test Booking	230,514,400
iv	Motor Vehicle Inspection	391,631,700
v	Foreign Motor Travel Permits	65,752,925
vi	Sale of PSV Badges.	141,235,000
vii	e-Sticker (RFID)	244,641,300
viii	Other Revenues	263,358
ix	Receipts for NUTRIP Project	36,000,000
	TOTAL REVENUE	1,873,420,733

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of Goods

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

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly on 20th September, 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in page 6 of these financial statements.

EXPLANATORY STATEMENT OF MATERIAL DIFFERENCES

	Budget	Performance	Variance	Remarks
Goods and Services	1,028,800,000	1,211,157,369	(182,357,369)	Over expenditure was occasioned by provisions made for the depreciation, contingent liability for legal fees and the remittance of 90% surplus realised in FY2015-16 to The National Treasury. It was also affected by payments for specified NUTRIP Project suppliers forwarded by the State Department for Transport. These items were not factored in the budget because of their contingent nature and for being non-cash.
Other payments	547,700,000	389,954,764	157,745,236	Under absorption was occasioned by implementation challenges to the development projects.

c) Property, Plant and Equipment

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

d) Leases

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

e) Intangible assets

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

f) Inventories

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

g) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 recognises contingent liabilities in the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote in which case the same is disclosed in the notes.

The contingent liabilities recognised in the books relate to legal services rendered as disclosed in Note 30.

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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority discloses that it is currently undertaking motor vehicle inspection in seventeen (17) centers across the country which were handed over to NTSA in December 2013. Despite initiating the process of acquisition, titles for these parcels have not been received to confirm ownership

h) Nature And Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains the following reserves:

- a) Capital Reserves
- b) Government Reserves
- c) Revaluation Reserves and
- d) Accumulated Surplus

i) Changes In Accounting Policies And Estimates

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

j) Employee Benefits

Retirement Benefit Plans

The Entity 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.

k) Foreign Currency Transactions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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 Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Director General and senior managers.

m) Cash and Cash Equivalents

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

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
4	National Transport & Safety Authority- USD A/C	1216217998	5 th September, 2017	KCB
5	National Transport & Safety Authority	01060202394100	30 th October 2017	NBK
6	National Transport & Safety Authority	01060202394300	30 th October 2017	NBK

n) Comparative figures

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

o) Subsequent Events/Events After Reporting Period - IPSAS 14

The Authority notes the following subsequent events to the financial year ended June 30, 2019: relating to the Contract for Supply, Installation and Maintenance of Second Generation Smart Card Based Driving License & Associated Services awarded to The National Bank of Kenya as the lead firm in prior financial periods:

- i. The National Bank of Kenya, the lead firm contracted to undertake the capital project of Smart-Card Driving License is under change of ownership structure which may pose undisclosable risk as the project implementation progresses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ii. The contract is due for expiry at the end of March 2019 while their performance is at about 17% with the vendor having supplied a total of 842,050 Cards against the targeted value of 5Million cards. As at end of the close of the financial year, about 96,907 has been issued & sold as receipts of revenue.

5 SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES & ASSUMPTIONS

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 Entity 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 Entity. 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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 13.

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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES & ASSUMPTIONS (Continued)

For the Financial Statements for the FY2018-2019, the Authority made provisions for contingent Legal Services and surplus realised in the FY2015-2016 and charged the same to the Statement of Financial Performance.

6 FINANCIAL RISK MANAGEMENT

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

i) Credit risk

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

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

	Fully performing	Past due	Impaired	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2019				
Trade receivables	218,849,859	Nil	Nil	218,849,859
Bank balances	212,936,095	Nil	Nil	212,936,095
At 30th June 2018				
Trade receivables	75,342,003	Nil	Nil	75,342,003
Bank balances	79,078,502	Nil	Nil	79,078,502

ii) Liquidity Risk

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

**National Transport & Safety Authority
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2019					
Trade Payables	147,078,959	13,811,424	0	40,780,333	201,670,716
Payroll deductions	17,204,354	0	0	0	17,204,354
Retention	0	0	0	5,023,070	5,023,070
Gratuity payable	619,002	1,238,001	5,571,009	24,602,342	32,030,354
Total	164,902,315	15,049,425	5,571,009	70,405,745	255,928,494
At 30th June 2018					
Trade Payables	305,649,145	5,171,008	15,610,698	0	326,430,851
Payroll deductions	0	0	0	0	0
Gratuity payable	2,268,841	6,806,524	18,150,730	17,104,296	44,330,391
Total	307,917,986	11,977,532	33,761,428	17,104,296	370,761,242

