


REPUBLIC OF KENYA



Enhancing Accountability



 REPORT NATIONAL ASSEMBLY	
DATE: 15 NOV 2022	
DAY: Tuesday	
TABLED BY OF	Hon. Silvanus Osiro, MP Chief Whip Majority
CLERK-AT THE TABLE:	Halima Seleiman

THE AUDITOR-GENERAL

ON


**NATIONAL TRANSPORT AND SAFETY
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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 THE NATIONAL ASSEMBLY	
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DATE: 15 NOV 2022	DAY: Tuesday
BY: Hon. Silvanus Osiro, MP Chief whip majority	
CLERK AT THE TABLE:	Halima Sulaiman

NATIONAL TRANSPORT & SAFETY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

Annual Reports and Financial Statements
For the year ended June 30, 2021.

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1. KEY 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 Interior and Coordination of National Government who is responsible for the general policy and strategic direction of the Authority. The Authority 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:

(d) Board of Directors

(e) Director General

(f) Management

(g) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	George Njao
2.	Director Corporate Support Services	
3.	Director Road Safety	Badu Katelo
4.	Director Registration & Licensing	Christopher Wanjau
5.	Director Inspection and Road Safety	Eng. Gerald Wangai

For the year ended June 30, 2021.

No.	Designation	Name
	Audits	

(h) 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. Alice Chesire - Chairperson 2. George Omino 3. Moses Nderitu 4. 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. Eng. Meshack Kidenda - Chairperson 2. Ibrahim Abdi 3. Wilson Njega 4. 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. Catherine Waweru - Chairperson 2. Wilfred Okemwa 3. Ibrahim Abdi 4. Alex Mbuvi 	Provides oversight on registration and licensing activities as well as motor vehicle inspection activities
Road Safety & Communication Committee	<ol style="list-style-type: none"> 1. Francis Mwongo - Chairperson 2. Wilson Njega 3. Julius Kitili 4. Moses Nderitu 	Provides oversight on road safety and communication activities

(i) Authority's Headquarters

316 Upper Hill Chambers
2nd Ngong Avenue,
P.O. Box 3602 - 00506
Nairobi, Kenya

(j) Authority's Contacts

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

(k) Authority's Bankers

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



(l) Independent Auditors



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




(m) Principal Legal Adviser



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



2. THE BOARD OF DIRECTORS



1	<p>Mrs Agnes Odhiambo, CBS</p> <p>Chairperson of the Board</p> 	<p>Mrs. Agnes Odhiambo was appointed to the Board of National Transport and Safety Authority on 13th May, 2020.</p> <p>Prior to her appointment as the chairperson. Mrs. Odhiambo was the Controller of the Budget. She is an accomplished finance professional with over 30 years' experience having held senior management positions in both the private and public sectors where she has worked as the Director, Finance and Administration at the Kenya Post Office Savings Bank (Postbank). and the Chief Executive Officer of the Constituencies Development Fund Board.</p> <p>She is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). Mrs Odhiambo holds a Bachelor of Commerce (Accounting Option) degree and a Master of Business Administration (MBA) degree both from the University of Nairobi.</p> <p>She was awarded the Chief of Order of the Burning Spear (CBS) by His Excellency, the President of the Republic of Kenya, Hon. Uhuru Kenyatta, for her role in National Development</p>
2	<p>Dr. Alice Jepchumba Chesire</p> <p>Member</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>

<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 workplace 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, Stockholm 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>



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 in 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.</p> <p>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>



8	<p>Mr. Solomon Kitungu, CBS</p> <p>Principal Secretary, State Department for Transport</p> 	<p>Mr. Solomon Kitungu is the Principal Secretary, State Department for Transport.</p> <p>Mr. Kitungu is a graduate of both the University of Nairobi and Manchester University - UK. He has held various senior positions in Central Government and State Corporations as the Executive Director of the Privatization Commission and as an alternate director for the CS National Treasury in the Board of Directors of the Insurance Regulatory Authority, Postbank, Kenyatta University Teaching, Referral & Research Hospital., Agricultural Finance Corporation, Kenya Commercial Bank, National Bank of Kenya, Kenya Electricity Generating Company, Kenya Power, Kenya Petroleum Refineries and Kenya National Assurance (2001).</p> <p>Prior to his appointment to the current position, he was the Investment Director at the National Treasury.</p> <p>The Alternate to the Principal Secretary on the Board of NTSA is Mr. Ibrahim Abdi</p>
9	<p>Dr.(Eng) Karanja Kibicho, CBS,</p> <p>Principal Secretary, State Department for Interior & Citizen Services</p> 	<p>Dr. (Eng) Karanja Kibicho is the Principal Secretary, State Department for Interior & Citizen Services.</p> <p>Dr.(Eng) Kibicho holds a doctorate in Mechanical Engineering from the University of Cape Town, South Africa, a Master of Science (MSc) in Mechanical Engineering and a Bachelor of Science (BSc) in Mechanical Engineering.</p> <p>Prior to his appointment to the current position, Dr. Kibicho served as the Principal Secretary in the Ministry of Foreign Affairs and International Trade as well as the Ministry of Industrialization and Transport. He has also taught at Jomo Kenyatta University of Science & Technology (JKUAT) where he was the chairman and senior lecturer in the department of Mechanical Engineering. In addition, Dr. (Eng) Kibicho has also served as an external examiner at the University of Dar es Salaam, a visiting lecturer at the Central University of Technology, Free State, South Africa, and a part-time lecturer at the University of Cape Town.</p> <p>The Alternate to the Cabinet Secretary is Mr. Wilson Njega.</p>

<p>10</p>	<p>Dr. Julius Muia, CBS</p> <p>Principal Secretary, The National Treasury</p> 	<p>Dr. Julius Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning – The National Treasury and Planning.</p> <p>Before his appointment as PS Planning, Dr. Muia served as the Director General, Vision 2030 Delivery Secretariat which operated under the Office of the President, Republic of Kenya to facilitate the implementation of Vision 2030. This is Kenya's long-term policy framework that is premised on making Kenya a globally competitive, rapidly industrializing and upper middle-income economy by 2030. He also served as the Secretary, National Economic and Social Council, Office of the President. Dr Julius Muia holds a degree in Accounting, Masters Degree and PhD in Finance from the same university. He is also a Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach. He has over 25 years' experience in leadership in the private sector in Kenya and UK and serves as a non-executive board member in several companies and a number of not-for profit organizations.</p> <p>The Alternate to the Cabinet Secretary is Mr. George Omino.</p>
<p>11</p>	<p>AG. Hon Justice (Rtd) Paul Kihara, EGH</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>

	<p>Mr. Hillary Nzioki Mutyambai, MGH, nsc (AU)</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>
13	<p>Mr. George Njao</p> <p>Director General</p> 	<p>Mr. Njao is the Director General of National Transport & Safety Authority, from 1st December, 2019.</p> <p>Mr. Njao is the Director General and he is responsible for the implementation of the policies, programmes and objectives of the Authority. Mr. Njao has over 15 years' experience in the transport sector specifically in safety management which presents a great opportunity for the Authority. He holds a Master's degree and a Bachelor of Science degree from Central Missouri State University, USA.</p>

3. MANAGEMENT TEAM

	NAME	POSITION
1	<p>Mr. George Njao</p> <p>Director General</p> 	<p>Mr. Njao is the Director General of National Transport & Safety Authority. from 1st December 2019</p> <p>Mr. Njao is the Director General and is responsible for the implementation of the policies, programmes and objectives of the Authority. Mr. Njao has over 15 years' experience in the transport sector specifically in safety management which presents a great opportunity for the Authority. He holds a Master's degree and a Bachelor of Science degree from Central Missouri State University, USA.</p>
2	<p>Mr Christopher Kinyua Wanjau</p> <p>Director, Registration and Licensing</p> 	<p>Mr Wanjau is the Director Registration and Licensing thus responsible for registration and licensing of motor vehicles, regulation of public service vehicles, and oversight of training, testing and licensing of drivers in the country.</p> <p>Mr Wanjau holds two Masters in Public Administration (Moi University) and Business Administration Strategic Management (Catholic University). He also holds a BA degree in Political Science and Public Administration from UON. Mr. Wanjau is currently a PhD candidate in strategic management at Karatina University. He has done several professional, management and leadership courses and trainings including Public Administration and also Information Management System, IMIS (UK) and is a member of Institute of Management Information Systems (UK)</p>

3	<p>Eng. Gerald Wangai</p> <p>Director Motor Vehicle Inspection & Safety Audits</p> 	<p>He is Director Technical Services and holds a Bachelor of Science Degree (Mechanical Engineering) from the University of Nairobi. He has vast experience spanning 28 years in the Public Service.</p>
4	<p>Mr. Badu Sora Katelo</p> <p>Director Road Safety</p> 	<p>Mr Katelo is the Director, Road Safety and is in charge of developing and implementing road safety strategies, facilitating the education of members of the public on road safety and conducting research and audits of road safety.</p> <p>He holds a Master of Arts degree from Fletcher school of Law and Diplomacy, Tufts University from the United States of America (USA) and a Bachelor of Education (Honors) in Economics and Accounting from the University of Nairobi.</p> <p>Mr. Katelo is a seasoned public servant with extensive experience in the Public Service and has previously worked with different ministries, which include Interior, Mining, East African Community, Agriculture and National Gender and Equality Commission in various capacities. He is a full member of the Kenya Association for Public Administration and Management (KAPAM).</p>

OTHER KEY MANAGEMENT STAFF

1	Mr. Wycliffe Wasike	Deputy Director, Finance
2	Mr. Robert Ngugi	Deputy Director, Legal Services
3	Mr. Nashon Kondiwa	Deputy Director, Information Communication Technology
4	Mr. Wilson Tuigong	Deputy Director, Enforcements & Accident Investigations
5	Ms. Margaret Kabochi	Deputy Director, Human Resource Management & Administration
6	Mr. Shem Shalakhha	Deputy Director, Supply Chain Management
7	Mr. Duncan Kibogong	Deputy Director, Road Safety Strategies
8	Mr. Cosmas Ngeso	Deputy Director, Licensing
9	Mr. Hared Hassan	Deputy Director, Registration
10	Ms. Dido Guyatu	Deputy Director, Corporate Affairs & Communications
11	Ms. Miriam Njoroge	Deputy Director, Internal Audit
12	Ms. Beatrice Olwa	Deputy Director, Corporate Strategy and Planning
13	Ms. Christine Ogut	Deputy Director, Safety Audits
14	Mr. Joel Opere Nyaroya	Deputy Director, Motor Vehicle Inspection

4. CHAIRMAN'S STATEMENT

On behalf of the NTSA Board of Directors, I am honoured to present to you the Annual Report and Financial Statements of the National Transport and Safety Authority (NTSA) for the Fiscal Year ended 30th June, 2021.

Operating Environment

The Authority was established under the NTSA Act No.33 of 2012 with the main mandate of facilitating road safety on the roads in the country. The main function of the Authority is to plan, advice, implement and make recommendations on matters relating to road transport & safety.

Further, I wish to affirm the Authority's commitment to continuous improvement, policy formulation and management of road transport safety. We will focus our efforts towards implementation of the revamped strategic plan. Our new vision is to provide "efficient, reliable and safe roads in Kenya." This statement clearly spells out our aspiration and purpose of our existence as anchored on serve to the citizen of Kenya and all those who are within its borders. We do that 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 to each other and those collective connections are what make this a great nation.

Strategic Environment

We are committed to working with various stakeholders in amending and formulating policies that enhance road transport & safety. The Covid-19 pandemic has posed various challenges in the general operation of various processes for many entities. It has equally presented many opportunities in growing and improving business efficiency and service delivery among them is the use of technology and reduction of human interface in service delivery. To this end, the Authority has commenced the process of revamping its Transport Integrated Management System (TMS) to enable users and beneficiaries of NTSA services access the same from the comfort of their homes through technological advancement. The Authority, being a responsible entity has undertaken this measure as a mitigation towards the spread of the Covid-19 pandemic by hinging its operations on automation of the processes and operations. This has in effect improved service delivery and enhanced efficiency which is a key focal point.

In addition, we will strive to conclude the implementation of pending projects, including the 2nd generation number plates and smart driving licenses. The Authority in partnership with its development partners is also planning to expand and increase its capacity to inspect motor vehicles and to increase public awareness on

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road safety. This will be done through the upgrade of the Likoni Motor Vehicle Centre and making the Thika Motor Vehicle Inspection Centre as a Centre of excellence in driver testing. The Authority will also increase sensitization and awareness programs on road safety through the Usalama Barabarani.

