Regional Issues Report

Mini Group / Eleven Degrees Consulting

Date: 2025-06-16

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|  | N/A | N/A | 2025-02-01 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Isiolo Road

## Issue: Stock verification

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| Severity | medium |
| Description | A Physical stock count was done on 02 February 2025 to determine if stock balances, i.e. raw materials and finished goods, agreed with the balances in the SAP system and to determine if stock management controls were working effectively. The audit findings were as follows: Bread stock had a variance of -300 Loaves out of which 224 were raised as deduction and leading to a pending variance of -76 loaves Polybags had a variance of -2021 pieces Yeast had a variance of +0.46 sachets White Flour had a variance of +23.15kgs Brown flour was +0.27Kgs. Utto had a variance of +0.234 |
| Implication | Material variances noted in in raw materials and finished goods indicate that stock controls in place are not working effectivelySignificant polybags variations imply that the branch is not recording all the damaged polybags sent for approval. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management is recommended to ensure proper recording of polybags damages to reduce variations noted. Branch is also recommended to follow up with KAF to ensure machines are regularly maintained to reduces instances of breakdowns. |

## Issue: Crates movement

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| Severity | medium |
| Description | A physical verification crates at the Isiolo branch was done on 3rd February 2025, to determine if the crates’ stock balances were well controlled given that the crates were loaded to customers daily.It was noted that all the crates were accounted for, however there were significant route balances especially Mini shops as detailed below.  Description Quantity   Opening balance 1018   Loading 1980   Physical 1790   Branch total crates 4788   Less: Donholm crates -15   Expected 4773   Total crates as per SAP 4773   Variance 0 |
| Implication | The route balances of crates in the mini shop routes implied lapses in crate movement controls which puts the branch at risk of losing the pending crate balances in the routes. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Review movement of crates in the system record versus book record and rectify the variances noted.Minimize route crate balances as per Company policy |

## Issue: Bread weight Check

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| Severity | high |
| Description | Weight check for bread Produced and packed in the branch was done to ensure that the bread sent to the market met the KEBS Standard weight of 200g ,400g, 600g ,800g ,1.5 kg.From the audit sample it was noted that there were significant underweights across all the Varieties as seen:400 g CTW had 72%600CTW/BT had 65% 800 CTW had 87%200g Minibread had 100% 400 g S/N had 11%400 Grande 95%The table below is the summary of the findings.             Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight   400g CTW 75 2 19 54 3% 25% 72%   600CTW/Butter 75 0 26 49 0% 35% 65%   800 CTW 75 2 8 65 3% 11% 87%   200g Minibread 34 0 0 34 0% 0% 100%   White Bread 400 S/N 75 1 66 8 1% 88% 11%   400 Long 65 1 2 62 2% 3% 95% |
| Implication | Violation of weights and Measures laws by supplying Underweight bread to the market exposes the company to regulatory and legal risks. This can lead to the attraction of potential penalties for non-compliance.Underweight bread also can affect brand reputation and can lead to loss of customers. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Frequent spot checks on weight to ensure bread producedand sent to the market are of correct weights.Regular servicing of bakery machines to optimizeperformance. |

## Issue: Bread Damages analysis

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| Severity | medium |
| Description | A review of bread damages for a period of 27 days from 6 January 2025 to 1 February 2025 was done with the aim of determining if production and Market Damages were within the allowable threshold of 0.2% and 0.5% respectively. It was noted that the production bread damages were at 0.25% of total production, which was above the set limit of 0.2% with a cost Implication of -22,161.80 while market damages were at 0.46% of total sales which was within the allowable threshold. Below is a summary of the findings:  Production damages      Details Quantity/Value   Total Production damages= A 2,125.00   Total Production = B 836,294.50   Prod. Damages % C=(A/B) % 0.25%   KPI =D 0.20%   Difference E=D-C -0.05%   Cost Implication F=(E\*B) \*53 -22,161.80   Market Damages    Details Quantity/Value   Total Market damages= A 3,163.00   Total Sales = B 683,696.00   Market. Damages % C=(A/B) % 0.46% |
| Implication | The average production damages exceeded the KPI target by 0.05%, indicating a higher-than-desired level of waste. The cost implication suggests a loss of KES 22,161.80 due to excess damages. The market damages were within the allowable threshold. |
| Cost Impact | $-22161.8 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | To schedule consistent bakery machines are Maintenance to prevent or minimize cases of breakdowns that result in production damages. |

## Issue: Production efficiency

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| Severity | medium |
| Description | A review of production efficiency was performed to assess whether the branch utilized its production workers effectively in line with the established standards of 4.3 bags per production worker.It was noted that production efficiency stood at 4.27 bags per production worker which was below the expected set standard of 4.3 bags per production worker. The results were as detailed below.Table 7:Production Efficiency.  Production Efficiency Number   Details Totals   KPI =A 4.3   Production workers Hired =B 1024   Expected production: C=A\*B 4,403.20   Actual Production =D 4,373.00   Actual production efficiency achieved E=D/B               4.27   Production workers who were supposed to be hired F=D/A 1017   Extra Production Workers hired G=B-F 7.00   Cost Incurred for not achieving target (1,086.6\*7)        7,606.2 |
| Implication | The branch hired 7 extra workers with an extra cost of Kshs.7,606.2. |
| Cost Impact | $7606.2 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should ensure workers are hired as per productions to minimize extra costs for the company. |

## Issue: Packing efficiency

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| --- | --- |
| Severity | medium |
| Description | Packing Efficiency for the period 6 January 2025 to 1 February 2025 was conducted with the aim of ensuring packing workers were achieving their allocated KPI of 97 Crates per packer.It was noted that packing efficiency was at 85.16 crates which was below the standard KPI, the company hired more 648 workers with an extra cost of Kshs.72,048.Table 8: Packing Efficiency.  Details Totals   KPI =A 97   Loaves Produced 836,316.00   PD, Oven Damages & Deductions & System FOC (06.01.2025-01.02.2025) 6,845.50   Loaves Produced less PD, Oven Damages & Deductions &FOC (06.01.2025-01.02.2025) 829,470.50   Add: 05.01.25 3 shift Loaves 10,557.5   Less: 01.02 .253 shift Loaves 12,242.5   Total Loaves to be Packed(B) 827,785.50   Packers Hired (C) (01-21.10.24) 648   Actual Packing Efficiency achieved D=(B/C/)15 85.16   Packers who were supposed to be hired E=(B/A)/15 569   Extra (or Less) Packers hired F=C-E 79   Cost Implication (912\*79) 72,048 |
| Implication | Workers were underutilized leading to increased cost of Kshs.72,048 without a corresponding increase in productivity. |
| Cost Impact | $72048.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should follow up with Maintenance department to ensure slicing machine maintenance is done to reduce downtimes that affects efficiency. |

## Issue: Mixing chart analysis

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| Severity | medium |
| Description | An analysis of both mixing chart and mixing chart summaries was done for the period 6 January 2025 to 1 February 2025 to determine if the raw materials usage were as per the set BOM and if the set standards were achieved for production.The analysis revealed that:ü  Utto consumption to bags was at 100%.ü  Average yield was 191.25 loaves per bag which was within the set standard.ü  Average production was 161.96 bags which represented 68.05% of the target of 238 bags set.ü  There were 5,574 cases of remixes noted for the reviewed period.The table below illustrates the summary of the findings:Table 9: Mixing Chart Analysis.  Particulars Number   Utto 4,373   Yeast 125g 4,373   Production in bags 4,373   Total cash flow loaves 836,316   Average yield 191.25   Average Production /Average daily production in bags 161.96   Average production Target in bags 238.00   Production target achievement (%) 68.05%   Utto consumption to bags produced 1:1   No of Remixes 5,574.00 |
| Implication | Branch production capacity was underutilized, Shortfall optimization of 31.95%. The high number of remixes reduces the Quality of bread and can lead to bread shortfalls. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | None |

## Issue: Debtors analysis

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| Severity | medium |
| Description | A review of the debtors’ balances as of 4February 2025, was conducted to ascertain if there were instances of outstanding balances at the branch that could lead to bad debts if left unchecked.It was noted that there were 4 blacklisted debtors, there were several customers whose debts were to be cleared from security as detailed below in Appendix 2. |
| Implication | Additional recovery costs to the company for cases of long outstanding debts that are left unchecked. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The Sales team to follow up for clearance of payments for sales done. |

## Issue: Vehicles fuel consumption

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| Severity | medium |
| Description | Vehicles fuel consumption for the period 6 January 2025 to 31 January 2025 was done to determine if fuel consumption was within the standard rates.It was noted that fuel consumption was within the standards rates, however there were vehicles for routes Ngong, Kileleshwa and kahawa which had consumed more fuel and others had faulty mileage KCJ191X-Kahawa route, KBS234K-Embakasi route hence it was difficult to compute consumptionThe summary of the audit Finding is illustrated below in Appendix 1. |
| Implication | The fuel consumption was within the standard rates; however, the few vehicles consumed more fuel but were minimal. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should liaise with KAF to keep track of all records of fuel for shared vehicles and indicate comments in their records to reflect the same. |

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# Project: Langata

## Issue: Physical Stock Take

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| Severity | medium |
| Description | Findings.   A stock take of raw materials and finished product was conducted on 1st February 2025 to assess whether all stock items’ issues, receipts and usage were well controlled. The items with variances were as stated below:  Polybags had a variance of +222 Pieces   Finished product had a variance of -49 Loaves.   Yeast  had a variance of -1.061   Wheat Bran -9.89 Kgs   Utto had a variance of -4.12 Ltrs /Kgs    The other raw materials had negligible variances as illustrated:          Item Description Stock as per SAP Physical Stock Variance   Brown bread ingredients  3 3.00 0.000   White ingredients 9Kgs 847.061 847.00 -0.061   White Flour 44,752.95 44,750.00 -2.946   Brown Flour 50 50.00 0.000   Wheat Bran 44 34.11 -9.890   Yeast - 125gms 887.061 886.00 -1.061   Vegetable Oil (Utto)  105.12 101.00 -4.120   Finished Product 15,054 15,005 -49   Polybags 158,127 158,349 +222 |
| Implication | The variances noted imply weakening of stock controls with regards to wheat bran, Utto and yeast materials’ movement. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to implement stringent measures on raw materials’ movement to alleviate the variances. |

## Issue: Bread/Dough Weight

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| Severity | high |
| Description | Findings. We conducted a spot check on the weights of packed bread on 3rd February 2025 to verify if the set bread weight standards were being adhered to.   Underweights were noted in 400g CTW Unit 2-(27/43), 600g CTw Unit 2-(29/54), 6BT Unit 1(12/60) and 8BT Unit 1 (14/50)  There were Over-weights noted in Unit 1 600g BT(4/60) and Unit 2 600g CTW(11/54) as detailed below:   Variety Sample size C/Wt Ov/Wt Ov/Wt% U/Wt U/ Wt % Av/ Wt    4CTW (Unit  2) 43 16 0 0% 27 63% 389.26    6CTW (Unit 2) 54 14 11 20% 29 54% 587.02    6BT (Unit 1) 60 44 4 7% 12 20% 595.87    8BT (Unit 1) 50 34 2 4% 14 28% 792.30   800g Dough 18 9 4 22% 5 0 915.67 |
| Implication | Presence of underweight bread signified lapses in implementation of the set dough weights and also failure to monitor production process flow. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to increase spot checks in the production area and ensure that the workforce is trained/sensitizes on the required weight standards and weighing procedures. Regular machine maintenance is recommended. |

## Issue: Bread Damages Analysis

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| Severity | medium |
| Description | Findings  An analysis was done on the bread damage levels for both production and market based deformities for the period 15th January-2nd February 2025 to detect if damage levels were within the set limits.  We noted the following:  Production damages were 0.25% of the total production which was above the set standard of 0.2% and had a cost implication of KES 10,611.60.   Market damages were 0.56% of the total sales which was above the 0.5% allowed limit and had a cost implication of KES 12,263.40. |
| Implication | The bread damages exceeded the set damage limits implying lapses in monitoring production flow, machine breakdowns and mishandling of bread in transit. |
| Cost Impact | $22875.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Enhance controls and spot checks within the production process. Training employees on handling bread in transit to minimize market damages. Regular oven machines maintenance |

## Issue: Packing Efficiency

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| Severity | medium |
| Description | Findings. An assessment was conducted on the utilization of packers in the slicing section to determine if optimality was attained based on the set Company standard of 97 crates per packer. We noted that, for the period 15th January-2nd February 2025, the packing efficiency stood at 94.04 crates which was below the standard set as detailed below:   Details Totals   KPI =A 97   Loaves Produced 400,436.80   PD,Oven Damages & Deductions & System FOC(15th Jan-2nd Feb 2025) 4,807.00   Loaves Produced less PD,Oven Damages & Deductions &FOC ((1st-23rd Jan) 395,629.80   Add: 14.01.2025 3rd shift Loaves 8,556.00   Less: 02.02.25 3rd shift Loaves 10,648.25   Total Loaves to be Packed(B) 393,537.55   Packers Hired (C) ((15th Jan-2nd Feb 2025) 279   Actual Packing Efficiency achieved D=(B/C/)15 94.04   Packers who were supposed to be hired E=(B/A)/15 270   Extra (or Less) Packers hired F=C-E 9   Cost Implication (912\*9) 8,208 |
| Implication | The branch did not attain the set slicing efficiency implying extra cost of KES 8,208 incurred in paying excess 9 workers. |
| Cost Impact | $8208.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to maintain optimal allocation of packers based on the set standards. |

## Issue: Production Efficiency

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| --- | --- |
| Severity | medium |
| Description | Findings. We reviewed the branch’s production efficiency rate versus the Company’s set standards for the period 15th January to 2nd February 2025 to ascertain if there were any major variations.    We noted that the average production efficiency was at 4.07 bags per production worker which was below the set standard of 4.3. The results were as detailed below:  Production Efficiency  Details Totals   KPI =A 4.3   Production workers Hired =B 483   Expected production: C=A\*B 2,076.90   Actual Production =D 1,967.00   Actual production efficiency achieved E=D/B              4.07   Production workers who were supposed to be hired F=D/A 457   Extra Production Workers hired G=B-F 26   Cost Incurred for not achieving target (1,086.6\*26)   27,771.47 |
| Implication | The branch did not attain the set target implying extra cost of KES 27,771.47 for over-allocation of 26 extra workers to the production section. |
| Cost Impact | $27771.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management to introduce controls to ensure optimal allocation of employees to the production section. |

## Issue: Debtors' Analysis

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| Severity | medium |
| Description | Findings.An analysis of the debt balances as at C.O.B 04/02/2025 (Exclusive of Institutions) was performed to identify any occurrences of bad debts or unresolved balances by route. The findings were as detailed below:  Route Customer name Pending balance Remarks (Management Comments)   Embulmbul Tuktuk -Embulmbul 10,910.14 We are following up with sales rep for clearance   Karen Tuktuk -Karen 925.25 We are following up with sales rep for clearance   Kawangware Eustace Mwangi Wanjiku 7,770.00 Balance from 1 day's sale   Kawangware Veronica Bonareri 1,700.00 Balance from 1 day's sale   Kilimani Route direct sales 1,323.01 Balance from 1 day's sale   Kiserian Hillary Mutua 8,618.65 We are following up with sales rep for clearance   Kiserian John Musyoka 12,865.00 We are following up with sales rep for clearance   Kiserian Peter Kariuki 4,091.00 Blacklisted   Kiserian Phillip Vuyala 25,438.00 We are following up with sales rep for clearance   Kiserian Timothy Maina 30,752.00 We are following up with sales rep for clearance   Minishop V Minishop Walk In-Ngumo 404.50 We are following up with sales rep for clearance   Nkoroi Michael Mwangi 29,801.68 We are following up with sales rep for clearance   Rongai Samson Ngugi Wanjira 5,515.00 Balance from 1 day's sale   Rongai Vincent Otieno-Rongai 4,520.00 Balance from 1 day's sale   SouthLands TukTuk-Southlands 25,570.33 We are following up with sales rep for clearance     Grand Total 122,001.51 |
| Implication | Debt balances were minimal, therefore well controlled, however efforts should be made to recover the pending balances. |
| Cost Impact | $122001.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Follow up on pending balances for clearance. |