With the exception of staff gratuity which is paid at the end of the contract, the Authority paid all outstanding creditors in full within the first Quarter of the FY2019-20

7 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

		2018/2019	2017/2018
		Kshs	Kshs
7	Transfers Ministries, Department & Agencies		
(i)	Operational Grant- Ministry/State Department of Transport	421,400,000	436,000,000
(ii)	Development Grant from Ministry/State Dept. of Transport	300,000,000	300,000,000
(ii)	Receipts for the NUTRIP Project from The National Treasury for settlement of specified Suppliers and invoices	36,000,000	-
	Total Government Grants	757,400,000	736,000,000

(The details of the reconciliation have been included under appendix II)

**National Transport & Safety Authority
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For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8	Rendering of Service	Kshs	
		2018/2019	2017/2018
(i)	Revenue collected through KRA:	468,600,400	404,744,355
	Direct Deposits	7,654,939	24,766,114
	Transfers from E- Citizen	1,361,165,395	1,050,685,170
	Total Income	1,837,420,733	1,480,195,639
(ii)	Other Income		
	Receipts for NUTRIP Project	36,000,000	0
	Total Other Income	36,000,000	0
	Total Revenue	1,873,420,733	1,480,195,639
	Rendering of Service-Cash Flow		
(iii)	Revenue collected through KRA:	468,600,400	404,744,355
	Direct Credits	7,654,939	24,766,114
	Revenue collected through E-Citizen:	1,361,153,620	1,050,685,170
	Less: Accrued Revenue Receivable	(70,839,490)	(42,872,318)
	Add:2017/18 Revenue Received	42,872,318	84,782,083
	Cash inflow	1,809,441,786	1,522,105,404
9(i)	USE OF GOODS & SERVICES		
	Electricity & Water-Utilities Supplies & Services	12,358,693	11,039,745
	Contracted Guards & Cleaning Services	42,322,024	33,594,105
	Contracted Professional Services	13,429,285	26,718,851
	Membership Fees & Subscription	1,517,234	1,945,358
	Total Use of Goods & Services Expense	69,627,236	73,298,060
	Total Use of Goods & Services Expense	69,627,236	73,298,060
	Less: Accrued Costs	(1,344,600)	(5,494,776)
	Add:2017/18 FY Creditors settled	5,494,776	0
(ii)	Total Cash Expense on Use of Goods & Services	73,777,412	67,803,284

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10	EMPLOYEE COSTS	Kshs	Kshs
	Salaries and Wages(Cash)	882,638,880	865,961,765
	Employee related costs - Contribution to pension costs	85,925,977	61,241,205
	Gratuity accrued to contracted staff in FY2018-19	7,428,012	7,498,046
		975,992,869	934,701,016
	Accrued - Staff Costs	17,204,354	-
	Total Staff Costs	993,197,223	934,701,016
	Travel, Accommodation, Subsistence and Other Allowances	57,528,192	45,303,551
(i)	Total Employee Costs charged to Performance	1,050,725,415	980,004,568
	Total Staff Costs Net of Travel Costs	993,197,223	934,701,016
	Less: Accrued Costs & Gratuity	(24,632,366)	(7,498,046)
	Add:2017/18 FY Creditors settled	-	33,719,362
(ii)	Total Cash Employee Costs	968,564,857	960,922,332
11	DEPRECIATION & AMORTIZATION EXPENSE		
	Description		
	Property, Plant & Equipment	75,653,727	174,773,689
	Intangible Assets	0	121,608
	Total Depreciation & Amortization Expense	75,653,727	174,895,297
12	Repairs and Maintenance		
	Vehicles	5,845,087	4,506,918
	Office Furniture & Equipment, Maintenance of Computer Software & Networks	370,880	509,881
	Total Repairs & Maintenance	6,215,967	5,016,799

