REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

CHEMELIL SUGAR COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON CHEMELIL SUGAR COMPANY 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 Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. 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

Disclaimer of Opinion

I have audited the accompanying financial statements of Chemelil Sugar Company Limited set out on pages 1 to 54, 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 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0. Unsupported Transfer of Ownership

Information provided by Management indicated that as per the Cabinet resolution, the Government of Kenya leased Chemelil Sugar Company to the Kibos and Allies Industry (Ltd) for a period of thirty (30) years. The Management officially handed over on 10 May, 2025.

Management explained that the lessee took over all the assets excluding motor vehicles and movable assets. However, the details of the assets transferred and ownership of the assets could not be confirmed due to lack of provision of the relevant records and documents such as lease agreement to determine nature and type of lease, terms and conditions of the agreement and due diligent report on valuation of assets and liabilities.

Further, the fair value of the assets could not be confirmed contrary to IAS 17.11 which states that for a finance lease, at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

In the circumstances, the fair value on presentation of financial statements could not be confirmed.

2.0. Material Uncertainty in Relation to Going Concern

The statement of financial position reflects a balance of Kshs.3,140,835,619 in respect of current liabilities which exceeded the total current assets balance of Kshs.731,054,548 resulting in a negative working capital of Kshs.2,409,781,071. Further, during the year under review, the statement of profit or loss and other comprehensive income indicated that the Company made a loss of Kshs.140,893,308 an indication that the Company may not be able to settle its obligations as and when they fall due and the existence of a material uncertainty.

The material uncertainty relating to going concern and measures put in place to improve the Company's financial performance was not disclosed in the financial statements.

In the circumstances, the Company is technically insolvent and its continued operations is dependent on the continued support from the creditors.

3.0. Variance between the Financial Statements and General Ledger

Review of the financial statements and the general ledger revealed various variances as detailed below:

i. Unsupported Cane Creditors and Other Payables.

Note 34 to the financial statements reflect a balance of Kshs.227,135,024 in respect of cane creditors and Kshs.130,768,081 in respect of other payables. However, review of the general ledger revealed balances of Kshs.136,596,713 and Kshs.47,501,663, resulting in unexplained variance of Kshs.90,538,311 and Kshs.83,266,418 respectively.

In the circumstances, the accuracy and completeness of the cane creditors and other payables balance of Kshs.227,135,024 and Kshs.130,768,081 respectively could not be confirmed.

ii. Unsupported Financial Statement Balances

Review of the financial statement revealed unsupported balances with the relevant ledger and schedules resulting to unreconciled variances as tabulated below:

Component	Note	Financial Statement	Ledger/Schedule	Variance
Trade and other payables				
SDL Payable	34	474,109,867	0	474,109,867
ML Payable	34	2,502,197	0	2,502,197
VAT Payable	34	115,177,058	0	115,177,058
PAYE Payables	34	84,903,214	0	84,903,214
Accrued tax penalties & interest	34	26,837,792	0	26,837,792
Staff Cost				
Wages of temporary employees	13(b)	270,476,627	0	270,476,627
National Social Security Schemes	13(b)	22,604,327	0	22,604,327
Staff gratuity/ provision	13(b)	34,641,327	0	34,641,327
Leave pay provision	13(b)	56,482	0	56,482
Staff welfare	13(b)	29,586,604	0	29,586,604
Affordable Housing Levy	13(b)	9,122,842	0	9,122,842
Retirement Benefits Obligation				
Gratuity	35	81,731,267	0	81,731,267
Provision for leave pay	36	1,654,417	0	1,654,417
Cost of Sales				
Change in value of un-milled cane	7	14,344,472	0	14,344,472
Changes in value of finished goods	7	46,894,221	0	46,894,221
Trade and Other Receivables				
Staff Receivables	23(c)	27,718,120	0	27,718,120
		1,156,757,167		1,156,757,167