As I conclude, I wish to remind all road users that road transport safety is not solely an NTSA affair but rather every individual's responsibility. Therefore, all road users, including pedestrians, should play a part in ensuring safe use of road infrastructure in order to reduce road carnage and save loss of innocent lives.



FCPA Agnes Odhiambo (Mrs), CBS

Board Chairperson



5. REPORT OF THE DIRECTOR GENERAL

It is my pleasure to present to you the National Transport and Safety Authority's (NTSA) Annual Report and Financial Statements for the year ended 30th June 2021.

During the year under review, NTSA continued with its transformation of the transport sector through automation, behaviour change and mainstreaming of road safety in line with the Authorities Strategic Plan (FY2019/20-2021/22).

Financial Performance:

The Authority relies of government support through the Exchequer/ grants appropriated by Parliament through the parent Ministry as Appropriations in Aid to carry out its operations. During the year under review, additional revenue was sources externally from development partners with support from the National Treasury in accordance with the Constitution of Kenya (2010). The main internal sources of revenue for NTSA are 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. Authority also generates revenue directly to the Exchequer through motor vehicle registration and licensing services.

During the year ended 30th June,2021, the Authority raised Kshs. 1.785 Million as revenue from its internal sources. This represented a 19% or Kshs. 281 Million growth in comparison to the previous year's performance. A total of Kshs 263Million was also received as development and recurrent grant from the State Department of Interior and Coordination of National Government. In addition, The World Bank and The European Union remitted an additional Kshs. 98.5Million as grants to support The Horn of Africa Gateway Development. Project and the Usalamama Barabarani Projects respectively

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 Kshs 2.3 Billion.

Operational Performance:

Road Safety Mainstreaming is a multi-sectoral approach aimed at ensuring road safety becomes an integral part of all government programs. The overall goal is to reduce the burden and severity of Road crashes and

fatalities in Kenya. NTSA implemented road safety mainstreaming as a cross-cutting **Performance Contract** target for all Government Ministries, Departments and Agencies (MDAs) during the year. A total of 325 MDAs participated in road safety mainstreaming implementation out of which we had 24 ministries, 205 state Agencies and 96 tertiary institutions.

A total of 463,872 Motor Vehicles were Inspected during the year vis-à-vis 399,570 in the previous year representing a 16% increase. This reflected the Authority's efforts in spearheading automation are bearing fruit in light of the challenges brought by the Covid-19 Pandemic. Further, a total of 16 Road Safety Audits were conducted and 33,118 accident Inspections were completed.

Registration of diplomatic Motor Vehicles Registration module was completed in the Authorities business system, the Transport Integrated Management System (TIMS) during FY 2020/21. This ensures that all diplomatic Motor vehicle registrations, re-registrations and transfers are available online.

In Licensing of Passenger Service Vehicles (PSV's) during the year we Introduced Virtual PSV badges for conductors and drivers as well as a PSV system compliance tool which automatically flags out non-compliant operators in the system. This has seen a tremendous increase in PSV compliance levels.

The traffic (Driving Schools, Driving Instructors & Driving Licence) Rules 2020 were gazetted in March 2020. Pursuant to these rules was the delinking of the Driving Test Unit from the National Police Service to NTSA and the revalidation of all driving schools and driving school Instructors. Prior to gazette of these rules, the driver test function in other regions other than Nairobi, Thika and Machakos was being undertaken by Driver Test Examiners from the National Police Service. A total of 626 schools were revalidated during the year.

In the year under review the Authority continued its focus on Automation through increasing its availability of online Services, creating a Secure and Safe ICT infrastructure and having a Flexible innovation platform in TIMS. This entailed creating a secure and reliable Cloud based regional offices connectivity, to ensure all regional office connections have 99% services availability. The Implementation of a Network Access Control solution which ensures every single device connected to the Authority's network is known and TIMS replatforming, to deliver a flexible environment for new innovations, integrations and new services in line with implementation of new business processes.

In addition to the new look TIMS system interface the Authority completed the technical implementation of the Data Recovery and Enhanced security of the Authority Data Centre. This has led to more stable services which has improved service delivery and reduced downtimes and consequently led to reduction of queues at NTSA offices due to improved availability of the services.

This was a challenging year for the Authority. The COVID-19 pandemic has transformed the way we offer services to the public which emphasizes minimal human interactions, the way PSV's operate due to social distancing and the enforcement of traffic rules on our roads. Despite these challenges, our collective efforts to reduce deaths and injuries on our roads will be approached with the same sense of urgency and commitment.

Summary of Achievements during the year

During the year under review, the Authority made the following milestones:

- 1) Mainstreaming of Road Safety as a key performance indicator in the National Government Performance Contract.
- 2) Launching of the European Union funded Usalama Barabarani project in all the six pilot counties of Nairobi, Makueni, Nakuru, Kericho, Kisumu and Kakamega.
- 3) Mobilization of funds from World Bank for the Horn of Africa Gateway Development Project following the signing of the Financing Agreement between the World Bank and the National Treasury.
- 4) Commencement of the re-platforming of the Transport Integrated Management System to make it more user friendly and customer oriented.

Overall, the number of fatalities and injuries index increased by 22.6% with the pedal cyclist leading with an increase of 50.7%. The pedestrian road users reported the lowest increase of 9.2%. The increase was mainly caused by reduced operations due to the impact of the Covid-19 pandemic.

The above achievements were not devoid of challenges. As previously mentioned, the Authority was equally challenged by the effects of worldwide Covid 19 pandemic which necessitated reduction in operations and focus on essential services only as was directed by the Ministry of Health. The directive also affected the enactment of legislations that were proposed by NTSA, planned stakeholder engagements, and reallocation of

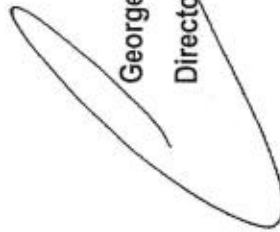
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funds to take care of emergent expenditures. Nevertheless, we are looking forward to better performance in the following year

Appreciation

I would like to thank our clients and the Board of Directors for their support as well as the dedicated staff for their efforts in making sure that the Authority achieves its goals and objectives. I also appreciate our service providers, the national & regional Governments and all other stakeholders for their respective contributions to the Authority during the year.

I look forward to your continued support in the realization of a safe road environment.



George Njao, EBS
Director-General



6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

National Transport & Safety Authority has four strategic pillars and objectives within its Strategic Plan for the FY 2019/20- 2021/2022. These strategic pillars are as follows:

- 1) Pillar 1: Service Re-orientation
- 2) Pillar 2: Internal Business Processes
- 3) Pillar 3: People
- 4) Pillar 4: Financial Sustainability

The Authority develops its annual work plans based on the above four pillars and this forms the basis for the assessment of the Board's performance which is done on a quarterly basis. The performance against the targets set for the FY 2020/2021 for the four strategic pillars, is as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Main Activities/ initiatives	Achievements
Pillar 1: Service Reorientation	To reduce annual fatalities and injuries arising from road crashes by 6% and 4% respectively	Fatalities and Injuries indices	<ul style="list-style-type: none"> • Develop/ review Traffic Act and related policy • Enhance compliance and enforcement of traffic legislations • Improve operations • Implement road safety programmes • Conduct research and promote innovation 	<ul style="list-style-type: none"> • The fatality index is 12.39 per 10,000 vehicles. The injuries index is 40.66 per 10,000 vehicles. • Developed road safety policy guidelines for both PSV and Heavy commercial vehicles • Trained 210 SACCOS on the development and implementation of internal road safety policies • 16 road safety audits were conducted • 395,597 smart driving licenses were issued • Developed Motorcycle safety action • Developed Boda Boda management system • Licensed 10 motorcycle riding training schools • inspected 609 driving schools • inspected a total of 432001 vehicles

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				<ul style="list-style-type: none"> Carried out a survey on drivers' perception on safety & security of the Northern corridor
Pillar 2: Internal Business Processes	To realize 100 per cent operational efficiency level	Level of efficiency	<ul style="list-style-type: none"> Advance customer experience Leverage on technology Supply chain management Preventive audit Strategic Planning Evaluate and manage risks Collaborate in development of standards and implement operating standards 	<ul style="list-style-type: none"> All complaints were resolved within timelines All relevant information was disclosed through the Authority's website NTSA service charter reviewed and displayed Integrated TIMS to KRA and insurance integrators. Disaster Recovery Site completed A total of Kes. 92,077,690.23 was awarded to special group, and Kes. 6,590,083.24 was awarded to the PWDs Revised Strategic Plan was printed and distributed to staff Risk Management framework was developed and approved by the Board
Pillar 3: People	To realize 80% value proposition for employees	Level of employee proposition	<ul style="list-style-type: none"> Corporate change management Enhance staff capacity Improve work environment 	<ul style="list-style-type: none"> A total of 53 interns were engaged A grants manager was recruited in the period Staff were offered CPD trainings Staff were sensitized on disability mainstreaming Staff were trained on gender mainstreaming
Pillar 4: Financial Sustainability	To enhance growth in Appropriation in Aid by 20% annually	Growth in A-in-A	<ul style="list-style-type: none"> Enhance A-in-A from existing and new sources Mobilise resources externally Ensure cost effectiveness 	<ul style="list-style-type: none"> Collected Ksh. 1622.5B from internal streams Absorbed 137 Million from World Bank project (East Africa Trade) of externally mobilised

7. CORPORATE GOVERNANCE STATEMENT

The Authority has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles: -

- a) To observe high standards of ethical and moral behaviour;
- b) To act in the best interests of the organization,
- c) To remunerate and promote fairly and responsibly.
- d) To recognize the legitimate interests of all stakeholders; and
- e) To ensure that the organization acts as good corporate citizen.

In general, Board members shall act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency

Appointment and Vacation of Office

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

Remuneration of the Board

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

Board Responsibilities

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

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

- 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, 2012 stipulates that the Board shall establish such committees as it may consider necessary for the performance of its functions and the exercise of its powers under the Act. To this end, The Board has established four committees that meet regularly under well-defined terms of reference set by the Board.

They include:

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

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The following is a summary of Board membership and average attendance in each committee during the financial year ended 30th June 2021.

Directors Name	Designation	Full Board/Special		Adhoc Meetings		Com		FHS Meetings		TTC Meetings		RSC Meetings		A&RC Meetings	
		No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended	No. of Meetings	No. of Meetings Attended
Agnes N C		5	5	0	0	10	0	6	0	5	0	9	0	9	1
Odhiambo															
Alex Mbuvi	AD(AG)	5	5	0	0	10	0	6	5	5	0	9	0	9	9
George Omino	AD (NT)	5	3	0	0	10	0	6	2	5	0	9	0	9	6
Moses Nderitu	D	5	5	0	0	10	0	6	1	5	3	9	3	9	7
Ibrahim Abdi	AD(MoTIHUD)	5	5	3	3	10	4	6	3	5	0	9	0	9	0
John Obwocha	D	5	0	0	0	10	0	6	0	5	0	9	0	9	0
Catherine Waweru	D	5	5	0	0	10	1	6	5	5	2	9	2	9	2
Alice Chesire	D	5	5	3	2	10	4	6	0	5	2	9	2	9	7
Francis Mwongo	D	5	5	3	3	10	0	6	2	5	5	9	5	9	2
Meshak Kidenda	D	5	5	3	3	10	4	6	2	5	2	9	2	9	2
Julius Kitili	AD(IG)	5	5	0	0	10	4	6	0	5	5	9	5	9	0
Wilfred Okemwa	D	5	5	0	0	10	7	6	5	5	2	9	2	9	0
Wilson Njega	AD(MoICNG)	5	3	3	3	10	3	6	0	5	5	9	5	9	0
Peter Rutere	SCAC	5	0	0	0	10	1	6	0	5	0	9	0	9	1

Note: There was a reshuffle in membership of various committees during the financial year ended 30th June 2021.

Key:

C-Chairperson

DG-Director General

AD (NT) - Alternate Director to the CS National Treasury

AD (MoTIHUD) - Alternate Director to The PS Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works

AD (MoICNG) - Alternate Director to The PS Ministry of Interior & Coordination of National Government

AD (AG) - Alternate Director to The Attorney General

AD (IG)

Alternate

Director

to

The

Inspector

General

For the year ended June 30, 2021.

Board Committee Performance

Details of the committees are as given below:

Finance, Human Resource & Strategy Committee (FHS)

Director's Name	No. of Meetings Held	No. of Meetings Attended	%Attendance
Ibrahim Abdi	10	4	40%
Catherine Waweru	10	1	10%
Alice Chesire	10	4	40%
Meshak Kidenda	10	4	40%
Julius Kitili	10	4	40%
Wilfred Okemwa	10	7	70%
Wilson Njega	10	3	30%
Peter Rutere	10	1	10%

Note: There was a reshuffle in membership of various committees during the financial year ended 30th June 2021.