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13(i)	General Expenses	2018/2019 Kshs	2017/2018 Kshs
	a.) Technical Operational Costs		
	Smart-Card Driving License Expense	34,200,655	-
	Printing of Number Plates	313,699,728	283,078,512
	Printing of Third License Stickers	105,222,540	86,038,320
	Specialized Materials & Supplies	28,476,544	31,076,265
	b.) Administrative Costs		
	Rents & Rates (Non-Residential)	132,725,672	125,026,160
	Medical Insurance & Group Life	128,084,888	127,931,767
	Hire of Transport ,Equipment & Space	-	139,200
	Refined Fuels and Lubricants	8,618,692	9,312,066
	Motor Vehicle Insurance & Other Assets Insurance	3,625,868	6,905,525
	Internet, Telephone & Postal Services	32,512,809	34,088,780
	c.) Other Operational Costs		
	Conference, Hospitality, Suppliers & Services	17,596,479	11,634,763
	County Committees & Safety Strategies Expenses	3,440,449	2,630,200
	Training & Membership Fee	20,914,610	8,539,709
	Bank Service and Commission Charges	1,556,191	1,918,803
	Publicity, Printing, Advertising & Information Supply Services	29,940,852	17,803,757
	Legal Fees	6,997,239	9,416,397
	General Office Supplies (Operating Expenses)	28,972,767	14,283,422
	Provision for Surplus for the FY2015-16	52,241,724	-
	Provision for Legal Services(Read with Note 30)	69,616,443	-
	20% Counter party NUTRIP Project Expense	35,931,947	-
	e-Board Subscription Fees	-	2,120,094
	Foreign Exchange Loss	-	33,049,312
	Total General Expenses	1,054,376,096	804,993,051
(ii)	Total Cash Flow Movement		
	Total General Expenses	1,054,376,096	804,993,051
	Less: Creditors	(318,072,780)	(182,001,169)
	Add:2017/18 FY Creditors settled	182,001,169	107,842,457
	Cash Payments	918,304,484	730,834,340

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14	BOARD EXPENSES	2018/2019	2017/2018
(i)	REMUNERATION OF DIRECTORS	Kshs	Kshs
	Chairman's Honoraria & related expenses	960,000	
	Directors Emoluments	13,863,364	12,152,290
	Other Allowances (Travel & Subsistence)	2,031,023	15,582,441
	Total Directors Emoluments	16,854,387	27,734,731
(ii)	OTHER DIRECTORS COSTS		
	Training expenses	4,415,455	3,381,545
	Conferences & seminars	2,140,036	1,351,466
	Total Directors Costs	6,555,492	4,733,011
	Total Board Expenses	23,409,878	32,467,742
15	Cash and Cash Equivalents		
	KCB Operations	28,463,482	3,263,622
	KCB Capital A/C	180,512,571	68,265,300
	KCB Revenue A/C	12,934	104,954
	KCB Dollar A/C	3,814,166	7,342,254
	NBK-Traffic Fines Revenue A/C	-	-
	NBK-Cash Bails Deposit A/C	112,724	-
	Cash-on-hand	20,219	102,372
	Total Cash and Cash Equivalents	212,936,095	79,078,502
16	Receivable from Exchange Transactions		
	June, 2019 revenue collections due from KRA	41,654,562	20,422,686
	Receivable from Non- Exchange Transactions	107,500,000	0
	Revenue collection through e citizen	61,655,788	54,919,317
	Refund of Port Charges for Supply of Log Books by Garsu Pasaulis	8,039,509	0
		218,849,859	75,342,003
17	Rental Lease Deposit		
	Deposit for operational lease relates to deposit on Leasehold property of Hill Park Building, Hifadhi and Kestrel in Mombasa	26,174,315	26,174,315
18	Retention Fee		
	Nelliwa Builders & Civil Engineers Ltd	5,023,070	20,247,740
	Total	5,023,070	20,247,740