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

iii. Variance between Financial Statements and Supporting Schedules- Other Income

The statement of profit or loss and other comprehensive income, and as disclosed in note 11 to the financial statements reflect other income amounting to Kshs.369,665,460 Included in this amount is Kshs.14,476,089 Kshs.1,570,512 and Kshs.347,405,910 that relate to rent income, miscellaneous income and GoK Grants respectively. However, the supporting schedule provided for audit review reflects an unexplained variance as tabled below:

Description	Financial Statement Amount	Ledger Amount	Variance
Rent income	14,476,089.02	3,509,063.34	10,967,026
Miscellaneous income	1,570,512.60	6,264,553.58	(4,694,041)
GoK Grants	347,405,910.56	292,749,037.51	54,656,873.05

In the circumstances, the accuracy of the reported amount of Kshs.369,665,460.84 could not be verified.

4.0. Sales Revenue

The statement of profit or loss and other comprehensive income and as disclosed in note 6 to the financial statements reflects amount of Kshs.2,313,714,536 in respect of sales revenue net of value added tax on gross sales comprising of sale of sugar and molasses amounting to Kshs.2,254,110,244 and Kshs.59,604,292 respectively. However, sales ledgers were not provided for audit review to support the sales revenue amounts.

In the circumstances, the accuracy and completeness of the sales revenue amounting to Kshs.2,313,714,536.14 could not be confirmed.

5.0. Unsupported Administrative Expenses

The statement of profit or loss and other comprehensive income and as disclosed in Note 13(a) to the financial statements reflects an amount of Kshs.372,101,507 in respect of administrative expenses. Included in this amount is Kshs.15,476,895 and Kshs.834,921 in relation to tax penalty & interest and interest on pension arrears respectively. However, no ledgers were provided to support these amounts.

In the circumstances, the accuracy and completeness of the administrative expenses amounting to Kshs.372,101,507 could not be confirmed.

6.0. Unsupported Biological Assets

The statement of financial position and as disclosed in note 21 to the financial statements reflects a balance of Kshs.95,672,164 in relation to biological assets. However, the balance was not supported with the following:

i. The management did not provide ledgers supporting biological assets amounting to Kshs.95,672,164.

ii. No valuation report was provided for audit hence we were unable for confirm the accuracy of Kshs.95,672,164 in relation to biological assets.

iii. Also, it was noted that there was a huge decrease in the value of biological assets from the prior year recording an amount of Kshs.181,668,930 and current year an amount of Kshs.95,672,164 leading to unexplained variance of Kshs.85,996,766 (47%).

In the circumstances, the accuracy and completeness of the biological assets balance of Kshs.95,672,164 as at 30 June, 2025 could not be confirmed.

7.0. Cash and Bank

The statement of financial position and as disclosed in note 26 to the financial statements reflects a bank balance of Kshs.69,675,046 comprising of balances of Ksh.68,268,342 and Ksh.1,406,704 for four (4) KCB accounts and three (3) Cooperative bank accounts respectively. However, cash books, bank reconciliation statements and certificate of bank balances s in support of these balances were not provided for audit.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.69,675,046 could not be confirmed.

8.0. Long Outstanding Staff Receivables

The statement of financial position and as disclosed in note 23a to the financial statements reflects trade and other receivables of Kshs.375,099,764. Included in this balance is staff receivables amount of Kshs.27,718,120. Review of records revealed that there was an increase of Kshs.2,060,307 from the previous year figure which is an indication that Management has not put measures in place to ensure recovery of the debts from staff.

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

9.0. Unsupported Other Receivables

The statement of financial position and as disclosed in note 23(e) to the financial statements reflects other receivables of Kshs.60,712,762. However, the ledgers were not provided to support this amount.

In addition, there was provision for impairment loss for Kshs.14,988,103 under farmers, transport and cutters advances and Kshs.49,146,797 being provision for impairment loss under other receivables balance were not supported with detailed ledgers and an approved policy on provisions.