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|  | N/A | N/A | 2025-02-06 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Migori

## Issue: Stock count

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| --- | --- |
| Severity | medium |
| Description | - Verification of registers for the period ranging 01/01/25 - 06/02/2025 revealed that they were properly updated and matched SAP system figures.- Physical stock count of all items on 07/02/2025 and comparison with SAP balances revealed minimal variations.The table below shows the summary of the stock findings  ITEM BOOK STOCK PHYSICAL STOCK VARIATION   White ingredients 9Kgs 1,444 1,444 00   White ingredients 18Kgs 00 00 00   Brown bread ingredients 7kg 11 11 00   White Flour (50kg) 843.5 843.5 00   Brown Flour(50kg) 11 11 00   Vegetable Oil (ltrs) 196.443 200 3.557   Wheat Bran (kg) 35.95 35 (0.95)   Yeast - 125gms 1,433 1,433 00   Polybags 446,598 446,198 (400)   Finished product(400g) 17,192.5 17,103 (89.5)   Yellow crates 3,480 3,480 00   Black crates (family pack) 698 698 00 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - The management to ensure that the set stock controls are consistently adhered to avoid stock variances. |

## Issue: Stock count

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| --- | --- |
| Severity | medium |
| Description | - Physical stock count on 07/02/2025 showed insignificant variations.- Stock take registers at the branch showed managers and supervisors stocks were done on daily basis while operations manage did weekly stock count. All findings were properly documented on the registers. - Stock take register balances showed minimal variations when compared to SAP balances. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Noted strong internal controls were commendable and encouraged in future. |

## Issue: Dough weights

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| --- | --- |
| Severity | medium |
| Description | - Dough weights were sampled during first shift on 07.02.2025. Weights fell within the allowed range of dough weight standards. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - adherence to set dough dividing weights is commendable. This should be ensured in future for production of standard weight bread. |

## Issue: Packed bread weights

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| --- | --- |
| Severity | medium |
| Description | - Packed bread weights were sampled on 07/02/2025 and weights recorded ana analyzed.- Overweight bread was noted especially for 600g white bread (CT and barrel).·         Bread weights were sampled on 07/02/2025 and the following below were the results.          Variety Qty sampled Over wt. Std wt. Under wt.   400g CT white 75 04 71 00   600g CT white 75 37 34 04   600g barrel W 75 71 04 00   800g CT W 75 02 64 09   Totals 300 114 173 13   Percentage 100% 38% 57.66% 4.33%     Variety Overall Avg Wt. (g) % over Wt. % correct Wt. % under  Wt.   400g CT white 404.83 5.33% 94.67% 0.00%   600g CT white 611.39 49.33% 45.34% 5.33%   600g barrel W 625.76 94.67% 5.33% 0.00%   800g CT W 796.77 2.67% 85.33% 12% |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Standard set dough dividing weights should be adhered to in order to ensure production of standard weight bread.- Noted high overweight bread should be addressed. |

## Issue: packed bread weights

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| --- | --- |
| Severity | medium |
| Description | - Packed bread weighed on 07/02/25 showed high overweight bread for 600g white bread variety. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - High packed bread overweight rate noted should be addressed. |

## Issue: Production damage analysis

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| Severity | medium |
| Description | ·          The test was conducted to determine the extent of damages produced during production and those replaced as market damages and find out if they were within expected/set limits. High damages suggest bread of inferior quality produced.·          Both market and production damages were analyzed from 01/01/2025 - 31/01/2025.PRODUCTION DAMAGE ANALYSIS:·          Production damage rate is tabulated below.    01/01/25 - 31/01/25    Particulars Quantity   A Total bread yield (in 400g) 970,436   B Production damages resulting 2,898.25   C Production damage rate % B/A\*100) 0.299   D Production damage limit (A\*0.2%) 1,941   E Difference (C-B) (957.25) |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·          Proper baking processes will ensure that damages are fully checked.·          The management should focus on efforts to address high production damages to ensure that the company doesn’t lose revenues. |

## Issue: casual staff wage payments.

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| Severity | medium |
| Description | - Scrutiny of casual payment vouchers and muster roll from 01/02-06/02/25 showed that all casual workers paid on payment vouchers were the same captured on muster roll and biometric system. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Adherence to set policies on casual hiring and consequent registering them on muster roll and biometric system is encouraged in future. |

## Issue: Invoice payments.

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| --- | --- |
| Severity | medium |
| Description | - Analysis of cash flow and debtors analysis from 01/02/25 - 08/02/25 revealed that payments are mainly cash based and only institutions and mini shops (two of them) do cashless payment.- All invoices at the branch are cleared as per company policies. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Noted adherence to timely payments is commendable and encouraged. |

## Issue: Cash count

|  |  |
| --- | --- |
| Severity | medium |
| Description | - Physical cash was verified on 07/02/25 and was compared to SAP B/F balance. A negligible variation of Kshs. -2.76 was noted.- Cash count findings are tabulated below.  Index Particulars Kshs.   A Balance B/F (c/low no. 311202) 1,250,631.76   B Cash in 107,705.00   C Mpesa Balance 0.00   D Vouchers 11,039.00   E Banking 1,240,800.00   F IOU’s 9,000.00   G Expected cash at hand (A+B-C-D-E-F) 97,497.76   H Physical cash 97,495.00   I Difference (D-C) (2.76) |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·          Observed cash control is commendable. |

## Issue: Mini shop spot check

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| Severity | medium |
| Description | - Spot check at the mini shop on 07/02/25 showed that all bread transferred at the mini shop was properly accounted for. -Bread sales payments were through Mpesa and Mpesa balance tallied that of computed net sales. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - proper controls at the mini shop is commendable and encouraged. |

## Issue: Mini shop spot check.

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| --- | --- |
| Severity | medium |
| Description | - Spot check at the mini shop on 07.02.2025 showed that customers paid for bread upon collection and payments were made through Mpesa. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Mini shop bread payment policies were adhered to. |

## Issue: Debtors analysis

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| --- | --- |
| Severity | medium |
| Description | Debtors analysis was extracted from SAP system as at 07/02/25.It was noted that many customers had no outstanding balances.Few exceptions noted were duly explained and reasons were valid (few debts were recoverable) |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Zero outstanding balance for customers is commendable. |

## Issue: Debtors analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | - Daily reporting of outstanding balances was done at the branch according to records verified on 09.02.2025. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Adherence to set policy on daily reporting is commendable. |

## Issue: Debtors analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | - debtors analysis for 01.02.25 - 08/02.25 was analyzed to determine if customers with outstanding balances was supplied with bread.- It was noted that no customer with outstanding balance was supplied with bread. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Adhering to set customer supply policy is encouraged. |

## Issue: Production efficiency

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| --- | --- |
| Severity | medium |
| Description | ·          Analysis was done from 01/01/2025 - 31/01/2025. Production efficiency is tabulated below;    01/01/25 - 31/01/2025    Particulars Qty.   A Production bags (\*50kg) 5,061   B Production staff hired 1,147   C Targeted staff to hire (A/4.5) 1,125   D Difference (C-B) (22)   E Production efficiency 4.41   F Inefficiency cost implication-kshs 23,905.20 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·          The branch management should address production inefficiency noted.·          Branch management should ensure observed proper planning is maintained.·          Surplus costs incurred from production inefficiency should be surcharged. |

## Issue: Production efficiency analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | - Analysis was done from 01.01.25 - 31.01.25 and revealed that set production efficiency of 4.5 was not realized.- Production efficiency realized was 4.41. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Set operational production efficiencies should be adhered to.- Surplus payments due to production inefficiency should be recovered through surcharge. |

## Issue: Production efficiency analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | - Analysis for the period ranging 01/01-31/01/25 showed that set targets were not completed on time hence production inefficiency. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - The branch management should ensure that set production targets are realized. |

## Issue: Packing efficiency analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·          Packing efficiency (01/01/2025 – 31/01/25) is tabulated below;    01/01/25 - 31/01/2025    Particulars Qty.   A Produced bread in pieces (400g) 980,118   B Staff meal issued + damages 3,595.5   C Transferred unpacked (pcs) 00   D Net bread for packing (A-B) 964,561   E Targeted packers to Hire (D/1425) 677   F Packers hired 670   G Difference (E-F) in 07   H Packing efficiency (crates/packer) 95.98 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Realization of set packing efficiency should be maintained at the branch. |

## Issue: Motor vehicle fuel consumption.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·           Analysis for motor vehicle fuel consumption was carried out from 01/01/2025 – 31/01/2025 and results were analyzed on the below table.            M/v No. Km covered fuel Expcetd fuel Variance  Std km/l Actual rate km/l   KDL 013U 4,485 640 640.71 0.71 7.0 7.0   KDH 604N 6,073 868 867.57 -0.42 7.0 7.0   KDH 587N 4,412 630 630.29 0.29 7.0 7.03   KDL 209H 5,241 746 748.71 2.71 7.0 7.0   KCH 933N 5,435 834 836.15 2.15 6.5 6.52   KDD 024F 4,863 641 648.4 7.4 7.5 7.59   KDK 120S 4,072 611 581.71 -29.3 7.0 6.66   KDK 285W 3,885 553 555 02 7.0 7.03   KDL 240U 6,420 918 917.14 -0.86 7.0 6.99   KCJ 435L 4,649 715 715.23 0.23 6.5 6.5   KCZ 211V 1,812 244 241.6 -2.4 7.5 7.43   KBV 290R 2,646 403 407.08 4.08 6.5 6.566   KBL 386K 1,067 164 164.15 0.15 6.5 6.51   KDL 160K 3,979 631 568.43 -62.57 7.0 6.31   KCJ 436L 3,295 466 506.92 40.92 6.5 7.07   KCJ 710X 1,636 244 251.69 7.69 6.5 6.7 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Economical fuel consumption for most sales vans is commendable. |

## Issue: Generator fuel consumption.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·           Generator fuel consumption from 01/01/2025 – 08/02/2025.·           Below is a tabular illustration of generator consumption.GENERATOR : (01/01/25 - 08/02/25)  Index Details Qty.   A Opening bal (ltrs) Full tank+00   B Closing bal (ltrs) Full tank +00   C Purchases (ltrs) 1,572   D Hours run (Hours) 41.3   E Fuel consumed (ltrs) A+C-B 1,572   F Consumption/hrs. (ltrs/hr)E/D 38.06  ·           Set standard fuel consumption for the generator was not provided. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·          The branch management should liaise with KAF to have set fuel consumption standard for the generator. |

## Issue: Geerator fuel consumption.

|  |  |
| --- | --- |
| Severity | medium |
| Description | Analysis of generator fuel consumption from 01.01.25 - 08.02.2025 showed that fueling was done as per telematic readings.All bought fuel was drained into the genset tank. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Generator fuel control observed is commendable. |

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| --- | --- | --- |
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|  | N/A | N/A | 2025-02-07 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Dandora 2&3

## Issue: Stock Verification

|  |  |
| --- | --- |
| Severity | medium |
| Description | A physical stock count of raw materials and finished product was conducted on 8 February 2025 at D2 &D3 branch to verify the accuracy of physical inventory balances against the recorded balances in the SAP System and to determine if stock controls in place were working effectively. |
| Implication | Significant variation in white flour is an indication that inventory tracking controls are weak and there is poor coordination between inventory receiving and posting. Bread positive variations are brought up by credit notes for fresh bread that had not been posted and approved at the time of stock this indicates a weak control on timely posting of credit notes. Significant opening balances in crates is an indication that the crates controls are weak which poses a high risk of loss. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management strengthens the stock recording, stock taking and stock posting controls to alleviate or minimize the noted variancesThe branch should also ensure timely posting of credit notes to avoid distorting the warehouse balances. |

## Issue: Bread weight Check

|  |  |
| --- | --- |
| Severity | high |
| Description | ·       Weight check for packed bread ready to be dispatched to the market was done to ensure that bread weight was compliant to the standard weights of 400g,600g ,800g and 1.5 kg as per KEBS.·       Underweight and over weights were noted in the following categories:Ø  400g CTW/Butter-8% underweight &12% overweight.Ø  600g CTW/Butter-1% underweight & 28% overweight.Ø  800 Barrel-36% underweight and 3 % overweightØ  1.5 CTW/Butter-13% underweight &3% overweightØ  400g Barrel-7% underweight and 28% overweight.·       Below is the summary of the findings: |
| Implication | · The presence of both underweight and overweight bread highlighted shortcomings in the enforcement of the established dough weight standards for certain varieties, as well as a failure to monitor the production process effectively, leading to increased chances of bread overcooling. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Follow the established quality and weight standards for bread to reduce the occurrences of both underweight and overweight loaves.A steady and continuous observation of the production flow is necessary to avoid instances of overcooled bread. |

## Issue: Bread Damages analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A detailed analysis of bread damage levels, both from production and market deformities, was done from January 8th, 2025, to February 8th, 2025, to ensure the branch was following its quality standards.·       It was noted that:ü  Production bread damages stood at 0.26% of total production, which exceeded the set limit of 0.2%ü  Supermarket damages stood at 1.55% of total sales, which was above the set limit of 1% as illustrated in the table below:Table 3:Production Damages.  Details Quantity/Value   Total Production damages= A 3,075.00   Total Production = B 1,167,143.53   Prod. Damages % C=(A/B) % 0.26%   KPI =D 0.20%   Difference E=D-C -0.06%   Cost Implication F=(E\*B) \*53 -37,115.16  NB: The production damages analysis above excludes the oven damages of 79 loaves.Table 4:Market Damages.  Details Quantity/Value   Total Market damages= A 21,928.45   Total Sales = B 1,419,087.75   Market. Damages % C=(A/B) % 1.55%   KPI =D 1.00%   Difference E=D-C -0.55%   Cost Implication F=(E\*B) \*53 -413,664.07 |
| Implication | The bread damages went beyond the set thresholds, suggesting a decline in bread quality. |
| Cost Impact | $450779.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Enhance controls within the production process to ensure bread produced is of good quality thereby minimizing the possibility of excess production and market damages. |

## Issue: Mixing chart analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An analysis of both the mixing chart and mixing chart summaries for the period 8 January 2025 to 8 February 2025 was done to determine if the raw materials’ consumption were as per the set BOM and if the set yield and quality standards were achieved for production.·       We noted the following:ü  The average yield was 191.15 loaves per bagü  Average production was 197.06 bags equivalent to 91.23% of the set target of 216 bags.ü  Utto units’ consumption to bags of flour ratio was 1:1                   434 cases of remixes |
| Implication | ·       91.23% of the production target achievement indicated that there was room for improvement.The high number of remixes implies lapses in quality controls within the production process or machine downtime. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The branch management to ensure regular servicing and maintenance of machines to mitigate or quickly resolve cases of breakdowns that lead to remixes. |