Transport & Technical Committee (TTC)

Director's Name	No. of Meetings Held	No. of Meetings Attended	%Attendance
Alex Mbuvi	6	5	83%
George Omino	6	2	33%
Moses Nderitu	6	1	17%
Ibrahim Abdi	6	3	50%
Catherine Waweru	6	5	83%
Francis Mwongo	6	2	33%
Meshak Kidenda	6	2	33%
Wilfred Okemwa	6	5	83%

Note: There was a reshuffle in membership of various committees during the financial year ended 30th June 2021.

Road Safety & Communication Committee (RSC)

Director's Name	No. of Meetings Held	No. of Meetings Attended	%Attendance
Moses Nderitu	5	3	60%
Catherine Waweru	5	2	40%
Alice Chesire	5	2	40%
Francis Mwongo	5	5	100%
Meshak Kidenda	5	2	40%
Julius Kitili	5	5	100%
Wilfred Okemwa	5	2	40%
Wilson Njega	5	5	100%

Note: There was a reshuffle in membership of various committees during the financial year ended 30th June 2021.

Audit & Risk Committee (A&RC)

Director's Name	No. of Meetings Held	No. of Meetings Attended	%Attendance
Agnes N'Odhiambo	9	1	11%
Alex Mbuvi	9	9	100%
George Omino	9	6	67%
Moses Nderitu	9	7	78%
Catherine Waweru	9	2	22%
Alice Chesire	9	7	78%
Francis Mwongo	9	2	22%
Meshak Kidenda	9	2	22%
Peter Rutere	9	1	11%

BOARD CHARTER

The Authority's Board of Directors Charter defends 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. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance.

The Charter helps the Board in directing the organization to maximize the long-term value of services provided for all stakeholders. It is therefore imperative for Board members to understand their individual and collective roles with the purpose of helping the organization fulfil its mandate. The Charter has been adopted by the organization, acting in accordance with Mwongozo, Code of Governance for State Corporations, and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the charter are in addition to and are not intended to change or interpret any statute, law or regulation.

The Board of Directors will review the Charter at least annually and, if appropriate, revise this Charter from time to time.

The Authority has an approved Board Charter dated 7th March, 2019.

Term Limits

Board members shall hold office for a period not exceeding three (3) years and are eligible for reappointment for one more term not exceeding three (3) years. A Board member may be appointed for a cumulative term not exceeding six (6) years. The renewal of a Board Member's tenure for a second term should be subject to an acceptable evaluation as determined during Board evaluation.

The appointing authority shall ensure staggering of Board appointments so that the respective expiry dates of the members terms fall at different time to ensure continuity.

Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copies to the Chairperson of the Board and the Director General of the Authority. The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective

The was no resignation in the Board membership during the year.

Induction and Training

The Authority provides new Board members with an effective induction programme in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction programme also provides the Board member with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

The Board ensures that a competence needs assessment is carried out periodically and an annual development plan is prepared to address identified gaps. In this regard, Board members are provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sector boards.

A Board training plan for FY 2020/2021 was prepared. However it was not effected due to lack of funds as a result of austerity measures undertaken by the National Treasury.

BOARD AND MEMBER PERFORMANCE

The Board conducts an annual evaluation to appraise its performance. This evaluation be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board also evaluates the performance of the Director General and Corporation Secretary. The Board undertook a Board Self Evaluation Exercise for the FY 2020/2021 with the support of the State Corporations Advisory Committee and in accordance with the Head of Public Service Circular No. OP/CAB.9/1A dated 11th March 2020.

CONFLICT OF INTEREST

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identified an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Corporation Secretary records conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

There was no conflict-of-interest report during the financial year ended 30th June 2021.

BOARD REMUNERATION

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

The Board members were remunerated in accordance with the prevailing circular guidelines and policies in place.

ETHICS & CONDUCT

In line with Section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors shall respect the values, principles and the requirements of the Constitution, including: -

- 1) The national values and principles provided for under Article 10 of the Constitution.
- 2) The rights and fundamental freedoms provided for under Chapter Four of the Constitution.
- 3) The responsibilities of leadership provided for under Article 73 of the Constitution.
- 4) The principles governing the conduct of State officers provided for under Article 99 (1) (b) and 193 (1) (b) of the Constitution.
- 5) The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1) (b) of the Constitution.
- 6) In the case of County Governments, the objectives of devolution provided for under Article 174 of the Constitution; and
- 7) The values and principles of Public Service as provided for under Article 232 of the Constitution.

GOVERNANCE AUDIT

The Board ensures that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit should cover the following parameters among others: -

- (a) Leadership and strategic management,
- (b) Transparency and Disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders.
- (e) Board independence and governance.
- (f) Board systems and procedures.
- (g) Consistent shareholder and stakeholders' value enhancement; and
- (h) Corporate social responsibility and investment.

The Authority did not conduct a governance audit in the FY 2020/2021 because of lack of funds due to austerity measures undertaken by the National Treasury.

8. MANAGEMENT DISCUSSION AND ANALYSIS

A) The Authority's Operational and Financial Performance

During the financial year 2020-21, the Authority in an effort to achieve 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

In the period under review as per the Performance Contract targets, the Authority had aimed at reducing the number of road traffic fatalities and injuries by 6% and 4% respectively per registered motorized vehicles. The performance was as shown in the table below:

Particulars	FY2020/2021	Reduction by 6% and 4%
Number of Registered vehicles	3,560,525	
Number of fatalities	4,477	
Fatalities per 10,000 Vehicles	12.57	11.82
Injuries	14,742	
Injuries per 10,000 vehicles	41.4	39.74

At the end of the FY2020/2021 the National Road traffic fatalities and injuries were 4,477 and 14,742 respectively indicating an increase of 25.5% and 21.7% respectively.

1.1 TRENDS IN ROAD TRAFFIC INJURIES AND FATALITIES FY 2020/2021

1.1.1 Road Traffic Class of Victims

During the FY2020/2021 the number of fatalities and injuries increased by 22.6% as shown in the table below:

Class of victims	FY 2020/2021	FY 2019/2020	VAR	%VAR
Fatalities	4,477	3,567	910	25.5
Seriously injured	9,418	7,158	2,260	31.6
Slightly injured	5,324	4,955	369	7.4
Total	19,219	15,680	3,539	22.6

1.1.2 Road Traffic Fatalities per The Number of Registered Motor Vehicles

Road traffic fatalities per the number of registered motor vehicles however, decreased by 10.26% as shown below:

	2019/2020	2020/2021	VAR	% VAR
Number of registered vehicles	3,128,828	3,560,525	431,697	13.80
Number of fatalities	3,567	4,477	910	25.51
Fatalities per 10,000 vehicles	11.4	12.57	1.2	10.26
Injuries	12,113	14,742	2,629	21.70
Injuries per 10,000 vehicles	38.7	41.4	2.7	6.98
Total	15,680	19,219	3,539	22.57
Total per 10,000 vehicles	47	53.98	6.98	14.85

1.1.3 Comparison of fatalities as per road user group

In the FY 2019/2020 and FY 2020/2021, it is noted that fatality counts increased for all road user groups as shown in the table below:

Categories of victims	F/Y 2019/2020	F/Y 2020/2021	VAR	%VAR
Pedestrians	1376	1502	126	9.2
Passengers	565	697	132	23.4
Motor cyclist	875	1275	400	45.7
Drivers	309	444	135	43.7
Pillion passengers	373	455	82	22.0
Pedal Cyclist	69	104	35	50.7
Total	3,567	4,477	910	25.5

Whilst pedal cyclist reported the highest increase in fatalities, major concerns were raised among the motor riders and their pillion passengers which had an increased fatality rate by 45.7% and 22% respectively. The significant leap in the rate was mainly attributed to:

- 1) Total disregard to road traffic laws
- 2) Untrained and Inexperienced riders

Categories of Victims	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Pedestrians	369	412	328	393
Passengers	116	238	183	160
Motor cyclist	298	362	270	345
Drivers	101	114	118	111
Pillion passengers	138	120	92	105
Pedal cyclist	31	22	31	20

Total	1,053	1,268	1,022	1,134
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1.1.4 Distribution of fatalities by months in the year

Period	FY2020-21	FY2019-20	Variance	%Variance
July, 2020	359	317	42	13.2
August, 2020	359	320	39	12.2
September, 2020	317	345	-28	-8.1
October, 2020	425	287	138	48.1
November, 2020	364	272	92	33.8
December, 2020	497	372	125	33.6
January, 2021	354	296	58	19.6
February, 2021	356	266	90	33.8
March, 2021	312	288	24	8.3
April, 2021	352	212	140	66.0
May, 2021	399	268	131	48.9
June, 2021	383	324	59	18.2
Total	4,435	3,567	910	25.5

It was observed that with the exception of September, 2020, all the other months reported an increase in fatalities with the cumulative variance standing at 25.5%

1.2 Road Safety Strategies

As part of an onward strategy in curbing the high fatality and injury rates among the road users, the Authority undertook the following mitigation measures:

A. Mainstreaming of Road Safety as key performance indicator in the Performance Contract

During the FY2020-21, the Authority successfully engaged the National Government to entrench road safety by mainstream it as a cross-cutting performance contract target for all Government Ministries, Departments and Agencies (MDAs) in Performance Contract.

Road Safety Mainstreaming is a multi-sectoral approach aimed at ensuring road safety becomes an integral part of all Government programmes. The overall goal is to considerably reduce the burden and severity of road crashes and fatalities in Kenya. Currently, the estimated annual loss is 3,000 lives and 10,000 injuries, and a corresponding equivalent loss of 5% of GDP.

The FY2020-21 being the inception year, a total of 325 MDAs participated in road safety mainstreaming implementation out of which we had all the 24 Ministries, 205 State Agencies and 96 tertiary institutions.

The MDAs had the following road safety sub-indicators in their Performance Contracts to implement:

- a) Domestication of a workplace policy on road safety, anchored of the NTSA policy guidelines. (25%)
- b) Preparation of an annual implementation plan for the Road Safety Policy. (5%)
- c) Implementation of the plan. Key components included the following: (50%)
 - i. Establishment of Road Safety Units for technical agencies and Road Safety Committees for other MDAs;
 - ii. Conduct a technical training for members of the Road Safety Unit/Committee and champions;
 - iii. Sensitization of management and all members of staff on road safety;
 - iv. Conduct specialized safety training for road users;
 - v. Conduct Road Safety training in the community; and
 - vi. Inclusion of mechanism for monitoring compliance and reporting noncompliance on the road (This included reporting black spots, belting up, observing speed limits, lane discipline, reckless driving, crashes, among others as stipulated in the policy).
- d) Submission of quarterly reports to NTSA in prescribed format within the fifteen (15) days after the end of the quarter. (20%)

Notwithstanding the challenges posed by the Coronavirus (COVID-19) global pandemic, the Authority managed to implement road safety mainstreaming satisfactorily. It was however observed that;

- 1) Not all MDAs included Road Safety mainstreaming target in their 2020/21 FY PCs.
- 2) Not all MDAs were able to fully negotiate and got vetted in time and therefore fully and satisfactorily implement their plans to achieve the targets.
- 3) Not all MDAs established Road Safety Committees and Units as envisaged in the PC targets.
- 4) Not all MDAs trained their committees on Road Safety Mainstreaming.
- 5) Most tertiary institutions were closed for a long time. Teachers Training Colleges (TTCs) did not participate as they are transiting to Diploma colleges.
- 6) Not all MDAs sensitized their staff, management, and the community of road users on Road Safety Mainstreaming due to the effects of the Covid-19 pandemic which hampered several activities .

- 7) Virtual Trainings of MDAs by NTSA covered several MDAs but being an online training, it had inherent weaknesses as compared to physical trainings. Most MDAs reported that virtual training of the Road Safety Committee had some inadequacies unlike the physical training hence may need to be re-trained.
- 8) MDAs lacked budgetary allocations for this Performance Contract deliverable since it was introduced after the MDAs had developed their annual work plans.
- 9) MDAs appreciate that Road Safety as a Performance Contract indicator is very important and thus remain receptive to it being mainstreamed in MDAs Performance Contract Cycles

- B. Enhanced Road Safety Public education and awareness campaigns targeting vulnerable road users - Boda Boda riders, drivers, passengers
- C. Implementation of internal road safety policies for PSV AND HCV operators to promote road safety in the sector.
- D. Enforcement targeting increasing safety compliance in the PSV Sector.
- E. Forging Collaboration and Partnership with both Government and Non-Governmental organizations to support road safety programmes.
- F. Motor vehicle inspection to enhance Safe vehicle standards and compliance
- G. Improving Data and Research to inform road safety decisions
- H. Strengthening legislations in order to improve road safety by identifying existing gaps in the following legislations and related Acts:
 - NTSA Act, 2012,
 - Finalize School Transport Regulations,
 - Traffic Act Cap 403,
 - Operations of Commercial Service Vehicles,
 - PSV Regulations- Integration of safety in the license.