In the circumstances, the accuracy of the Kshs.369,882,840 under other receivables could not be confirmed.

10.0. Trade and Other Payables

10.1. Long outstanding payables

The statement of financial position and as disclosed in note 34 reflects trade creditors balance of Kshs.307,750,189.92. However, included in this balance, creditors worth

Kshs.250,353,839.13 were over 120 days, contrary to Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that subject to availability of funds and after proper certification of goods, works or service prompt payments are made within 60 days from the date of receipt of an invoice. In addition, the Company did not have credit policy to guide on debt management.

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

10.2. Outstanding Tax Arrears

The statement of financial position and as disclosed in note 34 to the financial statements reflects a balance of Kshs.115,177,057, Kshs.84,903,213, Kshs.244,089, and Kshs.26,837,792.43 for VAT payables, PAYE payables, With Holding Tax (WHT) payable and accrued tax penalties and interest respectively. The Company is at risk of incurring further penalties and interest with the delayed settlement of taxes.

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

10.3. Long Outstanding Payroll and Staff Expenses

The statement of financial position and as disclosed in note 34 to the financial statements reflects a balance of Kshs.1,292,032,183.18 and 5,437,607.24 being payroll accrued expense and accrued staff expense respectively. The Management risks litigation from accrued salaries and unremitted statutory deductions which can be avoided if dues are paid on time.

In the circumstances, Management was in breach of law.

10.4. Payables with Debit balance

The statement of financial position and as disclosed in note 23e to the financial statements reflects a balance of Kshs.104,765,999 being trade payables with a debit balance. Review of the payments records revealed that the Company was making payments prior to delivery of goods and services and thus resulting in the debit balances. It was also observed that in some instances the suppliers delivered partial goods and in other circumstances there were price variations due to difference in the amounts paid in advance and the invoice price as at the time of the delivery.

This was contrary to Regulation 150(1) of the Public Procurement and Asset Disposal Act Regulations, 2020 requires that payments to be made after proper certification of goods, service or works.

In the circumstances, the payments were irregular.

10.5. Long Outstanding Retirement Benefits Obligations

The statement of financial position and as disclosed in note 35 to the financial statements reflects an amount of Kshs.281,428,180 relating to retirement benefit obligations. Included in this amount is Kshs.199,696,913 relating to long term service dues. These are balances relating to gratuity that have remained outstanding for a long time. Management did not provide justification on non-settlement of retirement dues. This was contrary to Treasury Circular No.10/2020 of 16 June, 2020, which requires pending bills to be settled as a first charge in the first quarter of the preceding financial year.

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

11.0. Yields Below Industry Standard

The statement of profit and loss and other comprehensive income and as disclosed in note 7 to the financial statements reflects an amount of Kshs.2,437,093,608 for cost of sales. Factory report provided for audit as at year end indicated that the Company milled 326,0003 tonnes of canes during the year under review and produced 23,359.53 tonnes of sugar, resulting in a renderment of ton cane/ton sugar (TC/TS made) of 13.96 % of the produced sugar, which is above the recommended renderment of 10%

It was also observed that factory time efficiency was 52.61% while overall time efficiency was 40.69 %. All this was contrary to Regulation 21(a) of the Crop Sugar Regulations, 2020 which gives clear guidelines for production of sugar.

In the circumstances, the efficiency of the factory was still below the standards set by the industry.

12.0. Failure to Achieve Targets on Cane Supply

The statement of profit and loss and other comprehensive income and as disclosed in note 7 to the financial statement reflects an amount of Kshs.2,437,093,608 as cost of sales. During the audit, the Company provided a factory report that showed cane received during the year under audit was 326,003 tonnes while the estimated cane availability was 516,000 tonnes from both nuclear and out growers. It was observed that the Company did not achieve its set target as there was a variance of 189,997 tonnes. From the data provided by the management it was observed that the amount of cane that the management intended to collect from both out growers and nuclear was not achieved and there was under performance.