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19	PREPAYMENTS	2018-2019 Kshs	2017-2018 Kshs
	Balance as at 1/7/2018	442,367,012	18,417,990
	Recovered from interim certificates - Nelliwa	(5,980,100)	(12,437,890)
	Total - Nelliwa	436,386,912	5,980,100
	Balance as at 1/7/2017-Restated	-	375,500,000
	National Bank of Kenya- (65% Advance Recovered)	(282,452,436)	59,042,209
	Flooring & Interiors	-	4,734,894
	Recovered from interim certificates - Flooring Interior	-	(2,890,191)
	Medical Insurance (HP Group Life)	4,894,916	
	Medical Insurance (Britam)	24,387,831	
	Assets Insurance (Pelican)	3,625,869	
	Rent (Bawan)	16,059,079	
	Sub-Total	(233,484,741)	436,386,912
	Total Prepayments	202,902,171	442,367,012
20	INVENTORY		
	Number Plates	4,678,512	18,193,440
	Specialized Materials	266,876,406	455,817,709
		271,554,918	474,011,149
21	STAFF DEBTORS		
	Outstanding Imprest	2,871,050	944,146
		2,871,050	944,146

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22 PROPERTY, PLANT AND EQUIPMENT

	M/ VEHICLES	M/ CYCLES	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	FURNITURE & FIXTURES	WORK IN PROGRESS	TOTAL
COST OR VALUATION	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1 July 2017	172,822,474	-	329,413,830	8,981,660	144,584,149	42,733,472	698,535,586
Additions	-	30,046,680	1,793,070	168,966,163	26,688,835	211,133,253	438,628,001
Revaluation	71,118,247						71,118,247
At 30 June 2018	243,940,721	30,046,680	331,206,900	177,947,823	171,272,984	253,866,726	1,208,281,834
Additions	-	-	53,545,491	828,800	37,677,858	18,836,545	110,888,694
Disposals		(30,046,680)	(39,750,000)	(72,328,000)			(142,124,680)
Balance as at 30/06/19	243,940,721	-	345,002,391	106,448,622	208,950,842	272,703,271	1,177,045,848
Depreciation and impairment							
As at 1.7. 2017	108,208,721	-	239,898,042	3,264,041	18,957,794		370,328,599
Charge for the year	39,137,206	7,511,670	86,118,325	22,243,478	19,763,010		174,773,689
Disposal							-
Transfers/Adjustments	-						
As at 1.7. 2018	147,345,928	7,511,670	326,016,367	25,507,518	38,720,804	-	545,102,288
Charge for the year	24,662,500		14,422,399	13,232,794	23,336,033		75,653,727
Disposal	-	(7,511,670)	(39,750,000)	(10,523,657)			(57,785,327)
Balance as at 30/06/19	172,008,428	-	300,688,767	28,216,656	62,056,837	-	562,970,688
NET BOOK VALUE							
At 30th June 2019	71,932,293	-	44,313,625	78,231,966	146,894,005	272,703,271	614,075,159
At 30th June 2018	96,594,794	22,535,010	5,190,533	152,440,304	132,552,180	253,866,726	663,179,546

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2018-2019	2017-2018
		Kshs	Kshs
23	INTANGIBLE ASSETS		
	Balance b/d from previous years		-
	Smart-Card Driving License-Components	431,309,012	-
	Total	431,309,012	-
	The intangible assets consists of the application software, operating system, and third party components of the Smart-Card. The component will be amortized over the life of the project		
24	TRADE & OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	(i) Gratuity Accrued to Staff on Contract		
	Balance b/d from previous years	24,602,342	17,104,296
	Accrued for the year	7,428,012	7,498,046
	Total	32,030,354	24,602,342
	(ii) Other current Liabilities		
	Accrued Salaries	17,204,354	-
	Creditors	201,670,716	326,430,851
	Total	218,875,070	326,430,851
25	Provision for Contingent Liabilities-Legal		
	Provision for Contingent Liabilities-Legal	69,616,443	-
	Total	69,616,443	-
26	CAPITAL RESERVES		
	The Authority received no asset in kind during the year.		
	DONATIONS IN KIND		
	Balance b/d	532,013,180	333,000,337
	Motor Cycles	(22,535,010)	30,046,680
	Other Equipment	(62,437,912)	168,966,163
	Total	447,040,258	532,013,180