2. Driver Training and Testing & Safety Compliance

a) Driver Test Bookings

The Directorate of Road Safety has fully delinked all the fourteen (14) driver test units across the country from the National Police Service and deployed NTSA driver test examiners to undertake the function.

The table below indicates the total number of drivers tested nationally during the FY2020/21.

Drivers Tested during the FY 2020/2021

		2020						2021						
S/No	Region	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
1	Nairobi	0	0	5,431	4,371	5,252	3,730	2,849	1,109	1,081	3,294	3,299	3,052	33,648
2	Thika	0	0	3,203	2,714	3,881	2,496	1,778	571	755	1,997	2,316	2,075	21,786
3	Machakos	0	0	1,787	2,172	1,908	1,875	863	438	0	1,023	1,309	1,206	12,581
4	Nakuru	0	0	1,917	1,718	1,904	1,631	1364	378	453	1,060	1,059	1,083	12,567
5	Mombasa	0	0	1,120	1,768	2,318	1156	1543	309	285	986	947	798	11,230
6	Kisumu	0	0	1,028	1,501	1,469	1058	648	0	202	1,208	1,265	998	9,377
7	Nyeri	0	0	688	1,107	1,071	580	415	190	202	600	624	648	6,125
8	Eldoret	0	0	973	1,246	1,528	1091	778	265	214	807	1,021	706	8,629
9	Kisii	0	0	1,081	970	1,257	731	642	299	112	866	1,305	845	8,108
		2020						2021						
S/No	Region	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
10	Meru	0	0	1,412	836	574	623	398	221	0	426	722	649	5,861
11	Kericho	0	0	464	599	743	738	431	160	194	630	649	656	5,264
12	Embu	0	0	1068	815	606	1058	490	101	96	336	489	380	5436
13	Garissa	0	0	518	439	525	240	232	48	58	56	68	16	2,200
	Total	0	0	20,690	20,256	23,036	17,007	12,434	4089	3652	13,289	15,073	13,112	142,635

b) Driving Schools Instructors Test Bookings

The total instructor's bookings for FY 2020/21 were 436. The low numbers were attributed to the fact that training of instructors was stopped due to the Covid 19 pandemic. Instructors' training certificate is a pre-requisite requirement for booking of instructors' license.

The Authority has however resumed the training of instructors in 5 TVETS following the review of the Covid-19 pandemic mitigation measures by The National Government, and it is expected that the number of instructor's bookings will increase with time.

c) Driving Schools Licensing

The Authority currently has six hundred and nineteen (619) registered driving schools in the country which have undergone the revalidation process. The Authority in an effort to facilitate behavior change among motor cycle riders held a technical consultative meeting with The National Youth Service and Bolt Food and discussed the proposed inclusion of Bolt Food motorcycle riders into the National Boda Boda training program. Bolt Food undertook to sponsor an estimated 250 riders to be trained by National Youth Service.

Driving Schools Revalidated during the FY 2020/2021

S/No	Region	Number
1	Nairobi	151
2	Mombasa	25

3	Kisumu	15
4	Nakuru	60
5	Kisii	30
6	Kericho	18
7	Kakamega	25
8	Eldoret	42
9	Nyeri	44
10	Embu	22
11	Meru	31
12	Machakos	58
13	Garissa	14
14	Thika	84
	Total	619

d) Safety Compliance

A national multi agency exercise between the National Police Service (NPS) and National Transport and Safety Authority (NTSA) meant to enhance road safety and reduce road carnage in the country was conducted in the months of December and January 2020/2021. The exercise dubbed "Okoa Maisha" was meant to enhance road safety more so during the Christmas festive season.

The Authority also organized a Nairobi Region Joint Compliance Operation and was undertaken between National Police Service and National Transport and Safety Authority. The operation targeted all the twelve sub counties within Nairobi.

A total of Six Hundred (600) unroadworthy and defective motor vehicles were arrested during the entire operation.

e) Strategies to enhance service delivery in the department

- 1) Automation of driver test functions and services.
- 2) Training of instructors has commenced. This will increase the number of instructors test bookings.
- 3) The capacity of driver test examiners has been increased with additional Five (5) examiners.
- 4) Joint Operation: more than 2000 violations were detected which enhanced growth of in A-i-A and enhanced road safety due to discipline.
- 5) Implementation of Second Schedule of Traffic (Driving Schools, Driving Instructors and Driving License), 2020 with revised fee.
- 6) Distinction of Pre-registration and annual inspection and removing validity period for pre-reg inspection: Additional annual inspection revenue.

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- 7) Implementation of section 30(6) of Cap 403 which requires a driver of a PSVs or a commercial vehicle to undergo every three years a driving test-additional 1000 per candidate in 3 year.
- 8) System update to allow for creation of new Driving School Branches-to pay between 5,000 and 20,000 per annum per branch.
- 9) Licensing Boda Boda:-administratively introduce badge for boda boda since they are PSVs.
- 10) PSV to change particulars of body type to be in line with vehicle use and tax class of vehicles.

3.Registration and Licensing

In the financial year under review, the Authority undertook the following activities under the Registration & Licensing;

No	Activities	Output Achieved during the period 1 st July 2019-31 st June 2020	Output Achieved during the period 1 st July 2020-31 st June 2021	Variance 2019/2020-2020/2021
1.	Registration MV	99,591	106,434	6,843 (+3.2%)
2.	Registration trailers	1,716	3,594	1,878 (+35.36%)
3.	Registration M/C	195,801	323,172	127,371 (+24.54%)
4.	Transfers MV	185,412	247,191	61,779 (+14.28%)
5.	Transfers Trailers	2,424	3,941	1,517 (+23.83%)
6.	Transfers MC	133,482	282,817	149,335 (+35.87%)
7.	Change of particulars	10,207	12,978	2771 (+11.95%)
8.	Duplicate logbook	5,479	7,497	2,018 (+15.55%)
9.	Remove ownership(discharge)	36,531	43,821	7,290 (+9.07)
10.	Asset financing (in charge)	23,709	30,245	6,536 (+12.11)
11.	Reflective plates	2,626	2,957	331 (+5.93)
12.	RFID stickers	144,808	135,283	9525 (-3.4)

- Enforced Registration of motorcycles direct to the dealers, thus resulting to increased revenue from transfer process.
- Significant increase in volume of all business transactions – set target for all officers.
- Increased transparency in the business transaction.
- Adherence to the Business processes thus mitigating on internal fraud.
- Increase detection of fraudulent activities through system monitoring.

4. Motor Vehicle Inspection and Safety Audit

A. Motor Vehicle Inspection

For the year ended June 30, 2021.

During the year under review, a total of 463,872 vehicles were inspected for roadworthiness, which included 25,492 vehicles under the compliance and change of particulars category.

To ensure management of speed in the roads, the Directorate of Motor Vehicles enhanced the issuance of speed limiter license and renewal. In this regard, the license of 18 No. speed limiter fitters firms were renewed, 2 no. new firms were also licensed and a further four firms are awaiting testing. Before licensing.

On ensuring that the vehicles used on the roads meet the threshold of quality, the directorate issued body builders license was issued to firms responsible for body building of vehicles. As such, fourteen body builder licenses were issued to various firms.

The Authority also continued to explore outsourcing the motor vehicle Inspection Services through the amendment of the Traffic Act in order to anchor the regulations therein. This was still work in progress at the end of the financial year.

B. Road Safety Audits

During the financial under audit, the Directorate undertook and completed Sixteen (16) Road Safety Audits which was an increase from 11 audits done the previous year.

The Authority undertook the following road safety audits:

Type of Audit Undertaken		
Existing Road Safety Audit	Design Stage Audit	Construction Work Zone Audit
Pagani Flyover RSA	Eastern Bypass	Nairobi Express way also finalized
Outer Ring Road (Post Construction)	Northern Bypass	Jomvu Kuu-Jitoni Construction WZRSA
Kiambu Road, RSA		Kiogoro, Itibo, Masongo Roads WZRSA
Lanet - Dundori Road RSA		Maseno Kombewa Construction WZRSA
Karen Road RSA		Wangarot Kalandini Construction WZRSA.
Sachangwan-Salgaa Post Construction RSA report		
Kipsitet - Kericho -Chepsir RSA		
Londiani- Muhoroni-Kipsitet RSA		
Marurui Junction		

4 Projects being Implemented by the Authority

The Authority commenced a number of projects in collaboration with various development partners and stakeholders including the National Government. They include:

a) The European Union Usalama Barabarani Project

As a mitigation measure in reducing both the road crashes and fatalities, the Authority in partnership with the European Union launched the Usalama Barabarani project in Kisumu, Kakamega, Kericho, Nairobi and Makueni counties which had been earmarked as the pilot counties for the project.

The project projected to last for 3.5 years with total budget estimate of EUR 5,375,000 equivalent to Kshs 645,998,675 as highlighted in the table below:

Source of funds	Donor Commitment		Amount received to date. (30th June 2021)		Undrawn balance to date (30th June 2021)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
European Commission	4,300,000	540,908,077	639,642	80,462,215	3,660,358	460,445,862
(ii) Counterpart funds						
Government of Kenya	1,075,000	135,227,019	42,835	5,388,263	1,032,165	129,838,756
Total	5,375,000	676,135,096	682,477	85,850,478	4,692,523	590,284,618

The project was in the first year of implementation in the FY2020-21 and activities undertaken during the period under review were targeted towards setting up the foundation for the achievement and performance of outputs, outcomes, and impacts.

During the period under review, the ongoing engagement with Kenya Institute of Curriculum Development (KICD) continued with a view to finalizing the development and launch of the road safety curriculum. The procurement process for various consultancies on the main project outputs was also initiated.

Four road safety audits were also conducted during the period under review. The reports are to be compiled and forwarded to the respective road agencies for action with an aim to reduce road fatalities and crashes.

The absorption rate for the project was 1% for FY 2019/20 and 65% for the FY 2020/21.

For the year ended June 30, 2021.

The actual utilization of the funds during the year was as summarized below:

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)	Unutilised balance to date (30 th June, 2021)	
	<i>EUR</i>	<i>Kshs</i>	<i>Kshs</i>	<i>EUR</i>	<i>Kshs</i>
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
European Commission	639,642	80,462,215	31,130,448	392,167	49,331,767
(ii) Counterpart funds					
Government of Kenya	42,835	5,388,263	5,388,263		-
Total	682,477	85,850,478	36,518,711	392,168	49,331,767

The analysis above indicates that the budget performance was 97% for both counterpart funding and

b) The World Bank Horn of Africa Gateway Development Project

The Horn of Africa Gateway Development Project (HOAGDP) was signed between the Government of Kenya and the World Bank on 22nd December 2021 and is scheduled to end on 31st December 2028.

The key objective of the project is to strengthen NTSA capacity through implementation of the following project activities:

- Upgrading and reconfiguration of the Transport Integrated Management System (TIMS)
- Automation of motor vehicle inspection centres and a driving school.
- Carrying out research on road safety management (safe systems approach) to establish baseline data on road safety performance indicators in Kenya.
- Strengthening of NTSA management information systems and building NTSA's institutional capacity in monitoring, evaluation, and learning.

The total funding of the project is estimated at Kshs 3.2Billion comprising of Kshs 2.8Billion from the World Bank and Kshs.475 Million from the Government of Kenya as counterpart funding.

The project was at the inception stage and is expected to be rolled out fully in the subsequent year.

c) The Smart Card Driving License Project

The Authority continued with the implementation of the Smart Driving License project funded by The National Treasury, despite the challenges occasioned by the Covid-19 pandemic. Intervention measures geared towards reaching out to the public in remote areas of the country through Huduma Centres were undertaken with Mandera and Wajir benefiting. The project is intended to facilitate the printing of 5 Million Smart Driving Licenses at a total cost of Ksh. 2.1 Billion.