## Issue: Production efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A review of the branch’s management of human capital resources availed to the production section for the period 8 January 2025 to 8 February 2025 was done to determine if the allocation of production workers was optimal as per the Company’s set standard of 4.3 bags per production worker.·       We noted that the production efficiency was at 4.33 bags per production worker for the period which surpassed the set standard of 4.3 signifying over-performance.·       The results were as detailed below:Table 5: Production efficiency.  Details Totals   KPI =A 4.3   Production workers Hired =B            1,458   Expected production: C=A\*B 6,269.40   Actual Production =D 6,306.00   Actual production efficiency achieved E=D/B             4.33 |
| Implication | The branch allocation of resources is at optimal, to be kept up. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management maintains optimal allocation of production workers based on the set standards. |

## Issue: Packing Efficiency.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An assessment for a period of 32 days from 8 January 2025 to 8 February 2025 was conducted on the utilization of packers in the slicing section to determine if they were attaining their set standard of 97 crates per packer.·       It was noted that packing efficiency was atTable 6: Packing efficiency  Details Totals   KPI =A 97   Loaves Produced 1,204,781.53   PD, Oven Damages & Deductions & System FOC (08/01/2025-12.02. 2025) 4,324.00   Loaves Produced less PD, Oven Damages & Deductions &FOC (08.01.25-08.02.2025) 1,200,457.53   Add: 07.01.25 3 shift Loaves            15,093.75   Less: 08.01.25 3 shift Loaves                 15,092   Total Loaves to be Packed(B) 1,162,631.28   Packers Hired (C) (08.01.25-08.02.25) 840   Actual Packing Efficiency achieved D=(B/C/)15 92.27   Packers who were supposed to be hired E=(B/A)/15 799   Extra (or Less) Packers hired F=C-E 41.00   Cost Implication (912\*41) 37,392 |
| Implication | The branch efficiency was below the standard rate ,41 extra workers were hired with a cost implication of Kshs.37,392. |
| Cost Impact | $37392.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management maintains optimal allocation of packers based on the set standards. |

## Issue: Vehicles fuel consumption analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | A review was conducted on the branch vehicles’ fuel consumption vis a vis the set standard consumption rate to determine if there was optimal utilization of fuel for the period 8th January 2025 -10 February 2025. It was noted there were Vehicles which had consumed fuel more than the standard rate i.e Savana had consumed extra 20 litres it had a mechanical issue, Hunters 17 litres, Mesora 14.8, Ngong 7.5 L, CBD1 10 Eastland 7.5 Capital 10.8 Litres, Other route vehicles fuel consumption closely matches the standard rate. We also noted that there was tuk tuk for komarok had faulty speedometer for the whole audited period. |
| Implication | The faulty speedometer for Komarok Tuk tuk implied the mileage could not be tracked and therefore needed to be checked and repaired/replaced.        All other vehicles which had variances imply weak controls over fuel management and there is need for improvement. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The vehicles with faulty speedometers to be sent to KAF for repair/replacement Fuel consumption should be allocated based on the standard rates to avoid variations noted. |

## Issue: Supermarket returns

|  |  |
| --- | --- |
| Severity | medium |
| Description | An analysis of market damages (Supermarket returns) for the period 08th January 2025 -08th February 2025 was conducted to identify the reasons and magnitude of the returns.  It was observed that most supermarket bread returns for the audited period totaling to 22,695.75 pieces with a cost implication (22,695.75\*53) = Kshs 1,202,874.75 were due to expiry. Naivas was noted to have a significant return-related expiry followed by Quick Mart supermarket as illustrated in the Bar graphA detailed summary of all customer supermarket returns is illustrated below in the bar graph below. |
| Implication | Significant supermarket returns indicate gaps in bread rotation in supermarkets and ordering. |
| Cost Impact | $1202874.75 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | We recommend the branch to enhance shelf-life management by rotating stock efficiently to ensure older pieces are sold first. We also encourage the sales team to adopt collaborative demand forecasting with the supermarkets to understand their sales trends and orders accordingly to minimize issues overstocking. |

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|  | N/A | N/A | 2025-02-08 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Dandora 4

## Issue: Physical Stock Take

|  |  |
| --- | --- |
| Severity | high |
| Description | Findings. We conducted a physical stock take of raw materials and finished product on 8th February 2025 to determine whether the stocks movement at the Branch was well managed and to assess the effectiveness of existing controls. The findings were as shown below:  Polybags had a variance of +1,309 Pieces(exc. Akiyda used for FOC only)   Finished product had a variance of -229 Loaves for bread produced by the branch.  Yeast had a variance of +31.756 Pcs   White flour had a variance of +37.457 Kgs and  White Ingredient had a variance of +0.756 Pcs as illustrated below:     Item Description UoM Stock as per SAP Physical Stock Variance   Finished Product Pieces  12,292   12,063  -229   Polybags Pieces  212,610   213,919   1,309    White ingredients 9Kgs  Bags   263.244   264.00   0.756    White Flour  Kgs   31,362.54   31,400.00   37.457    Yeast - 125gms  Sachets   285.244   317.00   31.756    Vegetable Oil (Utto)  Kgs   66.3   65.00   -1.300 |
| Implication | The variances noted imply weak stock controls and lapses in monitoring raw materials’ usage at the branch. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management  to implement adequate stock controls and improve checks on production materials’ usage. |

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | high |
| Description | Findings. We conducted a spot check on the weights of packed bread on 10th February 2025 to verify if the set bread weight standards were being adhered to.  Major underweights were noted in 800g CTW (31/45) which represented 69% of the sample taken as illustrated below:    Variety   Sample size   C/Wt  Ov/Wt Ov/ Wt%  U/Wt   U/  Wt %   Av/ Wt     400g CTW  60  47  0 0% 13  22%  392.75     600g BT  55  52  3 5% 0  0%  602.09     800g BT  45  14  0 0% 31  69%  768.91 |
| Implication | Presence of underweight bread signified lapses in implementation of the set dough weights and also failure to monitor production process flow. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to increase spot checks in the production area to ensure adherence to the required weight standards and weighing procedures. |

## Issue: Bread Damages Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings.  An analysis was done on the bread damage levels for both production and market based deformities for the period 20th January-8th February 2025 to detect if damage levels were within the set limits.  We noted the following:  Production damages  were 0.25% of the total production which was above the set standard of 0.2% and had a cost implication of KES 9,531.72  Market damages were 0.32% of the total sales which was within the 0.5% allowed limit     We also conducted a verification of damage balances sent to ingredients to assess whether all the declared damages were physically available or sent to ingredients as per procedure.  We noted that for the period 20th January to 7th February 2025, damages  had a variance of  +56.50 Kgs Equivalent to excess 141.25 loaves. |
| Implication | The production damages exceeded the set damage limits implying lapses in monitoring production process flow.  The excess damages sent to ingredients implied gaps in the monitoring of damages balance movement. |
| Cost Impact | $17017.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Enhance controls and spot checks within the production process.  Branch management to implement strong controls for damages balance movement. |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings. An assessment was conducted on the utilization of packers in the slicing section to determine if optimality was attained based on the set Company standard of 97 crates per packer.  We noted that, for the period 20th January to 8th February 2025, the packing efficiency stood at 93.75 crates which was below the standard set as detailed below:   Packing Efficiency  Details Totals   KPI =A  97    Loaves Produced  341,134.50    PD, Oven Damages & Deductions & System FOC(15th Jan-2nd Feb 2025)  2,240.50    Loaves Produced less PD, Oven Damages & Deductions &FOC ((1st-23rd Jan)  338,894.00    Add: 19.01.2025 3rd shift Loaves  8,078.00    Less: 08.02.25 3rd shift Loaves  8,078.00    Total Loaves to be Packed(B)  338,894.00    Packers Hired (C) (15th Jan-2nd Feb)  241    Actual Packing Efficiency achieved D=(B/C/)15  93.75    Packers who were supposed to be hired E=(B/A)/15  233    Extra (or Less) Packers hired F=C-E  8    Cost Implication (912\*8)  7,296 |
| Implication | The branch did not attain the set slicing efficiency implying extra cost of KES 7,296 incurred in paying excess 8 workers. |
| Cost Impact | $7296.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to ensure optimal allocation of packers based on the set standards. |

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|  | N/A | N/A | 2025-02-11 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Dandora 1

## Issue: Stock Take

|  |  |
| --- | --- |
| Severity | high |
| Description | Summary of stock take findings;          Item UOM Book Value Audit Quantity Var   Finished Product Loaves 15903.5 13347.5 -2556   White ingredients 9Kgs Bags 251.473 251 -0.473   White Flour Kgs 31809.37 31800 -9.367   Yeast - 125gms Sachets 276.473 276 -0.473   Vegetable Oil (Utto) new Ltrs 59.642 59 -0.642   Polybags Pieces 164662 167578 2916 |
| Implication | The company may incur financial losses as a result of stock variances. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Controls to manage stock items should be strengthened to caution the company against any possible loss resulting from control gaps in stocks especially on finished products and raw materials. Deductions should be effected on the responsible staff members where stocks shortfalls are noted. |

## Issue: Bread weight

|  |  |
| --- | --- |
| Severity | medium |
| Description | Bread weight summary;  Variety Sample size C/W O/W U/W %U/W A/W   400g CT 75 70 1 4 5% 398   600g BT 75 51 24 0 0% 611   800g BT 50 43 1 6 12% 796 |
| Implication | Reputational damage |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Bread should be weighed before packing |

## Issue: Damages Analysis

|  |  |
| --- | --- |
| Severity | high |
| Description | Analyzing actual production damages & Market damages with the actual production and actual sales respectively for the sample period. Acceptable rate is at most 0.2% and 0.5% respectively. |
| Implication | Production damages recorded for the period exceeded the set threshold exposing the company to risk of losing cash. |
| Cost Impact | $145535.29 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Damages should be maintained at the set threshold to caution the company against losses resulting from excess damages. |

## Issue: Cash Transactions

|  |  |
| --- | --- |
| Severity | medium |
| Description | There exist cash transactions in the branch |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should embrace cashless transaction to minimize the risks associated with cash handling. |

## Issue: Production efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Computed production efficiency.       Details Total    KPI 4.30    Total workers hired in the period 703.00    Expected Production in bags 3,022.90    Actual Production in bags 2,880.00    Production Shortfall in bags 142.90    Actual Efficiency 4.10    % of production efficiency achieved 95%   Cost associated with Production shortfall 36,090.56 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Ensure production workers are properly manage to achieve the set production level. |

## Issue: Computed Packing efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Details Value    KPI 97.00     Production for 3rd shift on 9th Jan 2024  9,325.50    Production in Loaves 549,186.50     Less Production for 3rd shift on 10th Feb 2025  6,039.00    Total loaves produced 552,473.00    Less FOC, Production Damages and Oven Damages 6,962.00    Total bread to be packed 545,511.00    Slicer hired 397    Packing efficiency 91.61 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Improve on packing efficiency to the set standard of 97 crates per slicer. |

## Issue: Machine breakdown

|  |  |
| --- | --- |
| Severity | high |
| Description | There were cases of rampant machine breakdown particularly ovens. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | KAF technicians should give proper assessment of faulty ovens and remedy thereof. |

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|  | N/A | N/A | 2025-02-11 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Thika

## Issue: Bread Weight Compliance

|  |  |
| --- | --- |
| Severity | medium |
| Description | A weight check revealed that several bread varieties were underweight, falling below the KEBS standards as shown below;  400g Long: 89% of sampled loaves were underweight.  1.5kg Loaf: 33% were underweight. Non-compliance exposes the company to potential legal and regulatory penalties. The table below summarizes the findings:  Variety No. of samples O/Wt Correct weight U/Wt Average weight % O/Wt % Correct weight % U/Wt   200g 74 4 47 23 197.6 5% 64% 31%   400g long 75 0 8 67 382.8 0% 11% 89%   400g 74 10 59 5 400.5 14% 80% 7%   400g BW 74 0 41 33 393.0 0% 55% 45%   600g 74 36 38 0 613.1 49% 51% 0%   600g BW 75 2 68 5 599.0 3% 91% 7%   800g 75 6 68 1 806.6 8% 91% 1%   1.5kg 75 0 50 25 1,478.1 0% 67% 33% |
| Implication | ·       Failing to comply with weights and measures laws exposes the company to legal penalties, fines, or sanctions from regulatory authorities.·       Persistent non-compliance could lead to license suspension or revocation, disrupting operations. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       We also recommend the branch to follow correct productions procedures to avoid overcooling of bread which will result in underweights bread.·       Certain brands, such as Miniloaf, 400 Long, and all Barrels, should be closely monitored to avoid them being overlooked during packing, as this could lead to underweights. |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       The branch's utilization of human resources in the packaging section was evaluated by assessing packing efficiency, focusing on the number of crates packed per worker compared to the branch's standard efficiency rate of 97 crates per worker.Ø  For the period 1January- 31January 2025, the average packing efficiency was 84.27 crates per Packer which was below the standard rate of 97 crates per packer for the days sampled as shown in the table below.  Details Totals   KPI =A 97.00   Loaves Produced 557,021.50   PD, Oven Damages & Deductions & System FOC(01.01.2025-31.01.2025 ) (377.50)   Loaves Produced less PD, Oven Damages & Deductions &FOC (01.01.2025-31.01.2025 ) 557,399.00   Add: 31.12.24 3 shift Loaves 4,946.50   Less: 31.01.25 3 shift Loaves (6,134.00)   Total Loaves to be Packed(B) 556,211.50   Packers Hired (C) (01.01.2025-31.01.2025) 440.00   Actual Packing Efficiency achieved D=(B/C/)15 84.27   Packers who were supposed to be hired E=(B/A)/15 382   Extra (or Less) Packers hired F=C-E 58   Cost Implication (912\*58) 52,896  ImplicationsUnderutilization of the hired workforce noted was leading to unnecessary costs without significantly improving productivity. |
| Implication | Underutilization of the hired workforce noted was leading to unnecessary costs without significantly improving productivity. |
| Cost Impact | $52896.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       A thorough review and maintenance schedule for packing machines to minimize downtime and ensure consistent performance is recommended.·       Packers should be closely supervised to ensure they meet the targets. If targets are not met deliberately, the reasons for the shortfall should be identified and presented to management for consideration. |

## Issue: Vehicles’ fuel consumption analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A review was carried out on the mileage records for all route vehicles at the branch for the period from 1 January to 31 January 2024. The objective of this review was to assess whether the fuel consumption of the vehicles was aligned with the established standard rates, thereby ensuring the efficient utilization of resources.·       We noted that the overall fuel consumption for the fleet aligns closely with the established standard rates except for fleet with variances and which fuel will be recovered as shown below:  Route Reg No Model Make Loading Capacity in Crates Year of Manuf Mileage as at 31.01.25 Cum Km Actual Cum Fuel Actual Rate Std Rate Std Cum Fuel Variance Remarks   Kandara KCY 223N FE71/4D33 Mitsubishi 192 2019 332,724.00 6,505.00 929.00 7.00 7 929.29 0.29 saving   Town KDB 096Y FE71/4D33 Mitsubishi 192 2019 276,725.00 5,304.00 755.00 7.03 7 757.71 2.71 saving   Kibichoi KBQ 206J FE71/4D34 Mitsubishi 168 2011 500,486.00 5,792.00 900.00 6.44 6.5 891.08 -8.92 Faulty speedometer   Mwingi KDA 908K TATA Xenon SC (4X2) 112 2020 251,039.00 7,520.00 887.00 8.48 8.5 884.71 -2.29 Cost   Kangari KDB 349Z FE71/4D33 Mitsubishi 192 2019 299,291.00 6,773.00 970.00 6.98 7 967.57 -2.43 Cost   Githunguri KCF 442Z FE84/4D34 Mitsubishi 280 2014 650,808.00 6,845.00 1,054.00 6.49 6.5 1,053.08 -0.92 okay   Tinganga KBY 914Y         616,695.00 6,405.00 981.00 6.53 6.5 985.38 4.38 saving   Supermarkets KDP 349L Mahindra Bolero   2023 24,076.00 3,536.00 351.00 10.07 10 353.60 2.60 saving     KTWC 668S TUKTUK Piaggio 48 2022 31,352 1,639.00 80.00 20.49 20.00 81.95 1.95 Okay  Implication·       The fuel consumption of most routes is in line with the established standard rates, with only minor variances observed. |
| Implication | The fuel consumption of most routes was in line with the established standard rates, with only minor variances observed. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | We recommend conducting a thorough investigation into the Tinganga route to address its slightly higher-than-average fuel consumption. |