In the circumstances, Management was not able to meet its set targets.

13.0. Use Of Outdated Standard Operating Procedures (SOP)

It was observed that the Company was using outdated Standard Operating Procedures. The current Standard Operating Procedures (SOP) for the Company was last updated in the year 2017 while the current strategic plan for the Company runs from 2022/23 to 2026/27. The use of the outdated standard operating procedures directly affects the operation and services delivery as well as achievement of the objective as stated in the strategic plan.

In the circumstances, Management's Standard Operating Procedures do not align with the strategic.

14.0. Legal Costs

14.1. Failure to Seek Approval from Attorney General Before Engaging External Advocates

The statement of profit and loss and other comprehensive income and as disclosed in note 13 to the financial statements reflects an amount of Kshs.10,266,295 as legal fees and court awards. During the year under review, it was observed that the Company had five advocates in the list of their registered suppliers under provision of legal services. The Management, however, did not provide any correspondence and approval from the Attorney General authorizing them to use external legal service.

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

14.2. Failure to Use Competitive Selection on Legal Service Providers

The statement of profit and loss and other comprehensive income and as disclosed in note 13 to the financial statements reflects an amount of Kshs.10,266,295 as legal fees and court awards. During the audit, it was observed that the Company had five advocates in their list of registered suppliers under provision for legal services. During the review of the legal cases, it was observed that out of the 52 cases, 39 were represented by the same advocate. It was neither clear nor explained how he was picked from the list of registered suppliers and whether there was competition among them.

In the circumstances, fairness and competitiveness in the selection of the advocates representing the Company could not be confirmed.

14.0. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for recurrent and development reflects final receipts budget and actual amounts on comparable basis of Kshs.4,667,160,000 and Kshs.2,683,379,997 respectively, resulting to under-funding of Kshs.1,983,780,003 or 42.5% of the budget. Similarly, the Company spent Kshs.2,824,273,305 against actual revenue of Kshs.2,683,379,997, resulting in an over expenditure of 140,893,308 or 5% of the available funds.

In the circumstances, the under-funding and under absorption may have impacted negatively on the implementation of the entity's programs.

15.0. Failure to Integrate Climate Change Action Plan into the Sectoral Strategies

Review of Climate Change records revealed that the Company has not fully complied with the requirements set out under Article 69(f) of the Constitution, Climate Change Amendment Act, 2023 & The Climate Change (Carbon Markets) Regulations, 2024, National Climate Change Action Plan III 2023-2027 regarding environmental protection and management., the following anomalies were noted:

i. No evidence was provided that the company had undertaken a comprehensive climate change risk assessment to identify vulnerabilities and evaluate potential impacts on operations and strategic objectives, as required under the Climate Change Act, 2016 and established governance frameworks.
ii. The Company has not established structured procedures to regularly evaluate environmental effects and maintain compliance with environmental requirements.
iii. The Company failed to establish mandatory climate change policies required by the Climate Change Act, 2016.

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

16.0. Non-Compliance with Guidelines on Establishment of Board Committees

During the financial year 2024/2025, the Board had four council committees namely Audit, Risk, Governance & compliance Committee, Finance & Human Resource, Strategy & Technical Committee. However, review of Board Committee Appointments t revealed that membership of the committees was more than the required a third of the full Board. Details are in the table below:

Table 1: Non-Compliance with Guidelines on Establishment of Board Committees

	Committee	Membership
1.	Audit Committee	4
2.	Risk, Governance & compliance	4
3.	Finance and Human Resource	4
4.	Strategy & Technical	4

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

18.0. Non-Compliance with Guidelines on Board Appointments

Review of council members data revealed that all members of the Board, except for the Chief Executive Officer, were appointed on 14 April, 2023. Therefore, their tenures were not staggered to ensure a phased transition.

