

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

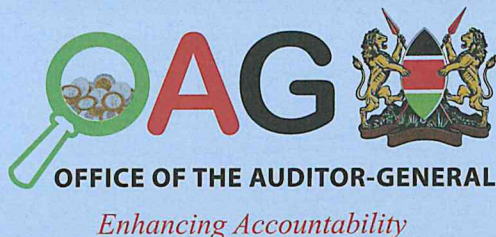
ON

**AGRI & CO-OPERATIVE TRAINING AND
CONSULTANCY SERVICES LIMITED**

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

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON AGRI & CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report 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 Agri & Co-operative Training and Consultancy Services Limited set out on pages 1 to 26 which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows

Report of the Auditor-General on Agri & Co-operative Training and Consultancy Services Limited for the year ended 30 June, 2025

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 Agri & Co-operative Training and Consultancy Services Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

Long Outstanding Trade Payables

The statement of financial position and as disclosed in Note 22 to the financial statements reflect trade and other payables balance of Kshs.1,754,577. Included in the balance are arrears totalling Kshs.977,088 for the Office of the Auditor-General which have remained outstanding for more three (3) years. Further, records from the Office of the Auditor-General reflects an outstanding balance of Kshs.1,237,600 from the Company resulting in unreconciled variance of Kshs.260,512.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.1,754,577 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Agri & Co-operative Training and Consultancy Services Limited Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure totalling Kshs.14,931,949 against actual receipts of Kshs.16,986,517 resulting to under absorption of Kshs.2,054,568 or approximately 12% of actual receipts.

The under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Agri & Co-operative Training and Consultancy Services Limited in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1.	2023/2024	Anomalies in Governance and Governance Structure
2.	2023/2024	Failure to have a Risk Management Policy

Other Information

The Management is responsible for the Other Information set out on pages iii to xxvii which comprise of Key Entity Information, the Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of 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. Non-Submission of Budgetary Reports

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.16,800,000 and a total expenditure budget of Kshs.15,245,261 for the year under review. However, the Company did not submit monthly financial and non-financial budget implementation reports to the Office of the Auditor-General, as required under Regulation 55(1) of the Public Finance Management (National Government) Regulations, 2015.

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

2. Lack of Integration of Climate Change Action Plans

The statement of profit or loss and other comprehensive income and as disclosed in Note 8 to the financial statements reflect Kshs.11,262,515 in respect to operating expenses. Review of the Company's systems of governance and operations revealed that there was no designated unit to handle climate change related matters. In addition, there was no budgetary allocation for climate related programs to be undertaken within the Company's operations for the year under review. This was contrary to Section 15(1) of the Climate Change Act, 2016 which requires integration of climate change action plans into the organization's strategies and operations.

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

3. Irregular Acting

The statement of profit or loss and other comprehensive income and as disclosed in Note 9 to the financial statements reflect staff cost totalling Kshs.2,885,261. Review of the entity's key management records revealed that the Chief Executive Officer, who was appointed on 01 November, 2023 on an acting capacity, had continued to serve in that capacity for more than six (6) months. This was contrary to Section 34(3) of the Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty (30) days but not exceeding a period of six months.

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

4. Non-Adherence to Quarterly Board Meetings

The statement of profit or loss and other comprehensive income reflects Board expenses amounting to Kshs.72,000 as disclosed in Note 10 to the financial statements. However, review of Board meeting records revealed that the Board held only three (3) full Board meetings during the year under review. This was contrary to Parameter 1.8(1)(b) of Mwongozo Code of Governance for State Corporations which states that Board members

should meet as regularly as required and at least quarterly in order to effectively lead the organization.

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

5. Unserviceable Motor Vehicle

The statement of financial position and as disclosed in Note 12(a) to the financial statements reflect property, plant and equipment balance of Kshs.421,901. Included in the balance is a motor vehicle valued at Kshs.232,031 which had been grounded for the last two (2) years due to mechanical breakdown and was unserviceable. This was contrary to Section 163(1) of Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to establish a Disposal Committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent or surplus stores, equipment or assets.

In the circumstances, Management was in breach of the law and the unserviceable motor vehicle may not be of economic value to the Company.

6. Inconsistencies in Notes to the Financial Statements

Review of the financial statements revealed that disclosure Notes 12 to 22 do not correspond to the related components in the financial statements. This is contrary to the requirements of the reporting templates prescribed by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, Management was in breach of the reporting template.

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

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that except for the matter described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages iii to xxvii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page xix and page 17 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Agri & Co-operative Training and Consultancy Services Limited compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 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 comply 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 Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