## Issue: Debtors’ analysis

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| --- | --- |
| Severity | medium |
| Description | ·       An analysis of the debtors' balances as at October 13 February 2025, was conducted to identify any instances of bad debts or unresolved balances by route.·       We noted that most routes had zero balances and prepaid balances while other routes had balances as illustrated below;  Total Debtors 4,774,556.40                             Institutions   Dormant Accounts   Other Clients Balances   Details Amount   Details Amount   Details Amount   Avocado Avenue Limited 19,710.00   Loreto Kiambu 146,500.00   Patric Mugendi 2,225.00   Bidii Investments Ltd 2,440.00   Joseph Macharia 1,740.00   Hudson Mbayaki 34,728.00   Kiarutara Pry Schl 62,688.00   Kanyenyaini Sec Schl 217,545.00   Benson Miano 18,536.00   Kiarutara Sec Schl 92,568.00   Gatitu Girls Sec 4,950.00   Peter Waweru 16,800.00   Njiris Sec Schl 98,178.00   Gatitu High Schl 396,505.00   Onesmus Gachanja 3,825.25   P.C.E.A Elijah Kagiri Academy 82,335.00   Pleasant View Schl 611,294.00   Mambo Musee 13,140.00   Powerstar Supermarket Kangari Ltd 222,588.60   St Rita Wamwangi High Schl 233,035.00   Joseph Musembi 4,718.55   Muranga C.T Pry Schl 278,820.00   Benedict Mutie 7,924.00   Bonface Ngeka 13,176.00   St Martin's Deporres Boys 137,440.00   Pius Kioko 1,185.00   Samuel Njatha 4,495.00   Braeburn Schl 48,180.50   Totals 1,620,678.00   Paul Nzioki 2,350.75   Gathiru-ini Sec Schl 431,615.00         Julius Muhoi 4,147.25   Holy Family Catholic Pry Schl 57,255.00         Antony Kimani 7,884.00   Powerstar Supermarket Mini Ltd 189,549.00         Charles Waruiru 5,707.00   St Annes Sec Schl 42,358.00         Catherine Mwaura 81,000.00   St Joseph's High Schl 325,135.00         Daniel Macharia 2,666.00   Waeconmatt Ltd 4,151.00         Nyangweso Fredrick 9,178.00   Don Bosco Center 113,300.00         Paul Nzioki 17,000.00   Drop And Shop Supermarket 12,984.00         Alice Gakenia 13,984.50   Leestar Supermarket Ltd 219,216.00         Samuel Musyoka 5,757.00   Nyati Girls Sec Schl 80,914.00         Totals 261,318.30   Thaara Sec Schl 13,640.00               Thika Central Grocery Ltd 11,859.00               Circle Test Training Institute 4,315.00               Drop And Shop Supermarket-Tatu city 5,383.00               Leestar Supermarket Ltd-Ruiru 258,978.00               The Corner Brook Schl 36,575.50               The Homeway Supermarket Ltd 6,559.50               Kenchic Ltd Kilimambogo 33,825.00               Totals 2,892,560.10              Most clients were supplied with bread the reason being they had sufficient security deposits and or extra cents. This was an attempt to increase sales while also minimizing credit risks |
| Implication | Unpaid balances route -wise increases the risk of bad debts, this therefore will affect the company budgets as it will need to allocate larger portions for bad debts provisioning which will reduce the capital to be reinvested in the business. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | We recommend the marketing team to promptly follow up with the listed institutions to ensure balances are cleared to reduce the instances of Defaults/bad debts. |

## Issue: Mini shop Spot Check.

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| --- | --- |
| Severity | medium |
| Description | ·       A spot check was conducted at the Mini Shop on February 13, 2025, to verify that all bread loaded for sale was properly accounted for and to ensure that the recorded sales was aligned with the balances associated with the provided pay bill number, given that the Mini Shop operates under a policy of not accepting physical cash.·       We observed that all sales recorded up to the time of the spot check were properly accounted for. Additionally, the physical stock of bread, including all loadings and top-ups, excluding sales, was available as expected, as outlined below:  Description 400G 600G 800G  Total   Loading=A 900.0 120.0 40.0    Balance/stock at hand =B 480.0 111.0 40.0    Quantity sold =C 420.0 9.0 0.0    Selling price=D 53.0 79.0 104.0    Expected Sales E=(C\*D) 22,260.0 711.0 0.0 22,971.00   Till account balance.(Inclusive of settled amount)=F       44,536.00   Advance Payment-macharia=G       (35,857.00)   Adjusted Mpesa Bal H=(F-G)       8,679.0   Payment-Equitel=I       14,468.0   Advance payment -Grace & Transaction charges =J       180.0   Total sales amount available K=H+I-J       22,967.0   Variance(K-E)       -4.0 |
| Implication | Mini Shop's controls were functioning effectively, however the branch should maintain a record for the transaction charges. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | We recommend the branch management to regularly conduct periodic reviews for Mini shop to ensure that controls remain effective. |

## Issue: Cash Verification

|  |  |
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| Severity | medium |
| Description | ·       As part of our routine checks, a cash verification was conducted to ensure that the physical cash on hand was consistent with the recorded cash balance in the cash-flow records. The review also aimed to assess the adherence to cash management controls.·       The spot check revealed that cash balances were well-controlled, with a minimal variance of -1, which was attributed to change balances.Implication·       Small variance noted in cash office indicates that the cash controls are strong and working effectively. |
| Implication | Negligible variance noted in cash office indicates that the cash controls are strong and working effectively. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The minimal variance -1 suggests that there may be slight discrepancies due to small change fluctuations however, formalizing a variance threshold (e.g., within ±1% of the recorded balance), should be implemented and ensure that any variance exceeding this threshold is investigated. |

## Issue: Mixing Chart Analysis

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| Severity | medium |
| Description | ·       The purpose of this test was to evaluate the mixing chart documents, both shift-wise and summarized, for the period from 01 January to 31 January 2025. The key focus areas were to assess the branch’s Utto oil consumption, average yield, and instances of remixes as illustrated below:Ø  The Utto consumption was at1 unit per bag implying a ration of bags to utto unit of 1:1Ø  The average yield for the reviewed period was 191.57 loaves per bag.Ø  Average production was 93.79 bags per day representing 76.88% of target achievement which is 122 bags as tabled below:  Particulars Number   Utto 2,907   Yeast 125g 2,907   Production in bags 2,908   Total cash flow loaves 557,022   Average yield 191.57   Average Production /Average daily production in bags 93.79   Average production Target in bags 122.00   Production target achievement (%) 76.88%   Utto consumption to bags produced 1:1   No of Remixes 504.00  Implication·       The branch achieved only 76.88% of the daily production target.·        This shortfall of 23.12% indicates that there may be inefficiencies or constraints affecting the branch's ability to meet its target.Factors such as equipment downtime, market dynamics and labour issues could be contributing to the underperformance. |
| Implication | The branch achieved only 76.88% of the daily production target. This shortfall of 23.12% indicates that there may be inefficiencies or constraints affecting the branch's ability to meet its target. Factors such as equipment downtime, market dynamics and labour issues could be contributing to the underperformance. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       It is essential for the branch to align production targets with actual sales levels.·       It is recommended that the branch collaborates more closely with the sales team to ensure alignment between production and actual sales demand.The branch should provide the sales team with accurate production forecasts and product availability, while the sales team should focus on driving sales, exploring new markets and implementing promotional strategies to increase demand |

## Issue: Bread Damages Check

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| --- | --- |
| Severity | high |
| Description | ·       We conducted an evaluation of bread damages at the Thika branch from January 1 to January 31, 2025, to assess whether the production process adhered to established quality control measures. The review aimed to ensure compliance with the predefined damage thresholds of 0.2% of total production for production-related damages and 0.5% of total sales for market-related damages.·       The review revealed that market damages accounted for 0.91% of total sales, which exceeded the allowed limit of 0.50%. Productions damages, on the other hand, were at 0.30% of total production which was above the maximum acceptable limit as detailed below:Production Damages analysis  Details Quantity/Value   Total Production damages= A 1,650.50   Total Production = B 557,021.50   Prod. Damages Perce C=(A/B)% 0.30%   KPI =D 0.20%   Difference E=D-C -0.10%   Cost Implication F=(E\*B)\*53 (29,552.14)  Market Damages analysis  Details Quantity/Value   Total Market damages= A 5,024.50   Total Sales = B 550,311.75   Market. Damages Perce C=(A/B)% 0.91%   KPI =D 0.50%   Difference E=D-C -0.41%   Cost Implication F=(E\*B)\*53 (119,582.74)  FindingsThe issue of old and potentially damaged tins identified in the previous audit continues to cause production damages and is now affecting the quality of bread as seen in increased returns. |
| Implication | Both market and production-related damages are leading to financial losses, with the total cost implication amounting to approximately 149,135.88 (combining the production and market-related damages).The production damages are closely linked to the quality of the materials used (e.g., damaged tins). There is a need to ensure that the production process adheres strictly to quality standards, especially regarding packaging materials. If left unaddressed, this issue could cause further deterioration in product quality and increase the number of returns, affecting customer satisfaction and long-term brand loyalty.Exceeding the allowed thresholds for both production and market-related damages might expose the company to risks of non-compliance with internal policies |
| Cost Impact | $149135.88 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       We recommend the branch to strengthen damages controls to ensure that production and market damages remain within the acceptable thresholds of 0.2% and 0.5% respectively.·       We also recommend an immediate action which is needed to replace or repair the damaged tins to prevent further impact on product quality.·       The branch should work closely with supermarkets to ensure that bread orders are in line with actual sales potential.·       Additionally, a more stringent return policy should be implemented, potentially involving shared costs or limiting the quantity of bread orders, to minimize returns due to over ordering. |

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|  | N/A | N/A | 2025-02-11 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Kitale

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | medium |
| Description | The bread that was ready for dispatch to the market on 16 February 2025 was sampled and weighed to check whether it had correct weight standards as per the Weight and measures act. The underweight is shown in the table below.  Type Sample O/wt C/wt U/wt % U/wt Ave. wt   400 S/N 75 0 34 41 55% 389.60   800 CTW 55 2 25 28 51% 779.78   400 CTW 89 2 23 64 72% 384.40   600 CT 60 3 38 19 32% 587.13   1500 CTW 48 5 1 42 88% 1,412.29 |
| Implication | Underweights should be discourage because it could expose the company to heavy penalties if caught by the weight and measures officials and also could lead to reputational risk hence loss customer’s as well as deny them value for their money. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | A follow up should be done by the branch management to ensure set dividing and packing standards are adhered to so as to eliminate cases of underweight |

## Issue: Bread Damages

|  |  |
| --- | --- |
| Severity | medium |
| Description | The branch damages were reviewed for a period of 44 days from 01.01.2025 to 13 February 2025. The damages were analyzed to establish whether they were within the limit of 0.50% and 0.2% for market and production damages respectively.From the analysis, it was noted that the overall production damages were 0.34% of bread produced while market damages were 0.54% of sales for the same period.Below is the summary of the analysis.Table 1 Analysis of the production Damages  Details No. Damages   Total Production damages= A 3,471.00   Total Production = B 1,010,721.25   Prod. Damages Perce C=(A/B)% 0.34%   KPI =D 0.20%   Difference E=D-C 0.14%   Cost Implication F=(E\*B)\*53 - 74,995.51              Table 2 Analysis of the Market Damages  Details No. Damages   Total Market damages= A 5,204.75   Total Sales = B 956,827.50   Market. Damages Perce C=(A/B)% 0.54%   KPI =D 0.50%   Difference E=D-C 0.04%   Savings Implication F=(E\*B)\*53 -20,284.743 |
| Implication | Excess damages surpassing the set threshold is a loss to the company.High market bread damages can lead to customer dissatisfaction and lost sales.High market bread damages are a significant financial liability. The cost of damaged bread that is not sold to customers must be deducted from revenue, which can reduce profits and cash flow. |
| Cost Impact | $9528025.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Enhance controls within the production process to ensure bread produced is of good quality thereby minimize possibility of excess production and market damages |

## Issue: Damages Sent to ingredients Department

|  |  |
| --- | --- |
| Severity | medium |
| Description | Analysis was conducted on damages sent to ingredients department to establish whether damages sent matched with damages recorded on the SAP systems/ cash flow.For the period of 44 days from 1 January 25 to 13 February 2025. We noted a significant difference between total damages at the branch level and damages sent to ingredients damages. Total branch damages were 8,893.25 pieces while those sent to ingredients plus damages in the branch on 14 February 2025 were 8,728.25pieces, resulting in a variance of -165  pieces of bread.It was noted that damages were stored in an open store which was not locked. Therefore it was very easy to destroyer damages without the knowledge of the branch manager.The table below illustrates the summary of the findingsTable 3 Analysis of the Damages sent to ingredients department  Details Loaves   Opening Balance as at 1st Jan 2025-A 217.50   Add: Production Damages 3,471.00   Market Damages 5,204.75   Oven Damages 0.00   Bread Deduction 0.00   Total Damages-1 January-13 Feb 25 (Pcs)-B 8,893.25   Less: Damages Sent to Ingredients as at 14 plus damages in branch that morning-C 8,728.25   Variance in Loaves D=C-B -165.00   Cost implications -8,745.00 |
| Implication | Variance of damages sent to ingredients and damages recorded on SAP systems is significant and this implies weakness in control where damages were being overstated. The revenue loss was Ksh.8,745 |
| Cost Impact | $8745.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Excess damages sent should be recovered.Branch should enhance transparency and avoid overstating of the damages.Is the responsibility of the assistant operation manager to check, verify and weigh damages before there are destroyed this improves accountability. |

## Issue: Production Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | The production efficiency was calculated for a sample period of a 44 days from 1 January to 13 February 2025. The aim was to establish if the branch was achieving the set production efficiency of 4.50 bags per production worker.From the analysis it was noted that production efficiency was 4.17 bags per production worker.Details of the finding were as illustrated on the table below.  Details Totals   KPI 4.5   Production workers Hired 1,260.00   Expected production in corresponded to production workers hired 5670   Actual Production 5,256.00   Variance -414.00   Actual production efficiency achieved 4.17   Percentage of production efficiency Achieved 92.70% |
| Implication | The branch did not achieve the set production efficiency target meaning that the cost of production was above set budget |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should enhance controls to efficiently utilize the labour |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Production Efficiency affected by shift cuts due to high bread balance.We will do orientation to production team so that their can understand their responsibilityPacking efficiency calculated with an intention of establishing whether the branch was achieving the set target of the 97 crates per slicers.For 44 days from 1 January 2025 to 13 February 2025, it was found that the packing efficiency was 89.23 crates per slicer.  Details Amount   3rd Shift Production A 10,004.50   Add production =B 1,010,684.75   Less Production 3rd shift production  =C 7,290.00   Total loaves  D=A+B-C 1,013,399.25   Less FOC/Production damages/Deductions =E 6,851.00   Expected loaves to be packed F=D-E 1,006,548.25   Slicer hired =G 752.00   Actual Packing efficiency achieved 89.23   Slicers who were supposed to be hired 692   Extra slicers hired 60   Cost implications 54,720 |
| Implication | Average packing efficiency was below the set target implying an extra cost of Ksh.54,720.00 incurred by paying 60 extra slicers. |
| Cost Impact | $54720.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Hiring of Packers shift wise should be guided by the number of bags produced in the prior shift. This will enable the branch to achieve set target |