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

19.0. Non-Compliance with Two Thirds of Basic Salary Rule

Review of the payrolls categorized as academic staff, managerial staff, Junior staff, and contracted staff together with other documentation provided for audit verification revealed that the entity did not comply Section 19(3) of the Employment Act 2007, which prohibits officers from over-committing their salaries.

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

20.0. Staff in Acting Capacity Beyond Six Months

Review of payrolls and Human Resource records revealed that during the year under review, there were one hundred and eleven (111) employees (29 managerial and 82 union sable) in acting capacity and were paid acting allowances. However, the acting allowances were paid beyond the allowable period of six months and at a rate of 22% of the basic pay which was beyond the recommended rate of 20%. Further, recommendation by the Ministerial Human resource Management Advisory Committee and approvals were not provided for audit review. We could not confirm whether payment of the allowances was approved.

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

21.0. Non-Compliance with Law on Representation of People with Disabilities

During the year under review, the total number of employees on the Company's payroll were 923, out of which only 15 or 1.6% were people with disabilities. This was contrary to Section B.23(2) of the PSC HR Policies May 2016 states that the Government shall implement the principle that at least 5% of all appointments shall be for persons with disabilities.

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

22.0. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees on the entity's payroll were 923 out of which 518 or 56.1% of the total number were members of the dominant ethnic community in the region. In addition, 11 employees were not classified per ethnic background. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

23.0. Opening of Bank Accounts

Review of Company's' bank records revealed that the Company operates eight (8) bank accounts. However, the Management did not provide for audit verification approval from The National Treasury to open and operate eight (8) bank accounts as listed below in accordance with Section 28(1) of the Public Finance Management Act, 2012.

S/No	Cash at Bank
1	KCB Main Account Kisumu
2	KCKCB Project Account 1
3	KCB Project Account 2
4	KCB Chemelil Academic Account
5	Cooperative Bank Kisumu Main Account
6	Cooperative Bank Kisumu Project Account
7	Cooperative Bank Kisumu Health Account
8	KCB Nandi Hills Chemelil Academy PTA

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

24.0. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2025 as detailed in **Appendix 1**.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report, based on my audit, that:

i. I have not 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 page xx is not consistent with the financial statements; and

iii. The auditable part of the Directors' remuneration report on page 18 has not been properly prepared in accordance with the Companies Act, 2015.

Responsibilities of the Management and the 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 are 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 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

11 December, 2025

Appendix 1 – Unresolved Prior Year Matters

	Year	Matter
1.	2023/2024	Long Outstanding Trade and Other Receivables
2.	2023/2024	Bank and Cash Balances
3.	2023/2024	Budgetary Control and Performance
4.	2023/2024	Long Outstanding Trade payables
5.	2023/2024	Outstanding Tax Arrears
6.	2023/2024	Long Outstanding Payroll Arrears and Unremitted Statutory Deduction
7.	2023/2024	Non Revaluation of fully Depreciated Assets
8.	2023/2024	Unutilized Irrigation Equipment
9.	2023/2024	Grounded Machinery
10.	2023/2024	Use of Absestos in the Estate
11.	2023/2024	Harzardoius Disposal of by Product (Bagasse)
12.	2023/2024	Irregularities in Imprest Managment
13.	2023/2024	Non- Compliance with Law on Ethnic Composition and Gender Parity
14.	2023/2024	Lack of Share Certificate and CR 12
15.	2023/2024	Weaknessess in Inforamation Technology (IT) Internal Controls
16.	2023/2024	Reularity of Human Resource Managment Practices
17.	2023/2024	Lack of an Approved Staff Establishment
18.	2023/2024	Lack Of Human Resource Plans
19.	2023/2024	Staff Serving in Acting Capacity
20.	2023/2024	Accrued Leave Days
21.	2023/2024	Low Yields below the Industry Standards of 10%
22.	2023/2024	Under Staffing Internal Audit Function