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2018-2019	2017-2018
		Kshs	Kshs
27	GOVERNMENT RESERVES		
	Balance b/f	961,811,903	286,311,903
	Restatement of Opening Balance	-	375,500,000
	Transfer of Development funds from Ministry-State Dept of Transport	300,000,000	300,000,000
	TOTAL	1,261,811,903	961,811,903
28	REVALUATION RESERVES		
	Revaluation of Motor Vehicle	71,118,247	71,118,247
	Total Revaluation Reserve	71,118,247	71,118,247
29	COMPUTATION OF CASH EXPENDITURE FROM OTHER EXPENSES		
	Other Expenses		
	Travel & Subsistence Costs (Note 10)	57,528,192	45,303,551
	Repairs & Maintenance of Vehicles & Equipment (Note 11)	6,215,967	5,016,799
	Purchase of Smart-Card DL	150,000,000	-
	Purchase of e-Stickers	121,423,659	280,006,115
	TOTAL	335,167,818	330,326,466
30	CASH FLOW ON ACQUIRED NON-CURRENT ASSETS		
	Total Additions During the Year	2018-2019	2017-2018
		Kshs	Kshs
	Work In Progress(WIP)	18,836,545	200,310,299
	Other Equipment	828,800	-
	Furniture & Fittings	37,677,858	21,244,124
		57,343,203	221,554,424
	Motor Vehicles	-	-
	Computer & Other Equip.	53,545,491	11,826,695
	Cash Purchases(Cash flow)	110,888,694	233,381,118

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *Authority's* equity interest. Other related parties include:

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

b) Related Party Transactions

	2018-2019	2017-2018	2016-2017
	Kshs	Kshs	Kshs
Transfers from related parties	721,400,000	736,000,000	961,500,000
Transfer from State Department of Transport	36,000,000	0	0
Total	757,400,000	736,000,000	961,500,000

c) Key Management Remuneration

The total remuneration paid during the FY 2018/2019 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.	2018-2019	2017-2018
			Kshs	Kshs
1	Director General	1	9,542,624	9,093,336
2	Directors	4	21,748,384	22,830,240
	Total		31,291,008	31,923,576

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Contingent Assets And Contingent Liabilities