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|  | N/A | N/A | 2025-02-15 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Forest

## Issue: Stock Take

|  |  |
| --- | --- |
| Severity | medium |
| Description | The stock exercise was conducted on 13 February 2025 to establish whether the internal controls were effective within the branch and to check if all the finished products and raw materials were matching with the system balances.After stock take, it was noted that most stock items had nil variations with exception to bread stock which had a variance of +30.50 pcs, poly bags -47.90 pcs (cumulative) and Gunny bags 25kg and 50kg  which had a variance of -43 pcs and 39 pcs respectively.Details of the findings were as illustrated in the table below  Item Description UoM Stock as per SAP Physical Stock Variance   Brown bread ingredients 7kg Bags 13 13.00 0.15   White ingredients 9Kgs Bags 525 525.00 -0.15   White Flour Kgs 157,257 157,250.00 -7.41   Brown Flour Kgs 643 650.00 7.36   Wheat Bran Kgs 13 9.20 -3.65   Yeast - 125gms Sachets 556 557.00 1.00   Vegetable Oil (Utto) new Kgs 109 107 -2.37   Packing Materilas Pieces 281,355 281,307 -47.90   Bread Stock Pieces 18,357 18,387 30.50   Gunny bags 25kg Pieces 347 304 -43   Gunny bags 50kg Pieces 637 598 -39 |
| Implication | Effective control of raw materials and finished products were witnessed.Weak controls on gunny bags resulting in significant variances. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should ensure frequent stock take especially at the end of each shift so that the variation can be addressed.BOM for materials especially flour should be revised to match the production quantitiesBranch manager should be direct involved on counting and verifying of the gunny bags packed and sent to ingredients also the branch should improve on record keeping for gunny bags. |

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | high |
| Description | The bread that was ready for dispatch to the market on 14 February 2025 was sampled and weighed to check whether it had correct weight standards as per the Weight and measures act. The underweight is shown in the table below  Type Sample O/wt C/wt U/wt % U/wt Ave. wt   200 CTW 76 4 20 52 68% 192.24   400 CTW 78 12 29 37 47% 392.91   600 CTW 75 0 47 28 37% 583.93   800 CTW 73 0 39 34 47% 779.25   400 S/N 74 5 57 12 16% 391.59   600 BW 76 4 46 26 34% 583.93   800 BW 47 2 18 27 57% 780.45   1.5 CTW 20 3 9 9 45% 1466.85 |
| Implication | Underweights should be discourage because it could expose the company to heavy penalties if caught by the weight and measures officials and also could lead to reputational risk hence loss customer’s as well as deny them value for their money. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management should consistent and continuous monitoring of the production flow to prevent cases of overcooled bread by flowing up and tightening supervision of workers to ensure set target are achieved and set standards are adhered to. |

## Issue: Bread Damages Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | The branch damages were reviewed for a period of 44 days from 01.01.2025 to 13 February 2025. The damages were analyzed to establish whether they were within the limit of 0.5% and 0.2% for market and production damages respectively.From the analysis, it was noted that the overall production damages were 0.25% of bread produced while market damages were 0.30% of sales for the same period.Below is the summary analysis.                                                                                                                                            Table 1 Analysis of the production Damages        Details No. Damages   Production Damages 2,229.50   Oven damages 0.00   Total damages 2,229.50   Production Done 878,476.00   % damages 0.25%   KIP 0.20%   Revenue lost -  25,990.14                                                                                                                                                    Table 2 Analysis of the Market Damages       Details No. Damages   Market Damages 2,048.50   Supermarket returns 0.00   Totals Damages 2,048.50   Total Sales 688,516.25   % damages 0.30% |
| Implication | Excess production damages surpassing the set threshold is a loss to the company. The cost implication was Ksh.25,990.14 |
| Cost Impact | $25990.14 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Enhance controls within the production process to ensure bread produced is of good quality thereby minimize possibility of excess production and market damages. |

## Issue: Analysis of Bread damages sent to ingredients

|  |  |
| --- | --- |
| Severity | high |
| Description | Analysis was conducted on damages sent to ingredients department to establish whether damages sent matched with damages recorded on the SAP systems.For the period 1 January 25 to 13 February 2025. We noted a significant difference between total damages at the branch level and damages sent to ingredients damages. Total branch damages were 4,583 pieces while those sent to ingredients plus damages in the branch on 14 February 2025 were 4,980.75 pieces, resulting in a variance of + 397.75  pieces of bread.It was noted that damages were stored in an open store which was not locked. Therefore it was very easy to destroyer damages without the knowledge of the branch manager.The table below illustrates the summary of the findingsTable 3 Analysis of the Damages sent to ingredients department  Details Loaves   Opening Balance as at 1st Jan 2025-A 165.00   Add: Production Damages 2,229.50   Market Damages 2,048.50   Oven Damages 140.00   Bread Deduction 0.00   Total Damages-1 January-13 Feb 25 (Pcs)-B 4,583.00   Less: Damages Sent to Ingredients as at 14 plus damages in branch that morning-C 4,980.75   Variance in Loaves D=C-B 397.75   Cost implications 21,080.75 |
| Implication | Variance of damages sent to ingredients and damages recorded on SAP systems is significant and this implies weakness in control where damages were being overstated. The revenue loss was Ksh.21,080.75 |
| Cost Impact | $21080.75 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Excess damages sent should be recovered.Branch should enhance transparency and avoid overstating of the damages. Is the responsivity of the assistant operation manager to check, verify and weigh damages before there are destroyed.Damages store should reaming locked throughout. |

## Issue: Mixing chart Analysis

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| --- | --- |
| Severity | high |
| Description | The mixing chart, mixing chart summaries, and cash flow were reviewed from 01.01.2025 to 13.02.2025 to check the average bags, the average yield, the utto consumption, the extent of the remixes, the figures transferred from mixing chart to cash flow if they are accurate and also to verify and confirm if the total finished product posted on the SAP was matching the mixing chart recorded at the production area. The following findings were noted.v  Average production was 109.90 bags per day representing 56.36% of target which is195 bags per day (Branch Capacity)v  Average yield was 190.16v  Utto consumption was 100%.v  No remix were noted over the audit periodThe table below illustrates the summary of the findings.  Details Qty   Average Production Target in Bags 109.90   Production Target Achievement (109.90/195 x100) 56.36%   Yield Target Per Bag 190.16   Utto Consumption % of Production 100.00%   Number Remixes in tins 0.00 |
| Implication | Failure to achieve production implies the company never achieved the expected revenues. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should strive to ensure that they attain their target. |

## Issue: Production Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | The production efficiency was calculated for a sample period of a 44 days from 1 January to 13 February 2025. The aim was to establish if the branch was achieving the set production efficiency of 4.50 bags per production worker.From the analysis it was noted that production efficiency was 4.35 bags per production worker.Details of the finding were as illustrated on the table below.  Details Totals   KPI 4.5   Production workers Hired 1,062.00   Expected production in corresponded to production workers hired 4779   Actual Production 4,616.00   Variance -163.00   Actual production efficiency achieved 4.35   Percentage of production efficiency Achieved 96.59% |
| Implication | The branch did not achieve the set production efficiency target meaning that the cost of production was above set budget |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should enhance controls to efficiently utilize the labour. |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | high |
| Description | Packing efficiency calculated with an intention of establishing whether the branch was achieving the set target of the 97 crates per slicers.For 44 days from 1 January 2025 to 13 February 2025, it was found that the packing efficiency was 85.75 crates per slicer.  Details Amount   3rd Shift Production A 4,927.00   Add production =B 878,521.25   Less Production 3rd shift production  =C 10,280.00   Total loaves  D=A+B-C 873,168.25   Less FOC/Production damages/Deductions =E 4,986.50   Expected loaves to be packed F=D-E 868,181.75   Slicer hired =G 675.00   Actual Packing efficiency achieved 85.75   Slicers who were supposed to be hired 597   Extra slicers hired 78   Cost implications 71,136 |
| Implication | Average packing efficiency was below the set target implying an extra cost of Ksh.71,136.00 incurred by paying 78 extra slicers. |
| Cost Impact | $71136.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Hiring of Packers shift wise should be guided by the number of bags produced in the prior shift. This will enable the branch to achieve set target |

## Issue: Mileage Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | The purpose of this audit was to assess and analyze the fuel consumption within the branch sales vehicle for the period 01.02.2025 – 16.02.2025. The primary objectives were to evaluate compliance with fuel efficiency standards, identify any areas of inefficiency, and recommend strategies for reducing fuel consumption and associated costs. The audit encompassed a comprehensive review of fuel records, maintenance logs, and related policies and procedures.From the analysis it was noted that fuel consumption was well controlled with exception to two routes Chepareria and Kacheliba Routes which had over consumed fuel.The table annexed at the bottom represents the analysis of the route vehicles.  Veh No Make Year of Manuf Age Route KM FUEL KPI ACTUAL Variation   KDP 498R Mitsubishi 2023 1 Mois Bridge 2,645 372 7.0 7.11 5.86   KCX 179S Mitsubishi 2019 5 Chepareria Route 3,093 442 7.5 7.00 -29.60   KDP 494R Mitsubishi 2023 1 Kapenguria Route 2,975 432 7.0 6.89 -7.00   KDH 197V Mitsubishi 2021 3 Kacheliba Route 2,424 355 7.5 6.83 -31.80   KDN 235Y Mitsubishi 2022 2 Ortum Route 4,434 630 7.0 7.04 3.43 |
| Implication | Vehicle using more fuel than set standard implies that the company was incurring more than set budget. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Fuel over consumption should be control to set standard and in case there is no change a retest should be done to determine actual rate of consumption |

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | N/A | N/A | 2025-02-11 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Eldoret

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | medium |
| Description | Bread produced and packed in the branch were weighed randomly to determine if bread dispatched to the market was of the correct weight.     From the sample selected audit noted that all varieties weighed had underweight cases with exception to 400g Supa Nutri which had no underweight cases as illustrated in the table below;  Size Sample O/wt C/wt U/wt % U/wt Ave. wt   400g CTW 75 11 51 13 17.3% 400.97g   400g SN 62 5 57 0 0% 403.84g   400g BRW 60 13 44 3 5% 405.22g   600g CTW 57 0 31 26 45.61% 589.81g   600g BRW 50 0 38 12 24% 593.16g   800g CTW 50 0 30 20 40% 784.30g   8oog BRW 54 0 49 5 6% 814.32g   1500g CTW 13 0 12 1 7.69% 1,455.60g |
| Implication | Underweight bread dispatched to market exposes the company to risk of penalties if they are intercepted by the weight and measures officials. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | None |

## Issue: Bread Damages Check

|  |  |
| --- | --- |
| Severity | medium |
| Description | An analysis of production and market/supermarket damages was done to determine whether they were within the allowed percentage of 0.2% to total production and 0.5% of total sales respectively.     A sample period of 42 days (1 January 2025 to 11 February 2025) was used to analyse bread damages. Audit noted that the percentage of average production damages stood at 0.23% of the total production while average market damages was 0.41% of total sales as illustrated in the table below;  Particulars Loaves Loaves   Production Damages 3,020 0   Market Damages 0 4,477   Smkts 0 63   Totals 3,020 4,540   Total Loaves 1,302,281.95 1,106,014.50   % of Damages 0.23% 0.41% |
| Implication | Production bread damages were above set limits meaning the company had lost revenue amounting to Ksh 19,695.65 {[(0.03\*3,020)/0.23]\*53} through excess damages. |
| Cost Impact | $19695.65 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should control bread damages by ensuring all production procedures are being followed and bread produced is of good quality so as to reduce production damages. |

## Issue: Mixing Chart Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Mixing charts and mixing chart summaries from 1 January 2025 to 11 February 2025 were examined to find out the branch’s utto consumption, average yield, cases of remix and summation of totals          After examining the records the follow were noted;Ø  Average yield per bag was191.23loaves per bag.Ø  Utto consumption was at 100%.ØAverage production was 162.14 bags per day representing 83.15% of target which is 195 bags per day (Branch Capacity)    The table below illustrates the findings;  Utto 6,810   Yeast 125g 6,810   Production in bags 6,810   Total cash flow loaves 1,302,282   Average yield 191.23   Average Production 162.14   Production target achievement 83.15%   Utto consumption to bags produced 100%       Audit further noted that details in mixing charts in some days were different from those transferred to mixing chart summaries. Below are some of the cases noted;Ø  02.01.25 Chart for unit 1 first shift had 19 bags but the summary had 18 bagsØ  10.01.25 chart for unit 1 3 shift had 40 bags  while mixing chart summary had 38 bagsØ  In some cases mixes recorded were being cancelled (14 & 16.01.25) |
| Implication | Target production in bags was not achieved meaning the branch’s capacity was underutilized.       By transferring different bags to have been produced to the summary implied that there was no follow up |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | On those days the branch run on full capacity, the branch management should ensure production target is achieved. Through market promotions, new customers within the existing routes may be reached which in turn will increase productionNumber of loaves produced per mix  should only be recorded after dividers have finished dividing as this will control cases of cancellation of mixes and recording more mixes yet they were not done |