OVERALL AUTHORITY'S AIA REVENUE PERFORMANCE

During the FY2020-21, the Authority collected a gross revenue of Kshs. 1.8 Billion as Appropriation In-Aid (AIA) against a budgetary estimate of Kshs 2,010 Million resulting in an adverse/ negative performance of Kshs 225 Million. This however represented a growth of Kshs 281 Million or 19% in comparison to the previous year.

Over the 5-year period commencing in the FY2016-17 to the FY2020-21, the AIA revenues continued to grow from Ksh. 1.2 Billion to Kshs. 1.8 Billion. The trend was however disrupted by the Covid-19 pandemic in the FY2019-20.

The trend over the 5-year period commencing in the FY2016-17 to the FY2020-21 was as depicted in the diagram below:

Over the same period, the Authority also collected Kshs 3.4 Billion for exchequer revenues against a budgetary estimate of Kshs 4,020 Million resulting in an adverse/ negative variance performance of Kshs. 571 Million. Moreover, a total of Kshs 263 Million was received from The National Treasury as recurrent (Kshs 213 Million) and development grants (Kshs 50 Million).

B) 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 2021.

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 was exposed to liquidity risk arising from inadequate cash flow to meeting operational expenses' in the 4th quarter. This was as a result of declining AIA revenue collection occasioned by the disruption of service delivery due to the COVID-19 pandemic.

C) 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.

D) 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.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

The top management has aligned its strategic planning and budgeting to the Sustainable Millennium Development Goals as envisaged by the United Nations and the actualization of the Big Four Agenda of The National Government. As such, the key mandate activities of the Authority have been aligned to these thematic areas.

ii) Environmental Performance

The Authority is the process of formulating specific policies on matters relating to environment. Nevertheless, the performance of Authority on environmental performance is guided by the Strategic Plan.

The safety health environmental performance policy has been put in place to guide the Authority's operations on matters environment. Notwithstanding the Covid 19 pandemic the Authority undertook a foot bridge cleaning exercise along Jogoo road to encourage their use by pedestrians. Further a major cleaning exercise was done within Kenyatta National Hospital and its environment to improve sanitation of the area.

As a mitigation to environmental pollution the Authority has automated most of its processes to reduce mainly use of papers and physical items. The Authority services therefore are mainly offered virtually with minimum human intervention. This is intended to protect deforestation.

iii) Employee Welfare

The Authority has put in place the Gender & Disability Mainstreaming Committee and career Progression policy to guide its recruitment processes and daily affairs

NTSA as an employer has a primary duty under Occupational Health, & Safety Act-OSHA 2007 and Environmental Management and Coordination Act (EMCA 1999) to "take every precaution reasonable in the circumstances for the protection of a worker and the natural environment". In order to fulfil these regulatory requirements; NTSA has developed a Safety, Health and Environment policy document which outlines the policy framework under which Safety, Health and Environment is managed. The policy has the following objectives:

- a) Zero injuries, fatalities and Occupational illnesses.
- b) Minimizing negative impact to the environment
- c) Zero damage to property and/or equipment

The Authority is fully compliant with the Occupational Safety and Health Act of 2007, (OSHA).

In an effort to comply with the gender rule the Authority formulated the gender and disability mainstreaming policies and by extension a committee to guide and implement gender and disability matters in the Authority. This are key performance indicators in the performance contracting, which the Authority is currently compliant on.

Training has been assigned a specific budget line to promote capacity building of staff in diversified fields. To promote professionalism and retention of critical staff a practice has been established where annual subscription and continuous development programmes are shouldered by the Authority for the benefit of the professional staff. This in turn has enabled them to be in good professional standing.

A review and performance appraisal for middle level staff which resulted in the promotion of forty five (45) staff from Job grade 8 to job grade 7 in the FY 2020/2021.

The Authority has a safety, health and Environment policy in place aligned to the Occupational Safety and Health Act of 2007.

iv) Employee Benefit Obligations

The Authority established the National Transport & Safety Authority Staff Retirement Benefit Scheme (NTSA-SRBS) through an irrevocable Trust Deed on 1st July, 2014 as a Defined Contribution Pension Scheme to provide retirement benefits to the staff of National Transport and Safety Authority under the rules of the scheme. The scheme is duly registered by The Retirement Benefit Authority

The contribution rate of the scheme is at 7.5% of basic salary and 15% of the same by the employee and employer respectively. In the year ended 30th June 2021 a total of Ksh 120.5 Million was remitted as contributions towards pension for staff to the scheme.

The Authority also remits contributions to the National Social Security Fund (NSSF) based on the revised rates under Tier I & II.

v) Market place practices

Responsible competition practice:- The Authority has automated all the services on the Transport Integrated Management Systems (TIMS) an online self-service portal where clients create and manage their own individual accounts by using their personal information. As outlined in the Authorities Service Charter, the services offered indicate the costs and timelines for acquiring the services thereby managing customer expectations regarding the delivery of services, standards of quality and conflict resolution. The Authority undertakes all its activities in an ethical manner and in line with the requirement of relevant laws and regulations.

vi) Responsible Supply Chain and Supplier Relations

The Authority is guided by the Public Procurement Regulatory Act 2015 when undertaking our procurement processes. We respect our suppliers and give equal opportunity to all without discrimination (gender or disability). Our procurement processes are transparent and our suppliers are paid within the stipulated timelines.

vii) Responsible Marketing and Advertisement

All the Authority's content and messages are designed to meet the needs of the stakeholder. In it design all copy rights laws are respected. In media buying, the Authority is guided by the Government Advertising Agency (GAA

The Authority, being a regulator has undertaken the following in compliance with market practice:

a) Responsible Competition Practice.

Inviting bids for institutions seeking to be licensed as Body Builders and or Speed Limiter Fitters though an open tendering and evaluation process. This has in effect provided a level playing field for firms venturing these types of businesses.

b) Responsible Supply chain and supplier relations

The Authority has continually ensured compliance with the Public Procurement & Disposal Act, 2015 including affirmative action on disadvantaged groups of Women, Youth and Persons with disability. Efforts have also

been made despite the volatile economic times to ensure firms who supply goods and services to the Authority are paid in a timely was as is practically possible.

c) Responsible marketing and advertisement

The Authority has continued to comply with government guidelines in advertising for its key mandate activities which majorly focuses on sensitization and awareness.

d) Product Stewardship

The Authority has continually engaged the various stakeholders including motor vehicle Saccos thourh dialogue and specific measures to ensure public transport users are protected and served fairly by the public road transport saccos and companies.

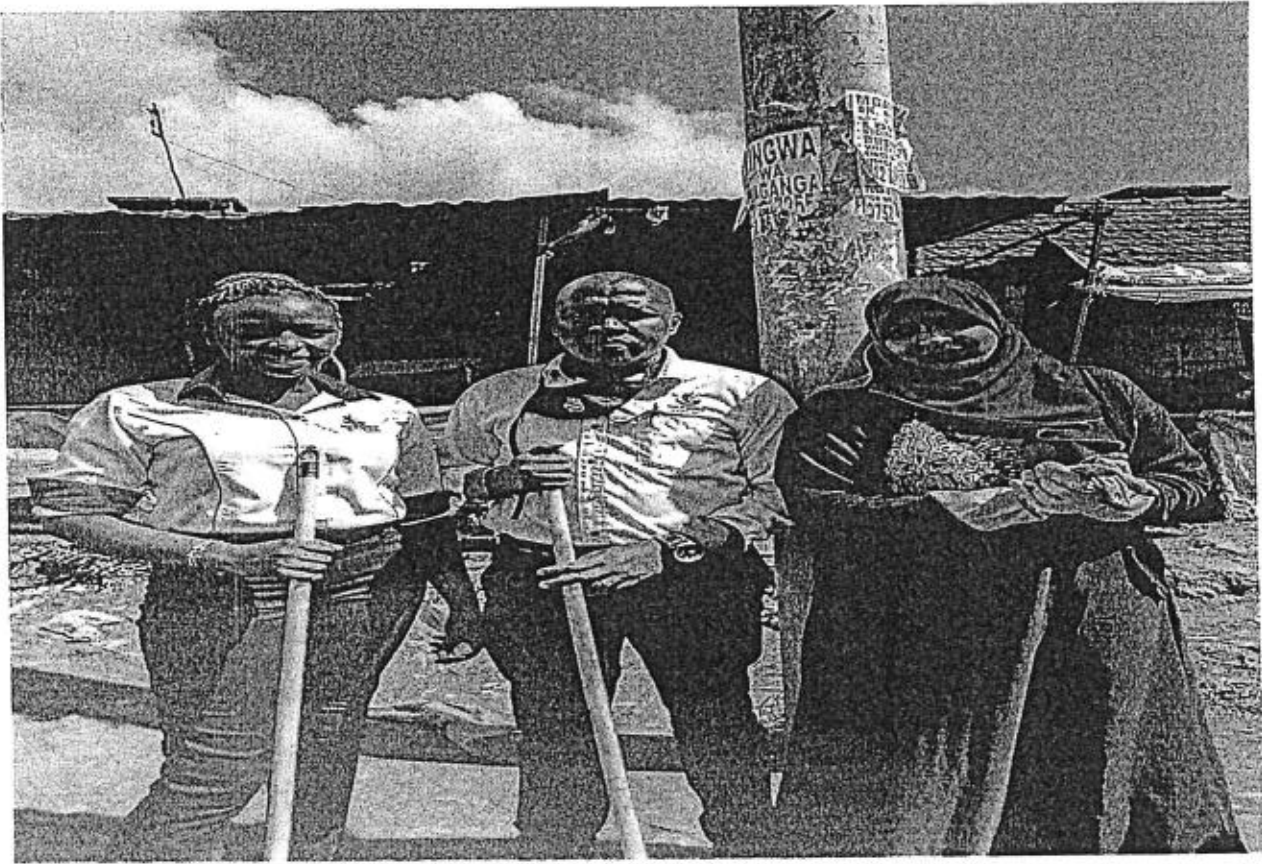
viii) Corporate Social Responsibility / Community Engagements

National Transport and Safety Authority exists to continuously improve on road safety for all users through planning, managing and regulating the road transport system transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to delivery our strategy, which is founded on four strategic pillars: Service orientation, internal business processes. people focus and financial sustainability. Below is a brief highlight of our commitment in each pillar.

Community Engagements

The Authority scaled down its Corporate Social Responsibility (CSR) so as to comply with Ministry of Health (MOH) Covid-19 protocol and only managed to participate in two CSR activities. The first activity was clean up of Nairobi City Stadium and Makadara foot bridges in partnership with Huduma Kenya and Kenya National Highways Authority in November 2020. This activity was aimed at ensuring the foot bridges are clean to encourage pedestrians to use it instead of crossing the road at undesignated areas which have led to several road crash fatalities along major highways not only in Nairobi City but in most parts of the Country. The photos bellow is evidence of the activity.







10. 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 2021 which shows the state of the Authority's affairs

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, 2021 are set out on pages 1-33

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 Authority did not make any surplus during the year (FY20/2021) and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board

Corporate Secretary
Nairobi

Date:.....

11. 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 and the operating results of the Authority for that year. 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, 2021. 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 Authority; (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, 2021, 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.

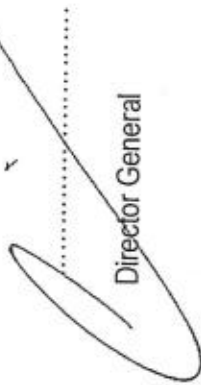
(National Transport & Safety Authority)
Annual Reports and Financial Statements
For the year ended June 30, 2021.

Approval of the financial statements

The Authority's financial statements were approved by the Board on _____ 2021 and signed on its behalf by:

.....
Shweta Kumbhar

Chairperson of the Board

.....


Director General

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL TRANSPORT AND SAFETY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Transport and Safety Authority set out on pages 1 to 32, which comprise the statement of financial

position as at 30 June, 2021 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 effects of the matter 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, 2021, 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.

Basis for Qualified Opinion

Unreconciled Cash and Cash Equivalents

As disclosed in Note 16 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.155,693,271 as at 30 June, 2021. The balance includes an amount of Kshs.17,659,099 in respect of an operations account maintained at KCB Bank which was at variance with the cash book balance of Kshs.6,823,025. Further, the balance includes an unreconciled amount of Kshs.5,469,136.32 that has been carried forward since 2018.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.155,693,271 could not be confirmed.

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 were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

Various prior year issues remained unresolved as at 30 June, 2021 and were not disclosed under the progress on follow up of auditor's recommendations section of other

information accompanying the financial statements as required by the Public Sector Accounting Standards Board.