S/No	Contingent liabilities	2018-2019
		Kshs
1	Nairobi High Court Constitutional Petition No. 389 (A) of 2014	890,000
2	Mombasa High Court Constitutional Petition No. 15 of 2014 Lucy Nyokabi Nyambura & 12 others Vs. NTSA	16,000,000
3	Nairobi High Court JR Misc App no 234 of 2014 Kenya County Bus Owners Association vs NTSA & 6 others.	1,074,000
4	Nairobi High Court Judicial Review Case number 419 of 2014 Embassava Sacco vs NTSA	358,000
5	Kakamega High Court JR No 31 of 2015 Kabras Line Sacco Ltd vs NTSA	398,600
6	Nakuru High Court JR No 29 of 2014 Montezuma Monalisa Funeral Home vs NTSA & 5 Others.	362,000
7	Eldoret Chief Magistrate Court Civil Case No 551 of 2014 Peter Rutto vs NTSA	340,000
8	Public Procurement Appeal No. 56 of 2015- 9. Symphony Technologies Ltd & Anor (JR No 507 of 2015 (Symphony Technologies Ltd –vs- NTSA & Petition No. 255 of 2016 Okiya Omtatah Okoiti & Others	39,830,000
9	High Court JR No 568 of 2014 Sokwe Deluxe vs NTSA	362,000
10	Public procurement Administrative Review Application no. 41 of 2015 – J. Knieriem BV –vs- NTSA and another	3,580,000
11	High Court JR No. 466 of 2014 Republic –vs- NTSA ex-parte James Kanyingi Wahome	362,000
12	Judicial Case No. 452 of 2014 Republic –vs- NTSA & 4 Others ex-parte Nazigi Sacco	362,000
13	Civil Appeal No. 153 of 2018 NTSA Vs. Elisha Ongoya & 2 others	533,400
14	CMCC No. 67 of 2016 Peter Kirimi Vs NTSA	541,000
15	CMCC NO. 69 of 2016 Kericho Aloice Ochieng Olal –vs NTSA	865,883
16	ERC. No 160 of 2017 Enock James Odongo Vs NTSA	470,000
17	ELR No. 830 of 2016 Sylvester Okumu Vs NTSA	406,000
18	Petition No. 8 of 2018 Kipkoech Nge'tich Vs. IG and others	500,000
19	HCCC NO. 49 of 2014 Dr. Apollo Bwonya Orodho –vs- NTSA & Another	675,360
20	ELRC No. 505 of 2018 Joel Lesale Vs NTSA	290,000
21	Judicial Review No. 10 of 2019 Peter Kwemoi Chepkorom	550,000
22	Arbitration matter between Alfatech Contractors Ltd Vs NTSA	566,200
23	Mombasa CMCC No. 1902 of 2018 Jannat Motors –vs- NTSA and Seventeen Others	300,000
	TOTAL	69,616,443

The Authority made a provision for the entire contingent liability

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32 Capital Commitments

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Authorised for	157,745,236	216,492,540
Total	157,745,236	216,492,540

These relates to approved commitments carried forward from prior periods

33 Dividends/Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Authority provided for remittance of surplus of Kshs 52, 241, 724 being 90% of the surplus realised in the FY2016-2017 and factored the same as creditors in its books.

34 Ultimate And Holding Entity

The entity is a Semi- Autonomous Government Agency under the Ministry of Interior & National Coordination. Its ultimate parent is the Government of Kenya.

35 Currency

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



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I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Concerning the follow up on the previous financial year (FY 2017/2018), there was no issue raised by the Auditor General that needed management address.



Director General

Date.....06/09/2020



Chairman of the Board

Date.....8th August 2020



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II. Appendix I: INTER-ENTITY TRANSFERS

ENTITY NAME		NATIONAL TRANSPORT & SAFETY AUTHORITY		
Break down of Transfers from the Ministry of Transport				
FY 2018-2019				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The FY to which the amounts relate</u>
		24-Aug-18	107,500,000	FY 2018/19
		09-Jan-19	98,900,000	FY 2018/19
		13-May-19	107,500,000	FY 2018/19
		04-July-19	107,500,000	FY 2018/19
		Total	421,400,000	
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The FY to which the amounts relate</u>
		24-Jan-18	150,000,000	FY 2018/19
		24-April-18	150,000,000	FY 2018/19
		Total	300,000,000	
c. NUTRIP PROJECT				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>For Payments of Specified NUTRIP Project Suppliers</u>
		19-Feb-19	36,000,000	
		Total	36,000,000	

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

Deputy Director Finance

National Transport & Safety Authority


Sign



Head of Accounting Unit

State Dept. of Transport

Sign





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III. Appendix II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Name of Entity	National Transport & Safety Authority		Where Recorded/recognized	Total Transfers during the Year
	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Kshs	Statement Financial Performance of	
Ministry- State Dept. of Transport		Recurrent	107,500,000	✓	107,500,000
		Recurrent	98,900,000	✓	98,900,000
		Recurrent	107,500,000	✓	107,500,000
		Recurrent	107,500,000	X	0
		Development	150,000,000	✓	150,000,000
		Development	150,000,000	✓	150,000,000
		NUTRIP Project	36,000,000	✓	36,000,000
Total			757,400,000		649,900,000