## Issue: Debtors

|  |  |
| --- | --- |
| Severity | medium |
| Description | Outstanding debts were analysed as at 16 February 2025 to check the magnitude  It was observed that total outstanding debt was Ksh 967,459.72 as illustrated in Appendix 2 below;  Customer Name Opening Balance Sales Security Total Amount Received Closing Balance Remarks   Caroline Jerotich 9,165.00 0.00 0.00 9,165.00 9,100.00 65.00 Follow up will be done   Kenneth Kiprop (7.00) 12,830.00 235.00 13,058.00 0.00 13,058.00 Current sales   Remmy Kipkemboi (155.00) 12,570.00 230.00 12,645.00 0.00 12,645.00 Current sales   Sally Jeptanui 570.00 51,544.00 945.00 53,059.00 52,600.00 459.00 Follow up will be done   Sochoi A.I.C Secondary School-Girls 67,021.00 0.00 0.00 67,021.00 0.00 67,021.00 Pay using Cheque   Sochoi Secondary School 120,471.00 0.00 0.00 120,471.00 0.00 120,471.00 Pay using Cheque   St. Peter's Academy Chemamul 47,575.00 3,025.00 0.00 50,600.00 0.00 50,600.00 Pay using Cheque   Stephen Kurgat 12,800.00 0.00 0.00 12,800.00 0.00 12,800.00 Follow up- from security deposit   Apostolic Carmel Secondary School 16,115.00 3,520.00 0.00 19,635.00 0.00 19,635.00 Pay using Cheque   Carmel Catholic Primary School- Eldoret 17,325.00 0.00 0.00 17,325.00 0.00 17,325.00 Pay using Cheque   Edwin Khalwale 11,490.00 0.00 0.00 11,490.00 0.00 11,490.00 Follow up-No supply   Job Simiyu Were 20,958.00 0.00 0.00 20,958.00 0.00 20,958.00 Supplied on security   Robman Investments (12.10) 2,393.30 0.00 2,381.20 0.00 2,381.20 Current Sales   Desmond Kipchumba (69.00) 41,385.00 757.00 42,073.00 22,000.00 20,073.00 Current Sales   Dickson Kimutai 17,080.00 0.00 0.00 17,080.00 14,000.00 3,080.00 Follow up will be done   Judith Jebichy 117.00 0.00 0.00 117.00 0.00 117.00 Follow up will be done   Robert Kiptanui Chumba 45,854.00 0.00 0.00 45,854.00 0.00 45,854.00 Follow up will be done   Ronald Kiprotich Korir (1,593.00) 34,905.00 642.00 33,954.00 0.00 33,954.00 Current Sales   Boniface Mwendia Wangai 114.00 27,715.00 507.00 28,336.00 27,272.00 1,064.00 Follow up will be done   Jescah Khavakali Ndeche 14,755.00 0.00 0.00 14,755.00 0.00 14,755.00 Defaulter   Joseph Kimani 0.00 14,475.00 265.00 14,740.00 0.00 14,740.00 Current Sales   Kipcenta Mini Supermarket 3.00 1,500.00 0.00 1,503.00 1,500.00 3.00 Follow up will be done   Kipkaren Childrens Home 9,108.00 0.00 0.00 9,108.00 0.00 9,108.00 Follow up will be done   Obadia Kepkemei 30,659.00 0.00 0.00 30,659.00 30,404.00 255.00 Follow up will be done   St. Brigitta Girls Kipkaren 91,075.00 0.00 0.00 91,075.00 0.00 91,075.00 Pay using Cheque   One Time Customer-Eldoret 90,000.00 0.00 0.00 90,000.00 0.00 90,000.00 Follow up being made   Anne Baluti 1,360.00 0.00 0.00 1,360.00 1,200.00 160.00 Follow up being made   Brian Onyango Omollo 4,056.00 0.00 0.00 4,056.00 0.00 4,056.00 Defaulter   Elphas Soita Lunavi 12,435.00 12,225.00 225.00 24,885.00 12,450.00 12,435.00 Follow up being made   Fainos Swegenyi Onzere 14,593.00 0.00 0.00 14,593.00 14,420.00 173.00 Follow up being made   Hazinah Namaemba Ismael (204.00) 2,985.00 55.00 2,836.00 0.00 2,836.00 Current Sales   Jacob Bunyasi Wambulwa 3,139.00 0.00 0.00 3,139.00 0.00 3,139.00 Defaulter   Naivas Limited - Kapsabet 0.00 61,951.52 0.00 61,951.52 0.00 61,951.52 Current Sales   Paul Chesilim 2,935.00 0.00 0.00 2,935.00 0.00 2,935.00 Follow up being made   Peter Migiro Nyasamba 16,501.00 0.00 0.00 16,501.00 0.00 16,501.00 Paid With wrong code-13,560   Reuben K. Meli 29,943.00 0.00 0.00 29,943.00 0.00 29,943.00 No Supply   Safari Fountain Enterprises 10,265.00 0.00 0.00 10,265.00 0.00 10,265.00 Current Sales   Diana Sandra Ouru 31.00 30,920.00 567.00 31,518.00 31,487.00 31.00 Follow up being made   Emmy Yebei 25.00 22,890.00 420.00 23,335.00 23,310.00 25.00 Follow up being made   Enock Ngome 2,406.00 25,800.00 472.00 28,678.00 0.00 28,678.00 Current Sales   Kevin Khayota 69.00 16,430.00 299.00 16,798.00 16,730.00 68.00 Follow up being made   Mautuma Boys High School 36,575.00 0.00 0.00 36,575.00 0.00 36,575.00 Follow up being made   Maxwell Ikavuli Asunga 9,405.00 0.00 0.00 9,405.00 0.00 9,405.00 Defaulter   Patrick Mukonyi Ngasi (110.00) 60,710.00 1,112.00 61,712.00 0.00 61,712.00 Current Sales   Silas Anangwe Ongoro 4,977.00 0.00 0.00 4,977.00 0.00 4,977.00 Follow up being made   Susan Mudenyo 8,600.00 0.00 0.00 8,600.00 0.00 8,600.00 Follow up being made   Victor Kiprono Yego 1.00 26,715.00 490.00 27,206.00 27,205.00 1.00 Follow up being made   Wilson Kadenyi Mukuna 1,627.00 13,140.00 240.00 15,007.00 15,000.00 7.00 Follow up being made   Total Amount 967,459.72 |
| Implication | Customers with debts exposes the company to risk of losing its revenue if they do not have security deposit to cover up for the outstanding balances. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | A follow up should be made by sales rep to ensure customers with debt do pay and clear the outstanding balances |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Packing efficiency was calculated from 2 January 2025 to 11 February 2025.The aim was to determine if the packers hired were achieving the set packing efficiency of 97 crates per packer.      It was noted that the average packing efficiency was 91.61 crates per packer as illustrated below;  Details Totals   KPI (A) 97   Loaves Produced 1,266,157.95   Add: 01.01.25 3 shift Loaves 12,394.00   Less: 11.02.25 3 shift Loaves 0.00   Total Loaves 1,278,551.95   Less: Production/Oven Damages & Deduction 3,283.25   Total Loaves to be Packed (B) 1,275,268.70   Packers Hired (C) (01-21.10.24) 928   Actual Packing Efficiency achieved D=(B/C/)15 91.61   Packers who were to be hired E=(B/A)/15 876   Extra (or Less) Packers hired F=C-E 52   Cost Implication (912\*52) 47,424 |
| Implication | Average packing efficiency was below the set target and this implies that packing cost was above the set budget hence an extra cost to the company |
| Cost Impact | $47424.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Hiring of Packers shift wise should be guided by the number of bags produced in the prior shift. This will enable the branch to achieve set target |

## Issue: Generator Fuel Consumption Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | The generator consumption rate was reviewed from 1 to 14 February 2025 to establish and determine the consumption rate. For the period reviewed fuel consumption rate was 38.25L/hr, the generator had run for 2.85 hours and 109 litres of fuel were bought.·     Audit noted that the number of hours as per the generator odometer (engine hours) as at 14 February 2025 was 103hrs 56 minutes while the system was say the 2,807.22 hrs |
| Implication | By the system fiving different hours different from what the odometer was displaying implies that calibration was not done correctly. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | A follow up with system providers should be done so that the system calibration is checked to ensure the information is matching with the one on the ground in terms of clock hours run |

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | N/A | N/A | 2025-02-14 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Kisumu 3 (Feb-25)

## Issue: Standard Yields.

|  |  |
| --- | --- |
| Severity | medium |
| Description | Mixing chart yields were compared with SAP yields from 01/01/25 - 31/01/2025. Mixing chart yields (400g) - 497,839.5SAP yields                    (400g) - 497,829.5Variance:                       (400g) - 10loaves.- It was noted that set BOM yields were realized . |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Noted adherence to realization of set yields is encouraged in future.+ Realization of set yields ensures that revenue targets are achieved. |

## Issue: Mixing chart yield spot check

|  |  |
| --- | --- |
| Severity | medium |
| Description | + A spot check on mixing charts on 12.02.25 (1st shift @6.45am) showed that actual yields were properly recorded on mixing charts and supervisors had verified and counter signed. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Timely mixing chart recordings is commendable. |

## Issue: Mixing chart yield spot check

|  |  |
| --- | --- |
| Severity | medium |
| Description | + A spot check on mixing charts on 12.02.25 (1st shift @6.45am) showed that actual yields were properly recorded on mixing charts and supervisors had verified and counter signed. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Timely mixing chart recordings is commendable. |

## Issue: Stock Count

|  |  |
| --- | --- |
| Severity | medium |
| Description | Physical stock was verified on 12/02/2025.The table below shows the summary of the stock findings  ITEM BOOK STOCK PHYSICAL STOCK VARIATION   White ingredients 9Kgs 448 448 00   Brown bread ingredients 7kg 17 17 00   White Flour (50kg) 1,505.02 1,505 (0.02)   Brown Flour(50kg) 19 19 00   Vegetable Oil (Utto)-ltrs 103.379 102 (1.379)   Wheat Bran (kg) 51 44.2 (6.8)   Yeast - 125gms 498.021 498 (0.021)   Polybags 362,563 362,330 (233)   Finished product(400g) 10,977.75 10,950.75 (27)  ·           The following were the stock findings;ü  Bread -     -27 loavesü  Cumulative variance in polybags was -233 piecesAll other materials had negligible variances. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Strong internal controls noted are commendable. |

## Issue: Raw/packing and finished goods register maintenance

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Cross verification of foreman, manager, cash flow and SAP stock analysis from 01/01/25 - 31/01/25 showed that register balances matched. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - matching of register balances and proper maintenance of registers is commendable and encouraged. |

## Issue: Stock count

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Physical stock verification on 12.02.25 showed minimal/insignificant variations. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | - Strong internal controls are commendable. |

## Issue: Dough weight analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Dough weight variety sampled: 800CT white.Set dough dividing weight range: 912g - 916g.+  25pcs of dough weighed on 12.02.25 during 1st shift showed the following;Overweight = 3pcs (12%)Correct weight = 20pcs (80%)Underweight = 02pcs (08%)+ The above findings show compliance. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Adherence to set dough dividing weights as observed is commendable. |

## Issue: Packed bread weight analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Bread weights were sampled on 12/02/2025.+ Several underweight loaves were noted. + Below is the tabulated results.  Variety Qty sampled Over wt. Std wt. Under wt.   400g CT white 75 00 63 12   400g CT brown 75 05 62 08   600g CT white 75 00 66 09   800g CT W 75 07 54 14   Totals 300 12 245 43   Percentage 100% 04% 81.67% 14.33%    Variety Overall Avg Wt. (g) % over Wt. % correct Wt. % under  Wt.   400g CT white 393.87 00% 84% 16%   400g CT brown 400.37 6.66% 82.67% 10.66%   600g CT white 592.65 00% 88% 12%   800g CT W 794.97 9.33% 72% 18.67% |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Standard set dough dividing weights should be adhered to in order to ensure production of standard weight bread. |

## Issue: Bread damage analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·          Production damage rate allowed is 0.2% of total production while market damage allowed is 0.5% of net sales.·          Both market and production damages were analyzed from 01/01/2025 - 31/01/2025.Bread damages were within the acceptable range.PRODUCTION DAMAGE ANALYSIS:·          Production damage rate is tabulated below.    01/01/25 - 31/01/25    Particulars Quantity   A Total bread yield (in 400g) 497,839.5   B Production damages resulting 991.25   C Production damage rate % B/A\*100) 0.199   D Production damage limit (A\*0.2%) 996   E Difference (C-B) 4.75  MARKET DAMAGE ANALYSIS:·          Market damage rate is tabulated below.    01/01/25 - 31/01/25    Particulars Quantity   A Total bread sold (in 400g) 442,174   B Market damages resulting (400g) 1,093.75   C Market damage rate %(B/A\*100) 0.247   D Market damage limit (A\*0.5%) 2,211   E Difference (D-B) 1,117.25 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Proper baking processes will ensure that damages are fully checked. |

## Issue: Mixing charts spot checks

|  |  |
| --- | --- |
| Severity | medium |
| Description | - Spot check conducted on 12.02.2025 at 7.20am showed that yields physically counted were correctly recorded on mixing charts. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Timely and accurate mixing chart records are encouraged. |

## Issue: Invoicing and payments.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Verification of SAP cash analysis and debtors analysis from 01/02 - 12/02/25 showed that all invoiced bread was paid for except that supplied to supermarkets. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Payments done as per expected is commendable. |

## Issue: Mini shop spot check

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Mini shop spot check was done on 12.02.25 @1000hrs.+ Findings were that the only variation noted between expected cash and Mpesa balance was due to Mpesa transaction costs.+ Below is a tabular illustration of the same:  STN # 43022031 Date: 12.02.2025    Variety Qty loaded Balance Sold Value (shs)   200g W 14 00 14 378.00   400g W 610 223 387 20,541.00   600g W 12 00 12 948.00   800g W 200 88 112 11,648.00      Totals 33,515.00          M-pesa balance-Kshs 33,395.46     Total sales-Kshs 33,515.00     Variance-Kshs (119.54)     Comments Variance was m-pesa transaction costs. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Proper accountability at the mini shop is commendable. |

## Issue: Bread yields analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Analysis of bread yields extracted from mixing charts and mixing chart summaries and SAP mixing charts showed that individual bread variety quantities matched  set BOM yields. + Analysis was done from 01.01.25 - 31.01.25+ Tabular illustration of the same is shown below;  Variety Bags. Mixing charts yield Expected yield Diff.   200g OT white 12.5 4,700 4,700 00   400g CT 1,156.5 220,891.5 220,890 (1.5)   400g CT brown 21 3,927 3,927 00   600g White 125 15,750 15,750 00   600g CT brown 32 4,000 4,000 00   800g CT white 1,161 112,617 112,615 (02)   800g CT brown 45 4,275 4,275 00   1.5kg CT white 38 1,938 1,938 00   TOTAL (400g) 2,591 497,843.5 497,839.5 (5.5) |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Matching of individual bread yields is commendable and encouraged. |

## Issue: Production efficiency analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | PRODUCTION EFFICIENCY ANALYSIS:+  Analysis was done from 01/01/2025 - 31/01/2025. + Production inefficiency was reported with a cost implication of 10,866shs (10production workers were hired in excess)Production efficiency is tabulated below;    01/01/25 - 31/01/2025    Particulars Qty.   A Production bags (\*50kg) 2,591   B Production staff hired 586   C Targeted staff to hire (A/4.5) 576   D Difference (C-B) (10)   E Production efficiency 4.4   F Cost implication (D\*1086.6)-kshs (10,866.00) |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | +Noted operational inefficiency should be addressed.+ Surplus wage payment due to production  inefficiency should be surcharged. |

## Issue: Packing efficiency analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | PACKING EFFICIENCY ANALYSIS:·          Packing efficiency (01/01/2025 – 31/01/25) is tabulated below;    01/01/25 - 31/01/2025    Particulars Qty.   A Produced bread in pieces (400g) 497,839.5   B Staff meal issued + damages 2,588.25   C Transferred unpacked (pcs) 00   D Net bread for packing (A-B) 495,251.25   E Targeted packers to Hire (D/1425) 348   F Packers hired 357   G Difference (E-F) in (09)   H Packing efficiency (crates/packer) 92.48   I Cost implication (G\*912)-Kshs 8,208.00 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·          Noted operational inefficiency should be addressed.·          Surplus wage payment due to  packing inefficiency should be surcharged. |

## Issue: Sales vans fuel consumption analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·           Analysis for motor vehicle fuel consumption was carried out from 01/01/2025 – 31/01/2025 and results were analyzed on the below table.  M/V NO. Distance covered Fuel consumed Expected consmptn Diff.   KCG 428W Mileage – 750,642 – 752,654km (2,012kms)   10/01-31/01 2,012 261 309.54 48.54   6.5km/l        KBW 408G Mileage – 517,920 – 520,747km (2,827kms)   01/01-31/01 2,827 434 434.92 0.92   6.5km/l        KBR 682P Mileage – 587,974 – 590,955km (2,981kms)   01/01-31/01 2,981 480 458.62 (21.38)   6.5km/l        KCJ 249Q Mileage – 669,739 – 670,465km (726ms)   11/01-26/01 726 111 111.69 0.69   6.5km/l       Above findings show fuel under consumption for M/v KCG 428W by 48.54ltrs and fuel over consumption for M/v KBR 682P by 21.38ltrs. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·          High fuel consumption by sales vans should be addressed.·          Under consumption should also be explained. |

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|  | N/A | N/A | 2025-02-15 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Eastleigh -Feb 25