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 the 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. Obsolete Smart Driving License

As disclosed in Note 21 to the financial statements, the statement of financial position reflects a balance of Kshs.457,499,791 in respect of inventory. The inventory includes an amount of Kshs.450,387,367 in respect of specialized materials out of which Kshs.395,576,537 relates to smart driving licenses.

Review of records relating to the smart driving licenses revealed that the Authority entered into a 3-year contract commencing on 8 March, 2017 with a local bank for the supply, delivery, installation and maintenance of Second-Generation smart card-based driving licenses and associated services at a contract sum of USD.21,094,282.41.

Information available indicates that on 3 March, 2017, the bank entered into a sub-contract with another firm for the supply, delivery, installation and maintenance of Second-Generation smart card-based driving license and associated services pursuant to the award of tender and execution of the contract between the Authority and the bank. However, the ownership of the printing technology for smart driving licenses and the role of the bank (main contractor) was not clearly spelled out in the contract. Further, under clause 9.0 of the sub-contract, the bank was required to pay the sub-contractor all amounts paid to it by the Authority under the main contract with no deductions whatsoever.

The sub contracted firm was to supply 5,000,000 smart cards driving licenses by 31 December, 2019 to the bank as outlined under clause 6.20 (the firm's obligations) of the sub-contract. However, as at 30 June, 2021, a closing balance of 1,273,174 blank smart driving licenses cards were still at the Authority's Head Office stores. Included in the number of 1,273,174 are 296,000 blank smart cards valued at Kshs.91,108,800 that have been rendered obsolete due to changes in printing technology. It was not explained how value for money would be derived in the receipt and continued storage of obsolete stocks of blank smart driving license cards.

According to the agreement, the contract was originally supposed to run up to 8 March, 2020, with an extension of two years ending 8 March, 2022. The Authority Management has not justified the extension of the contract for two years and no evidence

of contingency arrangements in place to ensure that service delivery is not disrupted in case the contract is discontinued.

2. Non- Maintenance of Retentions Register and Deposits Cash book

The statement of financial position reflects a balance of Kshs.29,202,557 in respect of retention payable which, as disclosed in Note 19 to the financial statements, represents funds held by the Authority on behalf of various service providers. However, the Authority did not maintain a retentions or deposits register and a deposits cash book during the year under review. This was contrary to Regulation 100 of the Public Finance Management (National Government) Regulations, 2015 which requires Accounting Officers to keep in all offices concerned with receiving cash or making payments a cash book indicating the receipts and payments and to maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which they are responsible.

In the circumstances, the Authority was in breach of law.

3. Irregular Payment of Board Allowances

The statement of financial performance and the corresponding disclosure Note 15 to the financial statements reflects an amount of Kshs.21,178,452 in respect of Board expenses. The Board expenses include an amount of Kshs.145,600 irregularly paid to two Board Members in form of per diem for participating in three meetings that were held virtually.

The Board expenses of Kshs.21,178,452 also includes an amount of Kshs.2,011,532 in respect of other allowances (travel and subsistence) out of which Kshs.579,660 relates to mileage claims paid to Board Members who used their cars when travelling to attend Board meetings. The Board Members used cars with the engine rating of more than 1800cc contrary to Clause C (3) of the Office of the President Circular No. OP/CAB.9/1A of 11 March, 2020 on Management of State Corporations that requires reimbursement of mileage claim to be capped at 1800cc engine capacity of a vehicle.

In the circumstances, the regularity of the sitting and mileage allowances totaling Kshs.725,260 paid to the Board Members could not be confirmed.

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 on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Audit Committee and Internal Audit Function

Review of the Authority's internal audit function revealed that although there was an Audit Committee, there were no approved Audit Committee and Internal Audit Charters. In addition, there was no evidence that the internal audit work plan for the year under review had been approved by the Audit Committee.

In the circumstances, risk management processes and governance checks might not have been adequately addressed in absence of the approved charters.

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of 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 which are free from material misstatement, whether due to fraud or error, and for assessment of the effectiveness of the internal control, risk management and overall governance.

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

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

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

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how 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 which 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 on whether, in all material respects, 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, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which 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 which 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 Authority's 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 which 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 which may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which 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 which are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 August, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021 Kshs	2019-2020- Kshs
Revenue from Non-Exchange Transactions			
Transfers from Ministry - Grants and other Authorities	7	213,000,000	421,000,000
EU Grant Transferred through the State Dept. of Interior & Coordination of National Government	7(ii)	14,309,975	31,248,308
		227,309,975	452,248,308
Revenue from Exchange Transactions			
Rendering of services	8 (i)	1,785,011,841	1,503,860,348
		1,785,011,841	1,503,860,348
Receipts for Smart Driving License Expense	8 (ii)	55,011,348	-
Total Other Revenues		55,011,348	-
TOTAL REVENUE		2,067,333,164	1,956,108,656
Expenses			
Use of Goods & Services	9	182,014,250	128,234,070
Employee Costs	10(ii)	1,087,249,344	1,040,401,988
Depreciation & Amortization expense	11	278,278,011	245,409,569
Repairs & Maintenance	12	69,812,655	4,331,656
Donor Funded Usalama Barabarani Expenses	13	14,309,975	0
General Expenses (Operating Expense)	14(i)	980,320,631	845,171,773
Remuneration of Directors (Board Expenses)	15	21,178,452	31,300,205
TOTAL EXPENSES		2,633,163,318	2,294,849,261
Surplus/(deficit) for the period		(565,830,154)	(338,740,604)
Balance as at 1st July 2020		(458,560,299)	(119,819,695)
Balance as at 30th June 2021		(1,024,390,454)	(458,560,299)

The notes set out on pages 6 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Director General

Name: George Njiru

Date: 15/7/2022

Head of Finance

Name: Wycliffe Wasike

ICPAK Member Number: 4267

Date: 15th July 2022

Chairperson of the Board

Name: Agnes Odhiambo

Date: 15th July, 2022

(National Transport & Safety Authority)
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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS	Note	2020-2021 Kshs	2019-2020 Kshs
Current Assets			
Cash and Cash Equivalents	16	155,693,271	144,351,739
Receivables from Exchange Transactions	17	97,815,326	92,605,875
Rental Lease Deposit	18	26,174,315	26,174,315
Retention Fee	19(i)	0	30,855,884
Prepayments	20	26,267,623	34,003,218
Inventory	21	457,499,791	682,022,616
Staff Debtors	22	2,602,130	1,619,200
		766,052,456	1,011,632,847
Non-Current Assets			
Property, Plant and equipment	23	1,083,123,454	1,014,042,158
Intangible Assets	24	143,769,671	287,539,342
		1,226,893,125	1,301,581,500
TOTAL ASSETS		1,992,945,581	2,313,214,347
LIABILITIES			
Current Liabilities			
Staff Gratuity	25(i)	14,608,538	7,265,034
Retention Payable	19	29,202,557	30,855,884
Creditors	25(ii)	317,941,384	143,477,281
Cash Bail Deposits Payable	26	-	112,724
Provision for Contingent Liabilities-Legal	27	28,034,043	67,509,043
		389,786,522	249,219,965
TOTAL LIABILITIES			
NET ASSETS			
Capital Reserves	28	844,619,362	789,624,531
Government Reserve	29	1,711,811,903	1,661,811,903
Revaluation Reserve	30	71,118,247	71,118,247
Accumulated surplus		(1,024,390,454)	(458,560,299)
		1,603,159,059	2,063,994,382
TOTAL NET ASSETS AND LIABILITIES		1,992,945,581	2,313,214,347

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Director-General
 Name: *George Njiru*
 Date: *15/7/2022*

Wycliffe Wasike
 Head of Finance
 Name: *WYCLIFFE WASIKE*
 ICPAK Member Number: *4267*
 Date: *15th July 2022*

Agnes Odhiambo
 Chairperson of the Board
 Name: *AGNES ODHIAMBO*
 Date: *15th July, 2022*

National Transport & Safety Authority
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**15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	Capital Reserves Kshs	Government Reserves Kshs	Revaluation Reserves	Accumulated Surplus Kshs	TOTAL Kshs
Balance as at 1st July, 2019	447,040,258	1,261,811,903	71,118,247	(119,819,695)	1,660,150,713
ADD					
Revaluation of Motor Vehicles		-	-	-	-
Donations	342,584,273				342,584,273
State Dept. of Interior & Co-ordination of National Government		400,000,000			400,000,000
Surplus/(deficit) for the period				(338,740,604)	(338,740,604)
Balance as at 30th June 2020	789,624,531	1,661,811,903	71,118,247	(458,560,299)	2,063,994,382
Balance as at 1st July, 2020	789,624,531	1,661,811,903	71,118,247	(458,560,299)	2,063,994,382
ADD					
Donations-Dev't Partners Projects	84,197,388				84,197,388
Transfer from Retention Fees	(29,202,557)				(29,202,557)
Transfer of Development Funds from Ministry-State Dept. of Interior & Co-ordination of National Government		50,000,000			50,000,000
Surplus/(deficit) for the period				(565,830,154)	(565,830,154)
Balance as at 30th June 2021	844,619,362	1,711,811,903	71,118,247	(1,024,390,454)	1,603,159,059

National Transport & Safety Authority
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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021 Kshs	2019-2020 Kshs
Cash flows from Operating Activities			
Receipts			
Government Grants and Subsidies	7	213,000,000	421,000,000
State Dept. of Interior & Co-ordination of National Government	7	50,000,000	400,000,000
Recurrent Receipts for EU& WB HoAGD Project	7(ii)	14,309,975	31,248,308
Development Receipts for EU& WB HoAGD Project	28	84,197,388	-
Cash Bail Deposits Payable	26	-	112,724
Revenues through Direct Deposit, KRA & e-Citizen	8(iii)	1,779,764,590	1,514,563,648
		2,141,271,953	2,366,924,679
Payments			
Use of Goods	9	180,279,233	126,247,624
Compensation of Employees	10(ii)	1,034,335,711	1,025,447,589
Donor Funded Usalama Barabarani Expenses	13	14,309,975	-
General Expenses	14(ii)	620,581,496	751,271,734
Board Expenses	15	21,178,452	31,300,205
Staff Debtors	21	2,602,130	1,619,200
Contingent Liabilities-Legal Settled	26	39,475,000	-
Other Expenses	31	67,529,684	361,766,401
		1,980,291,681	2,297,652,752
Net cash flows from Operating Activities		160,980,272	69,271,927
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment	32	149,638,739	137,856,282
Net Cash flows used in Investing Activities		149,638,739	137,856,282
Net Increase/(decrease) in Cash and Cash Equivalents		11,341,533	(68,584,356)
Cash and Cash equivalents as at 1 July 2020		144,351,739	212,936,095
Cash and Cash Equivalents as at 30 June 2021		155,693,271	144,351,739

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Director General
 Name: *George Njiru*
 Date: *15/7/2022*

Wycliffe Wasike
 Head of Finance
 Name: *WYCLIFFE WASIKE*
 ICPAK Member Number: *4267*
 Date: *15th July 2022*

Agnes Odhiambo
 Chairperson of the Board
 Name: *AGNES ODHIAMBO*
 Date: *15th July, 2022*

National Transport & Safety Authority
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2020-21 Kshs	2020-21 Kshs	2020-21 Kshs	2020-21 Kshs	2020-21 Kshs	2020-21 Kshs
Revenue						
Government grants and subsidies	383,700,000	(170,700,000)	213,000,000	263,000,000	50,000,000	-
Rendering of services	2,009,800,000	-	2,009,800,000	1,785,011,841	(224,788,159)	11
Grants from Dev't Partners	459,842,007	(145,352,781)	314,489,226	257,882,048	(56,607,178)	18
Total income	2,853,342,007	(316,052,781)	2,537,289,226	2,305,893,889	(231,395,337)	9
Expenses						
Compensation of employees	1,014,949,000	71,051,000	1,086,000,000	1,079,905,840	6,094,160	1
Goods and Services	1,079,169,080	(52,591,968)	1,026,577,112	1,205,658,144	(179,081,032)	(17)
Other payments	759,223,927	(334,511,813)	424,712,114	361,741,801	62,970,313	15
Total Expenditure	2,853,342,007	(316,052,781)	2,537,289,226	2,647,305,786	(110,016,560)	(4)
Surplus for the Period	-	-	-	(341,391,896)	(341,391,896)	

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RECONCILIATION STATEMENT	
Particulars	Total (Kshs)
Reported Surplus as per Statement of Budget as at 30 June 2021	(341,411,896)
Add Back	
Capital Expenditure in Statement of Budget	361,741,801
Adjusted Surplus	20,329,905
Less: Non-Cash Transactions in the Statement of Performance	
Depreciation charge & Amortization expense	278,278,011
Total Non-Cash Transactions	278,278,011
Adjust for Development Grant	
Development Partner funding	257,882,048
Grant from State Dept. of Transport	50,000,000
Total Development Grant	307,882,048
Sub-Total Non-Cash and Total Development Grant	586,160,059
Surplus for the period as per Statement of Performance as at 30 June 2021	(565,830,154)

18. NOTES TO THE FINANCIAL STATEMENTS

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) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the National Transport and Safety Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the National Transport and Safety Authority

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

The Authority did adopt any New, Amended or & Revised Standards during the financial year under review. There was no early adoption of standards as well.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions Fees, Taxes and Fines

The Authority 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 Authority 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 Authority 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.