## Issue: Physical Stock Take

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A physical stock take was conducted on 15 January 2025 to establish whether the physical stock balances were matching the stock as per the SAP system and to determine if inventory controls in place are working effectively to minimize errors and fraud.·       The physical stock count revealed the following:ü  Bread stock had nil variation,ü  Polybags had +455,ü  White flour had +0.74kgsü  Utto had -0.78 Litres.ü  Yeast and white ingredient had+0.01.·       The table below illustrates the summary of the audit findings:Table 1:Stock take summary  Item Description UoM Stock as per SAP Physical Stock Variance   White ingredients 9Kgs Bags 366.99 367.00 0.01   White Flour Kgs 72,124.26 72,125.00 0.74   Yeast - 125gms Sachets 372.99 373.00 0.01   Vegetable Oil (Utto) new Kgs 75.79 75.00 -0.78   Bread stock Pieces 10,112.25 10,112.25 0.00   Polybags Pieces 183,333.00 183,788.00 455.00  ·        Crates had nil variation.Implications·       The stock take results indicate that inventory controls are generally effective, as most variances are minimal.However, the positive and negative discrepancies in some items such as polybags (+455), white flour (+0.74 kg) and vegetable oil (-0.78 kg) highlight minor inconsistencies in stock management. |
| Implication | ·       The stock take results indicate that inventory controls are generally effective, as most variances are minimal.However, the positive and negative discrepancies in some items such as polybags (+455), white flour (+0.74 kg) and vegetable oil (-0.78 kg) highlight minor inconsistencies in stock management. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Branch management is encouraged to strengthen bread inventory controls to minimize the identified shortfall.·       Branch management is also recommended to pay closer attention to frequently fluctuating inventory items such as packaging materials.·       Branch management should analyse both past and current stock discrepancies to identify recurring patterns and implement corrective actions to prevent future variances. |

## Issue: Bread Weight Check

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| --- | --- |
| Severity | high |
| Description | ·       Bread produced and packed in the branch ready to be dispatched to the market were selected randomly and weighed, to determine if the bread met the standard Weight of 400g ,600g,800g and 1.5 kg as per the KEBS Standard weights.·       Underweights were noted across all the varieties with few instances of overweight as illustrated below;      ü  600g - 25%ü  600g Bw - 6%ü  800g - 68%ü  800g Bw - 63%ü  200g Ml- 85%ü  400g - 44%Table 2: Bread weight check summary.  Variety No. of samples O/Wt Correct weight U/Wt Average weight % O/Wt % Correct weight % U/Wt   600g 75 2 54 19 592.6 3% 72% 25%   600g BW 36 5 29 2 603.0 14% 81% 6%   800g 75 2 22 51 774.1 3% 29% 68%   800g BW 52 0 19 33 777.2 0% 37% 63%   200g Ml 75 0 11 64 188.2 0% 15% 85%   400 g 75 6 53 33 397.6 8% 71% 44%  Implications·       The high percentage of underweight bread across all varieties poses a significant risk of non-compliance with KEBS standards, which may result in regulatory penalties and reputational damage.·       The control panel malfunction in the oven is disrupting weight consistency affecting production efficiency and making it difficult for workers to track baking time accurately.Consistently underweight bread may lead to customer complaints, loss of trust and potential market share reduction. |
| Implication | ·       The high percentage of underweight bread across all varieties poses a significant risk of non-compliance with KEBS standards, which may result in regulatory penalties and reputational damage.·       The control panel malfunction in the oven is disrupting weight consistency affecting production efficiency and making it difficult for workers to track baking time accurately.Consistently underweight bread may lead to customer complaints, loss of trust and potential market share reduction. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Branch management is encouraged to coordinate with KAF to speed up the repair and calibration of the oven control panel.To resolve underweight and overweight issues, strict supervision of the bread production process should be enforced. This will ensure that any non-compliance is due to unavoidable factors like machine failures rather than worker negligence. |

## Issue: Bread Damages Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | a.     Production Damages and market damages.Findings.·       An analysis of production and market damages for the period of 21 Days from 17 December 2024 to 06 January 2025 was done to determine whether bread damages were within the required percentage threshold of 0.20% of total production and 0.50% of the total sales respectively.·     It was noted that production damages were at 0.28% and had a cost implication of Kshs 22,868.49 while market damages were at 0.57% with a cost Implication of Kshs 18,855.68·     The table below illustrates the summary of findings: -Table 3: Production Damages analysis.  Details Quantity/Value   Total Production damages= A 1,523.50   Total Production = B 539,351.15   Prod. Damages Perce C=(A/B)% 0.28%   KPI =D 0.20%   Difference E=D-C -0.08%   Cost Implication F=(E\*B)\*53 (22,868.49)  Table 4: Market Damages Analysis.  Details Quantity/Value   Total Market damages= A 2,882.75   Total Sales = B 508,239.50   Market. Damages Perce C=(A/B)% 0.57%   KPI =D 0.50%   Difference E=D-C -0.07%   Cost Implication F=(E\*B)\*53 (18,855.69)  Implications·       Oven breakdowns and generator delays significantly impacted production leading to damages and non-compliance with quality standards.Higher market damages may indicate potential customer dissatisfaction due to quality issues. |
| Implication | ·       Oven breakdowns and generator delays significantly impacted production leading to damages and non-compliance with quality standards.Higher market damages may indicate potential customer dissatisfaction due to quality issues. |
| Cost Impact | $41724.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management is encouraged to coordinate with KAF to strengthen preventive maintenance programs of key production machinery including generator and oven |

## Issue: Mixing Chart Analysis

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| --- | --- |
| Severity | medium |
| Description | ·       An analysis of both mixing chart and mixing chart summary was done for a period of 31 days from 7 January 2025 to 06 February 2025, the objective was to determine the average yield per production bag, actual utto consumption and if the branch production capacity was being fully utilized.·       The analysis revealed the following.ü  production target was at 84.35% of total capacity of 108 bagsü  Average yield target per bag was 190.99 Loavesü  Utto consumption stood at 99.99%ü  3,120 remixes were noted.·       Below is the summary of the findings:Table 5: Mixing Chart analysis Summary.  Particulars Number   Utto 2,822   Yeast 125g 2,824   Production in bags 2,824   Total cash flow loaves 539,351   Average yield 190.99   Average Production /Average daily production in bags 91.10   Average production Target in bags 108.00   Production target achievement (%) 84.35%   Utto consumption to bags produced 1:1   No of Remixes 3,120.00  Implications·       The production target was not fully achieved, reaching only 84.35% of total capacity which indicates underutilization of resources.Frequent machine breakdowns disrupted production contributing to remixes and inefficiencies in Utto consumption. |
| Implication | ·       The production target was not fully achieved, reaching only 84.35% of total capacity which indicates underutilization of resources.Frequent machine breakdowns disrupted production contributing to remixes and inefficiencies in Utto consumption. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Branch management is encouraged to align production schedules more effectively with market demand while maintaining operational efficiency. |

## Issue: Mini Shop Spot Check

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A spot check was carried out at the Mini Shop on February 17, 2025 to confirm that all bread loaded for sale was accurately accounted for and to ensure that recorded sales matched the balances linked to the designated pay bill number, as the Mini Shop operates on a cashless policy.·       The expected sales amount revealed overpayments  by customers amounting to Kshs 946 i.e accounted Kshs 840 and unaccounted Kshs 106 as illustrated below:Table 8:Mini shop spot check  Description 200g 400G 800G 1.5Kg  Total   Loading=A 10 2,154.0 15.0 0.0 2,169.0   Balance/stock at hand =B 0 0.0 0.0 0.0 0.0   Quantity sold=C 10.0 2,154.0 15.0 0.0 2,169.0   Selling price=D 27 53.0 104.0 198.0 355.0   Sales E=(C\*D) 270.0 114,162.0 1,560.0 0.0 111,992.0   Mpesa paybill Cash balance.(Inclusive of settled amount)=F         112,633.8   Other  Customer Accounted Prepayments =G         840.0   Charges =H         304.3   Variance=E-(F+H-G)         -106.0  Implications:Overpayments by customers indicate a lack of proper payment verification which could lead to reconciliation issues and also implies discrepancies in tracking payments for the unaccounted balance. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The Mini Shopkeeper should strictly ensure that customers pay the exact amount for their purchases to avoid discrepancies. |

## Issue: Production Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An analysis of production efficiency was conducted to assess whether workers were meeting their set production targets of 4.3 bags per production worker and to identify areas for improvement, considering factors such as current workforce utilization, actual versus expected production, and the cost implications of inefficiencies.·       We noted that production efficiency per production worker was at 4.11 bags, this was below the expected set standard of 4.3 bags per production worker.·       The company incurred an additional cost of Kshs 32,598 for hiring 30 extra workers to meet production needs.A summary of the analysis is shown below.Table 6: Production Efficiency.  Details Totals   KPI =A 4.3   Production workers Hired =B 687   Expected production: C=A\*B 2,954.10   Actual Production =D 2,824.00   Actual production efficiency achieved E=D/B                    4.11   Production workers who were supposed to be hired F=D/A 657   Extra Production Workers hired G=B-F 30   Cost Incurred for not achieving target (1,086.6\*30) 32,598  Implications·       The failure to achieve the set production efficiency target resulted in additional labour costs, impacting overall profitability.Machine breakdowns contributed to inefficiencies leading to underutilization of workers and the need for additional hires. |
| Implication | ·       The failure to achieve the set production efficiency target resulted in additional labour costs, impacting overall profitability.·       The failure to achieve the set production efficiency target resulted in additional labour costs, impacting overall profitability.Machine breakdowns contributed to inefficiencies leading to underutilization of workers and the need for additional hires.Machine breakdowns contributed to inefficiencies leading to underutilization of workers and the need for additional hires. |
| Cost Impact | $32598.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The branch needs to optimize shift planning to align workforce allocation with production demands.·       Branch management should liaise with KAF to strengthen preventive maintenance schedules for ovens and other machinery to reduce breakdowns and downtime ensuring prompt response to equipment malfunctions to minimize production disruptions. |

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|  | N/A | N/A | 2025-02-16 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Busia Feb 2025

## Issue: Physical stock verification

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Physical stock count was done on 16.02.2025 @6am.The table below shows the summary of the stock findings  ITEM BOOK STOCK PHYSICAL STOCK VARIATION   White ingredients 9Kgs 1,070 1,070 00   White ingredients 18Kgs 00 00 00   Brown bread ingredients 7kg 10 10 00   White Flour (50kg) 1,660 1,660 00   Brown Flour(50kg) 12 12 00   Vegetable Oil (ltrs) 157.086 158 0.914   Wheat Bran (kg) 25 24 (01)   Yeast - 125gms 1,077 1,077 00   Polybags 356,628 356,642 14   Finished product(400g) 20,713 20,630 (83)   Green crates 280 280 00   Pion Orange crates 3,903 3,903 00   Green crates (family pack) 507 507 00  ·           The following were the stock findings;ü  Bread -     -83 loavesü  Cumulative variance in polybags was +14 piecesAll other materials had negligible variances. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The management to ensure that the set stock controls are consistently adhered to avoid stock variances. |

## Issue: Raw materials weight analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + 10bags of White flour (50kg) and 10bags of white ingredients (9kg) were weighed on 16.02.205.+ Average white flour weight was 50.38kg while white ingredients average weight was 9.4kg.+ Hence raw material weights showed compliance. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Raw materials have desired weights is commendable and ensures standard bread weight production. |

## Issue: Dough Weights Analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + The below table shows analysis of dough weights sampled on 16/02/2025;  Dough weights sampled on 16.02.2025:(1st shift @8.30am)     Variety Qty O/wt. Std wt. U/wt. Wt. range   400g ct white 75 06 18 01 457-474g   460-464 100% 24% 72% 04% 462.84 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Adherence to set dough dividing weights is commendable. |

## Issue: Bread weight analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + packed bread weights were sampled on 16.02.25.+ Both overweight and underweight loaves were noted with the weight extreme rates exceeding 10%.·         Bread weights were sampled on 16/02/2025 and the following below were the results.  Variety Qty sampled Over wt. Std wt. Under wt.   200g White 75 14 60 01   400g CT white 75 03 57 15   600g CT white 75 06 55 14   600g barrel W 75 20 44 11   800g CT W 75 09 52 14   1.5kg White 75 39 36 00   Totals 450 91 304 55   Percentage 100% 20.22% 67.56% 12.22%    Variety Overall Avg Wt. (g) % over Wt. % correct Wt. % under  Wt.   200g White 202.16 18.67% 80% 1.33%   400g CT white 395.99 04% 76% 20%   600g CT white 592.55 08% 73.33% 18.67%   600g barrel W 602.97 26.67% 58.66% 14.67%   800g CT W 794.84 12% 69.33% 18.67%   1.5kg White 1,522.13 52% 48% 00% |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Standard set dough dividing weights should be adhered to in order to ensure production of standard weight bread.+ Noted high overweight and underweight bread rate should be addressed. |

## Issue: Bread damage analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·          Both market and production damages were analyzed from 01/01/2025 - 15/02/2025.Production damage rate was observed to be high than the allowed.PRODUCTION DAMAGE ANALYSIS:·          Production damage rate is tabulated below.    01/01/25 - 31/01/25 01/02/25-15/02/25    Particulars Quantity Quantity   A Total bread yield (in 400g) 1,005,733 490,901   B Production damages resulting 2,584.75 1,243.75   C Production damage rate % B/A\*100) 0.258 0.25   D Production damage limit (A\*0.2%) 2,011.5 982   E Difference (C-B) (573.25) (261.75)  MARKET DAMAGE ANALYSIS:·          Market damage rate is tabulated below.    01/01/25 - 31/01/25 01/02/25- 15/02/25    Particulars Quantity Quantity   A Total bread sold (in 400g) 981,093.25 472,922.25   B Market damages resulting (400g) 2,679.75 1,606   C Market damage rate %(B/A\*100) 0.273 0.34   D Market damage limit (A\*0.5%) 4,905.5 2,365   E Difference (D-B) 2,225.25 759 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Proper baking processes will ensure that damages are fully checked.+ The management should focus on efforts to address high production damages to ensure that the company doesn’t lose revenues. |

## Issue: Mini shop spot check.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·          Mini shop spot check was conducted on 17.02.2025.·         The shop attendant accounted for all the bread loaded.·         All sales were made through Mpesa till.·         The below table shows details of mini shop transactions.   Date 17.02.2025    M/shopkeeper: Fred Okwara  ID #: 35401673   SKU Loading Balance Sold Value-Kshs   200g white 192 10 182 4,914.00   400g white 1,965 93 1,872 99,216.00   600g white 63 07 56 4,424.00   800g white 660 96 564 58,656.00   1.5kg white 154 62 92 18,216.00     Net sales-Kshs 185,426.00     Cash at Hand (M-pesa) 184,658.96    Sales - Kshs 185,426.00    Variance - Kshs (767.04)   Comment Shortfall noted was due to M-pesa charges. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The Mini shop attendant should keep up with the observed good stock and cash control. |

## Issue: Packing efficiency analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Packing efficiency was analyzed from 01.02.25 - 15.02.25.+ Packing efficiency at the branch was 97.46crates/packer.+ Analysis is tabulated below;    01/02/25 – 15/02/25    Particulars Qty.   A Produced bread in pieces (400g) 490,901   B Staff meal issued + damages 2,604.75   C Transferred unpacked (pcs) 00   D Net bread for packing (A-B) 488,296.25   E Targeted packers to Hire (D/1425) 343   F Packers hired 334   G Difference (E-F) in 09   H Packing efficiency (crates/packer) 97.5 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Branch management should ensure observed proper planning is maintained. |