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 2020/2021 as below:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

NTSA AIA REVENUE FOR THE FINANCIAL YEAR 2020-2021

S/No.	Revenue Stream	Total Receipts (Kshs)
1.	Road Service License	195,423,960
2.	Sale of Number Plates	638,832,610
3.	Driver Test Booking	218,860,850
4.	Motor Vehicle Inspection	456,854,710
5.	Foreign Motor Travel Permits	74,403,410
6.	Sale of PSV Badges.	86,042,800
7.	e-Sticker (RFID)	112,666,100
8.	Other Revenues-Speed Limiter & Body Builders License	1,927,401
	TOTAL REVENUE	1,785,011,841

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.

Interest income

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The Authority realised no interest income in the financial year ended 30th June, 2021.

ii) Revenue from Exchange Transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Authority's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

The Authority had no rental income earned in the year ended 30th June, 2021.

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on 30th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded a reduction in appropriations of Kshs. 312.7 Million on the 2020-2021 budget following the governing body's approval.

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

i) EXPLANATORY STATEMENT ON BUDGET CHANGES

	Original Budget	Adjustments	Final Budget	Remarks
Government grants and subsidies	383,700,000	(170,700,000)	213,000,000	This was as a result of budget cuts during Supplementary 2
Grants from Dev't Partners	459,842,007	(145,352,781)	314,489,226	The HoADG project was at the inception stage & impact of Covid-19 pandemic
Total Expenditure	2,853,342,007	(316,052,781)	2,537,289,226	The reduction was in line with projected revenue from Development Partners. and collection of AIA

ii) EXPLANATORY NOTES ON DIFFERENCES BETWEEN ACTUAL AND BUDGETED AMOUNTS (OVER/UNDER 10%)

	Final Budget	Actual on Comparable Basis	Performance Variance	Remarks
Rendering Services	2,009,800,000	1,785,011,841	(224,788,159)	The under collection was mainly caused by the impact of the Covid -19 pandemic and mitigation measures put in place.
Grants from Development Partners	314,489,226	257,882,048	(56,607,178)	The under disbursement was occasioned by non-reflection of all items in the final National Treasury Budget.
Goods & Services	1,026,577,112	1,205,658,144	(179,081,032)	The over expenditure was due to commitments already made but affected by the significant drop in actual revenue collection.
Other Payments	424,712,114	361,741,801	62,970,313	The under absorption was occasioned by delayed certification of on-going projects during the FY due to Covid -19 restrictions. It was also occasioned by inadequate funding for the projects.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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 Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The rate used to depreciate the assets during the year was as summarised below:

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

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 Authority. 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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 Authority.

g) Provisions

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

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.

h) Contingent Liabilities

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

The Authority was exposed to contingent liability arising from its mandate and these are expected to materialise as and when the cases are heard and determined.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The Authority did not make any provision for the contingent liabilities in the financial statement in the year under review.

i) Contingent Assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

The Authority discloses that it is currently undertaking motor vehicle inspection in seventeen (17) centres 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

j) 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

k) Changes in Accounting Policies and Estimates

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

l) Employee Benefits

Retirement Benefit Plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions of 15% into a separate Authority, The National Transport & Safety Authority-Staff Retirement Benefit Scheme (a fund), and will have

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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.

m) 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.

The revenue received in foreign currency were translated at the closing rate at the end of every month.

n) Related parties

The Authority regards a related party as a person or an Authority 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.

o) 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

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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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The NTSA bank accounts in existence are shown below:

Ref	Account Name	Account No.	Opening Date	Bank
1	NTSA-KCB Operations Account	1141386534	12 th July, 2013	KCB
2	NTSA-KCB Capital Account	1180379527	7 th April, 2016	KCB
3	NTSA-KCB Revenue Account	1206870842	6 th March, 2017	KCB
4	NTSA-KCB USD Account	1216217998	5 th September, 2017	KCB
5	NTSA-EU Project Account	1266570756	1 st November, 2019	KCB
6	NTSA-NBK Traffic Fines, Revenue Account	01060202394100	30 th October 2017	NBK
7	NTSA-NBK Cash Bail Deposit Account	01060202394300	30 th October 2017	NBK
8	NTSA-WB HoAGDP A/C	1282371665	19 th January 2021	KCB

p) Comparative Figures

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

q) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

In light of wider consultation on the treatment of donor funds received but partially utilized for recurrent operations, The Authority restated the financial statements for the FY 2019-20 with the European Union Funds of Kshs 31,248,306 based on treatment and moved the funds from revenue account to Capital Reserve Account.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets

and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful Lives and Residual Values of Assets

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

- a) The condition of the asset based on the assessment of experts employed by the Authority
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes

- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the asset
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 11.

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.

Computer equipment valued at Kshs. 291,456,900 were fully depreciated as at the end of the period ended 30th June 2021

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

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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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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 2021				
Trade receivables	65,345,641	32,469,685	Nil	97,815,326
Bank balances	163,612,108	Nil	Nil	163,612,108
At 30th June 2020				
Trade receivables	60,136,190	32,469,685	Nil	92,605,875
Bank balances	175,272,723	Nil	Nil	175,272,723

ii) Liquidity Risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (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 2-3 Months	Between 4-12 Months	Over 12 Months	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 30th June 2021					
Trade Payables	20,458,563	130,974,908	84,562,337	17,326,995	253,322,803
Payroll deductions	39,257,493	657,872	1,210,100	3,273,116	44,398,581
Death Benefits Payable	20,220,000	0	0	0	20,220,000
Retention	0	0	29,202,557	0	29,202,557
Gratuity Payable	611,959	1,223,917	5,507,628	7,265,033	14,608,537
Total	80,548,015	132,856,697	120,482,622	27,865,144	361,752,478
At 30th June 2020					
Trade Payables	80,606,441	13,811,424	19,226,638	17,326,995	117,160,074
Payroll deductions	26,317,207	0	0	0	26,317,207
Retention	0	0	30,855,884	0	30,855,884
Gratuity Payable	0	1,238,001	0	7,265,033	8,503,033
Total	106,923,648	15,049,425	50,082,522	24,592,028	196,647,623

- 1) The Authority received death benefits of Kshs. 20,220,000 for the late Dr. Fernando Wangila which remain outstanding pending receipt of the appointed administrator/ beneficiary by the courts to facilitate payment.
- 2) With the exception of staff gratuity which is paid at the end of the contract and an ongoing project account transaction, the Authority paid all outstanding creditors in full within the FY2021-22

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2020-21	2019-2020
		Kshs	Kshs
7	Transfers Ministries, Department & Agencies		
	Operational Grant- Ministry/State Department of Interior	213,000,000	421,000,000
	Development Grant from Ministry/State Dept of Interior	50,000,000	400,000,000
(ii)	Receipts for EU & WB HoADP Project	14,309,975	31,248,308
	Total Government Grants	277,309,975	852,248,308
8	Rendering of Service		
(i)	Road Service License	195,423,960	200,947,750
	Driver Test Booking	218,724,300	140,651,200
	Instructor Test Booking	136,550	274,050
	Motor Vehicle Inspection Fee	456,854,710	397,582,500
	PSV Badges	86,042,800	95,885,800
	E-Sticker Fees	112,666,100	138,549,600
	Number Plate	638,832,610	456,891,968
	Application for FMVP	74,403,410	70,705,660
	Other- Curriculum, Convenience Fee, Body Builders License & Speed Limiter	1,927,401	2,371,820
		1,785,011,841	1,503,860,348
(ii)	Other Income		
	Receipts for Smart Driving License Expense	55,011,348	-
	Total Other Income	55,011,348	-
	Total Revenue	1,840,023,189	1,503,860,348
	Rendering of Service-Cash Flow		
(iii)	Revenue collected through KRA:	1,785,011,841	1,503,860,348
	Less: Accrued Revenue Receivable	(65,345,641)	(60,136,190)
	Add: 2019/20 Revenue Received	60,098,390	70,839,490
	Cash inflow	1,779,764,590	1,514,563,648
9(i)	USE OF GOODS & SERVICES		
	Electricity & Water-Utilities supplies & services	17,929,911	14,745,208
	Contracted Guards & Cleaning Services	49,155,155	43,173,764
	Contracted Professional Services	34,589,229	12,908,921
	Membership Fees & Subscription	2,838,619	2,753,474
	Travel, Accommodation, Subsistence and Other Allowances	77,501,336	54,652,703
	Total Use of Goods & Services Expense	182,014,250	128,234,070
	Total Use of Goods & Services Expense	182,014,250	128,234,070
	Less: Accrued Costs	(5,066,063)	(3,331,046)
	Add: 2019/20 FY Creditors settled	3,331,046	1,344,600
(ii)	Total Cash Expense on Use of Goods & Services	180,279,233	126,247,624

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For the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2020-21	2019-2020
		Kshs	Kshs
10	EMPLOYEE COSTS		
	Salaries and Wages (Cash)	943,363,603	926,158,063
	Employee related costs - Contribution to pension costs	71,923,656	82,085,172
	Gratuity accrued to contracted staff	7,343,504	5,841,546
		1,022,630,763	1,014,084,781
	Accrued - Staff Costs	64,618,581	26,317,207
	Total Staff Costs	1,087,249,344	1,040,401,988
(i)	Total Employee Costs	1,087,249,344	1,040,401,988
	Total Staff Costs	1,087,249,344	1,040,401,988
	Less: Accrued Costs & Gratuity	(70,675,004)	(32,158,753)
	Add:2019/20 FY Creditors settled	17,761,371	17,204,354
(ii)	Total Cash Employee Costs	1,034,335,711	1,025,447,589
11	DEPRECIATION & AMORTIZATION EXPENSE		
	Description		
	Property, Plant & Equipment	134,508,340	101,639,898
	Intangible Assets	143,769,671	143,769,671
	Total Depreciation & Amortization Expense	278,278,011	245,409,569
12	Repairs and Maintenance		
	Vehicles	6,822,669	4,274,056
	Repairs & Maintenance of Smart Driving License	55,011,348	-
	Office Furniture & Equipment, maintenance of Computer,softwares & networks	7,978,638	57,600
	Total Repairs & Maintainance	69,812,655	4,331,656
	Less: Accrued Vehicles		-
	Accrued Office Furniture & Equipment, maintenance of Computer, Softwares & networks expenses	-	-
	Total Repairs & Maintenance	69,812,655	4,331,656
13	Donor Funded Usalama Barabarani Expenses		
	Compensation to Employees	10,149,941	-
	Purchase of Goods & Services	4,160,034	-
	Total Donor Funded Usalama Barabarani Expenses	14,309,975	-

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For the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14(i)	General Expenses	2020-21 Kshs	2019-20 Kshs
	a.) Technical Operational Costs		
	Smart-Card Driving License Expense	146,512,800	58,145,342
	Printing of Number Plates	352,146,702	286,073,400
	Printing of Third License Stickers	45,981,970	73,730,000
	Specialised Materials & Supplies	58,381,391	24,734,972
	b.) Administrative Costs		
	Rents & Rates (Non-Residential)	130,550,983	126,699,501
	Medical Insurance & Group Life	90,455,425	123,420,586
	Hire of Transport, Equipment & Space	-	-
	Refined Fuels and Lubricants	9,013,817	6,999,394
	Motor Vehicle Insurance & Other Assets Insurance	5,624,828	6,430,863
	Internet, Telephone & Postal Services	40,882,234	30,881,045
	c.) Other Operational Costs		
	Conference, Hospitality, Suppliers & Services	16,851,372	13,195,977
	County Committees & Safety Strategies Expenses	-	1,177,400
	Training Expense	38,195,331	35,751,570
	Bank Service and Commission Charges	1,918,532	1,551,522
	Publicity, Printing, Advertising & Information Supply Services	5,037,712	19,861,784
	Legal Fees	7,186,635	5,789,011
	General Office Supplies (Operations)	29,493,587	27,625,480
	Write off of spoilt RFID Stickers & PSV Badges	2,087,314	3,103,926
	Foreign Exchange Loss	-	-
	Total General Expenses	980,320,631	845,171,773
(ii)	Total Cash Flow Movement		
	Total General Expenses	980,320,631	845,171,773
	Less: Creditors & Stores Movement	(499,132,901)	(278,243,760)
	Add: 2019/20 FY Creditors settled	139,393,766	184,343,721
	Cash Payments	620,581,496	751,271,734

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15	BOARD EXPENSES	2020-21	2019-20
(i)	REMUNERATION OF DIRECTORS	Kshs	Kshs
	Chairman's Honoraria & Related Expenses	960,000	960,000
	Directors Emoluments	14,642,413	22,857,503
	Other Allowances (Travel & Subsistence)	2,011,532	2,271,708
	Total Directors Emoluments	17,613,945	26,089,212
(ii)	OTHER DIRECTORS COSTS		
	Training expenses	1,737,600	2,585,766
	Conferences & seminars	1,826,907	2,625,227
	Total	3,564,507	5,210,993
	Total Board Expenses	21,178,452	31,300,205
16	Cash and Cash Equivalents		
	KCB Operations Account	17,659,099	12,501,816
	KCB Capital Account	45,832,460	99,429,027
	KCB Revenue Account	49,974	212,149
	KCB Dollar Account	823	666,395
	KCB EU Account	49,006,924	31,348,308
	KCB WB HoAGDP Account	43,023,201	-
	NBK-Traffic Fines Revenue Account	221	-
	NBK-Cash Bails Deposit Account	94,544	112,724
	Cash-on-hand	26,026	81,320
	Total Cash and Cash Equivalents	155,693,271	144,351,739
17	Receivable from Exchange Transactions		
	June, 2021 Revenue collections due from KRA	92,832,995	46,693,538
	Receivable from Non- Exchange Transactions	225,000	-
	Revenue collection through e citizen	4,757,331	37,872,828
	Garsu Pasaulis-Refund of Taxes & Port Charges	-	8,039,509
	Receivable from Exchange Transactions	97,815,326	92,605,875

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18	Rental Lease Deposit		
	Deposit for operational lease relates to deposit on Leasehold property of Hill Park Building, Hifadhi and Kenstreal in Mombasa		
		26,174,315	26,174,315
19(i)	Retention Fee		
	Balance as at 1/7/2019	30,855,884	5,023,070
	Nelliwa Builders & Civil Engineers Ltd	(2,109,980)	(2,913,090)
	National Bank of Kenya	2,282,971	23,503,208
	Mymac		263,030
	Daya	(1,997,352)	4,979,665
	Delman	171,035	
	Transferred to Capital Reserve	(29,202,557)	
	Total	-	30,855,884
19(ii)	Retention Fee		
	Balance as at 1/7/2019	30,855,884	5,023,070
	Nelliwa Builders & Civil Engineers Ltd	(2,109,980)	(2,913,090)
	National Bank of Kenya	2,282,971	23,503,208
	Mymac		263,030
	Daya	(1,997,352)	4,979,665
	Delman	171,035	
	Total	29,202,557	30,855,884

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18	Rental Lease Deposit	2020-21	2019-20	
	Deposit for operational lease relates to deposit on Leasehold property of Hill Park Building, Hifadhi and Kenstreal in Mombasa	26,174,315	26,174,315	
19	Retention Fee			
	Balance as at 1/7/2020	30,855,884	5,023,070	
	Nelliwa Builders & Civil Engineers Ltd	(2,109,980)	(2,913,090)	
	National Bank of Kenya	2,282,971	23,503,208	
	Mymac Ltd		263,030	
	Daya Ltd	(1,997,352)	4,979,665	
	Delman Logistics Ltd	171,035	-	
	Total	29,202,557	30,855,884	
20	PREPAYMENTS	2020/21	2019/20	
		Kshs	Kshs	
	Balance as at 1/7/2020	34,003,218	202,902,171	
	Daya Ltd	(1,655,235)	3,310,473	
	National Oil Corporation of Kenya	(1,600,000)	1,600,000	
	Liason Group (I.B) Limited	(689,268)	689,268	
	Consolidated Insurance Brokers Limited	(144,477)	144,477	
	Pelican Insurance Brokers (K) Ltd	(3,646,615)	3,646,615	
	National Bank of Kenya- (65% Advance Recovered)	-	(152,089,773)	
	Medical Insurance (HP Group Life)	-	(4,894,916)	
	Medical Insurance (Britam)	-	(1,620,148)	
	Assets Insurance (Pelican)	-	(3,625,869)	
	Rent (Bawan)	-	(16,059,079)	
		Total Prepayments	26,267,623	34,003,218
	21	INVENTORY		
Number Plates		7,112,424	25,818,120	
Specialised Materials		450,387,367	656,204,496	
		457,499,791	682,022,616	
22	STAFF DEBTORS			
	Outstanding Imprest	2,602,130	1,619,200	
		2,602,130	1,619,200	

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



NOTE 23 SCHEDULE OF PROPERTY, PLANT & EQUIPMENT MOVEMENT SCHEDULE FOR THE FY 2020-21 ENDED 30 TH JUNE 2021									
	Buildings	M/ Vehicles	Computer & Other Equipment	Intangible Assets	Other Equipment	Furniture & Fixture	Work In Progress	TOTAL	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost of Valuation									
At 1 July 2019	-	243,940,721.38	345,002,391.77	431,309,013.00	106,448,622.44	208,950,841.34	272,703,270.69	1,608,354,860.62	
Additions	193,127,678.17	14,500,000.00	38,499,838.43	-	843,900.00	65,901,103.89	422,784,622.36	735,657,142.85	
Revaluation									
Disposals									
Transfers/Adjustments							(234,050,247.40)	(234,050,247.40)	
At 30 June 2020	193,127,678.17	258,440,721.38	383,502,230.20	431,309,013.00	107,292,522.44	274,851,945.23	461,437,645.65	2,109,961,756.07	
Additions	18,527,523.75	28,108,000.00	123,359,780.99			5,383,248.71	28,211,082.50	203,589,635.95	
Revaluation									
Disposals									
Transfers/Adjustments	93,327,242.95		368,110,402.70				(461,437,645.65)	-	
Balance as at 30/06/21	304,982,444.87	286,548,721.38	874,972,413.89	431,309,013.00	107,292,522.44	280,235,193.94	28,211,082.50	2,313,551,392.02	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2020-21	2019-20
		Kshs	Kshs
24	INTANGIBLE ASSETS		
	Balance b/d from previous years		
	Smart-Card Driving License-Components	143,769,671	287,539,342
	Total	143,769,671	287,539,342
25	TRADE & OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
(i)	Gratuity Accrued to Staff on Contract		
	Balance b/d from previous years	7,265,034	32,030,354
	Accrued for the year	7,343,504	5,841,546
	Gratuity paid	-	(30,606,866)
	Total	14,608,538	7,265,034
(ii)	Other Current Liabilities		
	Accrued Salaries	64,618,581	26,317,207
	Creditors	253,322,804	117,160,074
	Total	317,941,384	143,477,281
26	Cash Bail Deposits Payable		
	Cash Bail Deposits in NBK Cash Bail Deposit Account	-	112,724
	Total	-	112,724
27	Provision for Contingent Liabilities-Legal		
	Provision for Contingent Liabilities-Legal	67,509,043	67,509,043
	Contingent Liability Realised	(39,475,000)	-
	Total	28,034,043	67,509,043
28	CAPITAL RESERVES		
	The Authority received no asset in kind during the year.		
	DONATIONS IN KIND		
	Balance b/d	789,624,531	447,040,258
	EU & World Bank Projects	84,197,388	-
	Computer Equipment (DRS)		368,110,403
	Transfer from Retention Fees	(29,202,557)	-
	Computer equipment (ERP)		(25,526,128)
	Total	844,619,362	789,624,531

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

		2019-2020	2018-2019
		Kshs	Kshs
29	GOVERNMENT RESERVE		
	Balance b/f	1,661,811,903	1,261,811,903
	Restatement of Opening Balance		-
	Transfer of Development funds from Ministry-State Dept of Transport	50,000,000	400,000,000
	TOTAL	1,711,811,903	1,661,811,903
30	REVALUATION RESERVE		
	Revaluation of Motor Vehicle	71,118,247	71,118,247
	Total Revaluation Reserve	71,118,247	71,118,247
31	COMPUTATION OF CASH EXPENDITURE FROM OTHER EXPENSES		
	Other Expenses		
	Repairs & Maintenance of Vehicles & Equipment (Note 12)	14,801,307	4,331,656
	Purchase of Smart-Card DL and Repairs & Maintenance Costs	52,728,377	357,434,745
	Purchase of e-Stickers	-	-
	TOTAL	67,529,684	361,766,401
32	CASH FLOW ON ACQUIRED NON-CURRENT ASSETS		2018-2019
	Total Additions During the Year		Kshs
	Work In Progress (WIP)	28,211,083	54,674,220
	Other Equipment	-	843,900
	Furniture & Fittings	5,383,249	29,338,324
	Total Additions During the Year	33,594,331	84,856,444
	Motor Vehicles	28,108,000	14,500,000.00
	Buildings	30,260,255	
	Computer & Other Equip.	57,676,153	38,499,838
	Cash Purchases(Cash flow)	149,638,739	137,856,282

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 RELATED PARTY BALANCES

Nature of Related Party Relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Authority, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry
- iii) Key Management
- iv) Board of Directors

b) Related Party Transactions

Particulars	2020-2021 Kshs	2019-2020 Kshs
Transfers from related parties	263,000,000	821,000,000
European Union & World Bank (HoAGDP) Project Funds Transferred through the State Department of Interior & Co-ordination of National Government	98,527,363	31,248,308
Total	361,527,363	852,248,308

a) Key Management Compensation

The total remuneration paid during the FY 2020/2021 to the four key management personnel namely the Director General, Director Corporate Support Services, Director Motor Vehicle Inspection & Safety Audits, Director Road Safety and Director Registration & Licensing was as shown below:

	Position	No.	2020-2021 Kshs	2019-2020 Kshs
1	Director General	1	9,890,000	8,820,000
2	Directors	3	18,027,200	20,985,560
	Total		27,917,200	29,805,560

National Transport & Safety Authority
Annual Reports and Financial Statements
For the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Contingent Assets and Contingent Liabilities

There were no contingent liabilities or assets that were reported in the financial year ended 30th June 2021.

34 Capital Commitments

Capital Commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for Processing	962,835	10,807,822
Total	962,835	10,807,822

These relates to already contracted capital projects which are on-going.

35 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 incurred a deficit in the year under review and did not therefore remit any surplus funds to The National Treasury.

36 Ultimate and Holding Authority

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

37 Currency

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

APPENDIX

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

The audit report for the financial statements of the FY2019-20 is yet to be received.

Director General *George Ajomo*

Date *15/7/2022*

APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY

Projects implemented by the Authority Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Smart Driving License		GoK	5Year		NO	NO
Usalama Barabarani Project		European Union	3.5Years		YES	YES
HoAGDP		World Bank	7Years		YES	YES

Status of Projects Completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Smart Driving License	Ksh.2.1B	Kshs.1,072M	51%		Kshs.55M	GoK
2	Usalama Barabarani Project	Kshs.671M	Kshs.36.4M	5%	Kshs.100M	Kshs.35.8M	European Union
3	HoAGDP	Kshs.2.7B	Kshs.6.4M	2%	Kshs.50.5M	Kshs.6.4M	World Bank

The World Bank's Horn of Africa Gateway Development Project commenced in the last quarter of the year and a number of programs were at the stage of procurement stage as at close of the financial year. These will therefore be implemented in the next FY2021-22.

APPENDIX III: INTER-ENTITY TRANSFERS

NATIONAL TRANSPORT & SAFETY AUTHORITY			
Break down of Transfers from the State Department of Interior			
FY 2020/2021			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		12-August,2020	70,925,000
		9-November,2020	70,925,000
		2-February,2021	70,925,000
		5-July 2021	225,000
		Total	213,000,000
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		28-August,2020	50,000,000
		Total	50,000,000
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>
			<u>Indicate the FY to which the amounts relate</u>
			0
			0
			0
		Total	0
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	European Union	24-May,2021	49,213,906.60
	World Bank	17-June,2021	49,313,456.40
		Total	98,527,363.00

The above amounts have been communicated to and reconciled with the parent Ministry and a separate signed copy is annexed herein.