## Issue: Motor Vehicle Fuel Consumption Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Analysis for motor vehicle fuel consumption was carried out from 01/01/2025 – 31/01/2025 and results were analyzed on the below table.+ Fuel consumption for all vans was found to be within the set standards.  M/V NO. Distance covered Fuel consumed Expected consmptn Diff.   KCG 201S Mileage – 542,871 – 545,791km (2,920kms)   6.5km/l 2,920 437 449.23 12.23           KBZ 513T Mileage – 649,046 – 651,520km (2,474kms)   6.5km/l 2,474 377 380.62 3.62           KCA 853N Mileage – 478,515 – 481,704km (3,189kms)   6.5km/l 3,189 492 490.62 (1.38)           KCU 004R Mileage – 508,438 – 509,560km (1,122kms)   6.5km/l 1,122 173 172.62 (0.38)           KCU 004R Mileage – 509,865 – 511,926km (2,061)   6.5km/l 2,061 299 317.08 18.08                 KCV 214A Mileage – 491,948 – 496,462km (4,514)   01/01-30/01 4,514 695 694.46 (0.54)   6.5km/l        KCP 716L Mileage – 314,453 – 319,302km (4,849)   6.5km/l 4,849 744 746 02           KCW 459H Mileage – 439,852 – 445,292km (5,440)   6.5km/l 5,440 847 836.92 (10.08)           KBZ 349S Mileage – 662,349 – 667,393km (5,044)   7km/l 5,044 778 776 (02)           KDL 237U Mileage – 102,794 – 107,792km (4,998)   7.5km/l 4,998 646 666.4 20.4           KDH 125W Mileage – 145,006 – 150,457km (5,451)   7.5km/l 5,451 725 726.8 1.80           KDD 062F Mileage 275,977–– 282,437 km (6,460)   7.1km/l 6,460 901 909.86 8.86 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Noted economical fuel consumption for most sales vans is commendable. |

## Issue: Generator fuel consumption analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Generator fuel consumption was analyzed from 01.01.25 - 17.02.25. This was analyzed as per table below.GENERATOR : (01/01/25 - 17/02/25)  Index Details Qty.   A Opening bal (ltrs) Full tank+00   B Closing bal (ltrs) Full tank +00   C Purchases (ltrs) 193   D Hours run (Hours) 5.82   E Fuel consumed (ltrs) A+C-B 193   F Consumption/hrs. (ltrs/hr)E/D 33.16  ·           Set standard fuel consumption for the generator was not provided. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Fuel consumption controls for the generator are commendable. |

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|  | N/A | N/A | 2025-02-19 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Karatina Feb 2025

## Issue: Bread weight

|  |  |
| --- | --- |
| Severity | high |
| Description | Weighing bread to ensure bread dispatched to the market meet the required weight standards. |
| Implication | Presence of underweight bread is an indication that the company is exposed to financial and reputational risks in form of penalties and customer dissatisfaction respectively. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Unpacked bread should be weighed before packing to ensure no underweight bread are dispatched to the market. |

## Issue: Bread damages

|  |  |
| --- | --- |
| Severity | medium |
| Description | It was noted that production damages were averaging at 0.31% of the production and market damages stood at 0.50% of the total sales |
| Implication | Excess production damages recorded for the period exceeded the set threshold exposing the company to a revenue loss of Kshs. 23,929.50 |
| Cost Impact | $23929.5 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch team need to employ adequate controls to manage damages related to production |

## Issue: Mixing Charts Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | From the analysis, it was noted that the branch average production per day was 44 bags which is 54% of the branch target of 81 bags, Average yield was 190.41 and there were 283 cases of remixes during the period |
| Implication | Failure to meet the set targets implies that the branch production capacity was not fully utilized. 54% achievement in production implies that there was an idle capacity of 46%. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The sales team need to explore more opportunities to expand the market base and take advantage of the branch production capacity which is currently underutilized |

## Issue: Debtors Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Total outstanding debtors amounted to Kshs. 836,186.45. Most of the balances are for active institutions. Dormant accounts had an outstanding balance of Kshs. 157,337.25  Route Customer Name Closing Balance Remarks   Siakago Siakago Boys High School 256,305.00 Institution - Active   Nanyuki Kabiru - Ini- Secondary 184,030.00 Institution - Active   Othaya Kihome Secondary School 148,985.00 Institution - Dormant   Nanyuki Nanyuki Garrison Secondary School 99,700.00 Institution - Active   Siakago The Arch Angels Kanyueri School 67,650.00 Institution - Active   Siakago Siakago Primary 19,255.00 Institution - Active   Kangema Paul Maina M. 16,549.00 Active - Current invoice   Nanyuki Mt. Kenya Baptist School 16,185.00 Institution - Active   Siakago Julius Mwangi 6,057.25 Dormant - to be recovered through security account   KartinaT Lucy Thaine Muhoro 5,676.00 Active - Current invoice   Siakago Safimart Stores Ltd 5,236.20 Supermarket   Embu Stephen Mogire Onsarigo 3,299.00 Active - Current invoice   KartinaT Simon Mutungi Muoki 2,906.00 Active - Current invoice   Kangema Loise Wamahiga Karanja 2,058.00 Active - Current invoice   Nanyuki John Maina Mwaniki 1,216.00 Dormant -Sales Rep following up   Siakago Patrick Wamugo Ndiritu 1,079.00 Dormant –Sales Rep following up   Total 836,186.45 |
| Implication | Debtor balances can lead to bad debts and hence financial losses. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Follow up of the dormant account balances |

## Issue: Slicing efficiency

|  |  |
| --- | --- |
| Severity | high |
| Description | Packing efficiency analysis revealed that the average slicing efficiency for the period was 83.68 crates per slicer |
| Implication | Slicing efficiency of 83.68 crates per slicer implies that the company incurred Kshs 41,040 on extra slicers hired during the period under review |
| Cost Impact | $41040.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch should ensure that slicers are hired on need basis and that the set efficiency level is achieved. |

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|  | N/A | N/A | 2025-02-22 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Nyeri Feb 2025

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | medium |
| Description | From the samples of packed bread weighed, bread underweight were noted as follows; 400g CT - 3%, 400g Grande – 13%, 400g SN – 17  Variety Sample size C/W O/W U/W %U/W A/W   400g CT 75 42 31 2 3% 406   400g GRANDE 67 57 0 9 13% 394   400g SN 75 62 0 13 17% 396   600g BW 30 21 9 0 0% 610 |
| Implication | Underweight bread dispatched to the market can lead to fines and penalties if caught by weight and measure agency. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should ensure that the set weight standards are adhered to in order to eliminate cases of underweight bread. |

## Issue: Debtors Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | It was noted that, the total outstanding debtors amounted to Kshs. 641,271.50. Most of the balances are for active institutions. Dormant accounts (highlighted) had an outstanding balance of Kshs. 5,328 and follow up by the sales Rep is ongoing.  Route Customer Name Balance Remark   Doldol Doldol High School 199,241.00 Active Institution   NyeriTuk Highlands Drinks Limited 117,490.00 Active Organization   Doldol Samrat Supermarket Ltd- Nyeri 92,640.10 Active Supermarket   MailiNne St. Faustina Mweiga High School 89,245.00 Active Institution   Doldol St. Francis Girls Secondary School 72,310.00 Active Institution   Doldol Kimanjo Mixed Sec School 33,215.00 Active Institution   Doldol Ilpolei Mixed Day Secondary School 29,095.00 Active Instituion   MailiNne Veronica Wothaya Mwangi 5,328.00 Dormant account - Sales rep following up   Doldol Muga Supermarket- Nyeri 2,707.40 Active Supermarket   Total 641,271.50 |
| Implication | Route balances on dormant account can lead to bad debts and hence financial losses to the company |
| Cost Impact | $5328.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The sales Rep to follow collection on the noted dormant account. Sales Rep should ensure credit payments terms with institutions are strictly adhered to. |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | The analysis revealed that the average slicing efficiency for the period was 90.82 crates per slicer   Details  Value   KPI                 97.00   Production for 3rd shift on 14th Jan 2024            1,887.25   Production in Loaves       184,810.90   Less Production for 3rd shift on 21st Feb 2025                        -     Total loaves produced       186,698.15   Less FOC, Production Damages and Oven Damages            1,430.00   Total bread to be packed       185,268.15   Slicer hired                     136   Packing efficiency                 90.82   Expected slicers                     127   Cost of hiring 9 extra slicers @912            8,208.00 |
| Implication | Packing efficiency of 90.82 crates per slicer implies that the company incurred Kshs 8,208 on extra slicers hired during the period under review |
| Cost Impact | $8208.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management should manage slicers effectively to ensure they achieve the desired packing efficiency. |

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|  | N/A | N/A | 2025-02-19 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Donholm Feb 25

## Issue: Stock verifiication

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A physical stock take was carried out on 19.02.2025 to assess the effectiveness of internal controls and verify whether the physical stock items matched the records as per SAP.·       The exercise showed that there were items with variations however others had immaterial variances as seen:ü  Bread stock had -77 piecesü  Polybags had +847.3 piecesü  White flour had -6.38 kgsü  Crates had -7 pieces.ü  Utto had +5.19 Litresü  White ingredient -0.13kgs.ü  Yeast had -0.87kgs.·       Below is the summary of the findings:Table 1:Stock take summary.  Item Description  UoM  Stock as per SAP  Physical Stock  Variance    White ingredients 9Kgs  Bags         344.13                    344.00 -                  0.13    White Flour  Kgs    30,981.38                30,975.00 -                  6.38    Yeast - 125gms  Sachets         385.13                    386.00                    0.87    Vegetable Oil (Utto) new  Kgs          39.10                      44.29                    5.19    Bread   Pieces      7,002.00                  6,925.00 -                77.00    Polybags  Pieces  174,862.00              175,709.30                847.30    Crates  Pieces      2,545.00                  2,538.00 -                  7.00 |
| Implication | Variations noted implies that there were lapses in accurate recording of stock items, controls are not working effectively. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The branch management should ensure accurate recording of market damages and ensure that good issue be accurately checked before submitting for approval.Greasing also should be accurately applied to the baking Tins to minimise utto the variations. |

## Issue: Bread weights

|  |  |
| --- | --- |
| Severity | high |
| Description | ·       Weight Check on bread produced and packed in the branch was done on a random basis to determine whether bread dispatched to the market was of the recommended weight as Per KEBS requirement.·       From the sample selected all varieties had cases of underweight as illustrated in the table below;Table 2:Bread weights summary.  Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight   400g cwt. 75 2 57 16 3% 76% 21%   600 Barrel 75 35 29 11 47% 39% 15%   400 g Butter 75 1 47 27 1% 63% 36%   400g Barrel 71 0 31 40 0% 44% 56% |
| Implication | Cases of underweight exposes the company to fines and legal actions for violating laws on product weights, it can also trigger KEBS Scrutiny leading to increased inspections and this can affect the company operations. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       A follow up should be done by the branch management to ensure set dividing and packing standards are adhered.·       The branch management should promptly report to KAF whenever the oven has issues to ensure the issue is resolved on time so that bread quality is not affected. |

## Issue: Bread Damages analysis

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| --- | --- |
| Severity | medium |
| Description | ·       Analysis of bread damages was done for a period of 43 days from 8 January to 19 February 2025 to determine whether production and Market damages were within the allowed percentage of 0.2% and 0.5% of total production and sales respectively.·       The analysis showed that production damages stood at 0.28% of total production with a cost implication of Kshs. 25,082.98 while market damages stood at 0.58% of total sales with a cost implication of Kshs 25,091.05 which was above the standard threshold.Table 3:Production Damages.  Details Quantity/Value   Total Production damages= A 1,716.50   Total Production = B 621,618.09   Prod. Damages Perce C=(A/B) % 0.28%   KPI =D 0.20%   Difference E=D-C -0.08%   Cost Implication F=(E\*B) \*53 -26,356.60.  Table 4:Market Damages.  Details Quantity/Value   Total Market damages= A 3,435.50   Total Sales = B 591,770.25   Market. Damages Perce C=(A/B) % 0.58%   KPI =D 0.50%   Difference E=D-C -0.08%   Cost Implication F=(E\*B) \*53 -25,091.05 |
| Implication | Both production and market damages exceeded the allowable threshold by 0.08 % and 0.08% of total production and sales respectively, with this the company incurred an extra cost of KES (0.08%\*621,618.09\*53) +(0.08%\*591,770.25\*53) =51,447.65. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management should ensure production procedures is adhered to ensure bread of good quality is produced to minimise excess damages caused |

## Issue: Mixing Chart analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An analysis of both Mixing charts and mixing chart summaries were done for a period of 43 days from 8 January 2025 to 19 February 2025 to find out the branch’s utto consumption, average yield, recording of mixes and cases of remix.·       The analysis for 8 January-31 January 2025 when production target was 108 showed that:Ø  Average yield per bag was 191.01 loaves per bag.Ø  Utto consumption was at 100%.Ø  2,788 cases of remixes notedØ  Average production was 74.96 bags per day representing 69.41% of target achievement which is 108 bags.·       For the period 01/02/2025-19/02/2025 production target changed to 81 bags and the analysis showed that:Ø  Average yield per bag was 190.93 loaves per bag.Ø  Utto consumption was at 100%.Ø  804 cases of remixes notedØ  Average production was 76.63 bags per day representing 94.61% of target achievement which is 81 bags.·       The table below illustrates the findings;Table 5:Mixing chart summary-08.01.25-31.01.25.  Particulars Number/Percentage   Average production Target in bags 108.00   Production target achievement (74.96/108\*100) 69.41%   Average yield target per bag 191.01   Utto consumption to bags produced 100%   Number of remixes in tins 2,788.00  Table 6:Mixing Chart summary-01.02.25-19.02.25.  Particulars No/percentage   Average production Target in bags 81.00   Production target achievement (76.63/81\*100) 94.61%   Average yield target per bag 190.93   Utto consumption to bags produced 100%   Number of remixes in tins 804.00 |
| Implication | ·  High cases of remix affect shift wise target achievement and affects the quality of bread·       Lapses in checking of mixing chart details and those transferred to summary |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       In case of breakdown in the branch, the manager should scale down on mixing of flour to control the number of remixes in the branch·       Sales team should put extra effort to onboard more customers to ensure branch production capacity is fully utilized. |

## Issue: Production efficiency

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| --- | --- |
| Severity | medium |
| Description | ·       Production efficiency was calculated for period of 43 days from 8 January 2025 to 7 January 2025.The aim was to determine if the production workers hired were achieving the set production efficiency of 4.3 bags per worker.·       It was noted that the production efficiency was 4.19 bags per production worker, standard rate achieved was below the set limit. The table below illustrated the findings;Table 7:Production efficiency.  Details Totals   KPI =A 4.3   Production workers Hired =B 776   Expected production: C=A\*B 3,336.80   Actual Production =D 3,255.00   Actual production efficiency achieved E=D/B               4.19   Production workers who were supposed to be hired F=D/A 757   Extra Production Workers hired G=B-F 19   Cost Incurred for not achieving target (1,086.6\*19)      20,645.40 |
| Implication | Production efficiency was below the set target, and this implies that labour cost on production was above the set budget. |
| Cost Impact | $20628.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The branch management should ensure workers allocation is done as per the shift wise targets to avoid hiring of extra workers. |

## Issue: Packing efficiency

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| --- | --- |
| Severity | medium |
| Description | ·       Packing efficiency was calculated from 8 January 2025 to 19 February 2025.The aim was to determine if the packers hired were achieving the set packing efficiency of 97 crates per packer.·       It was noted that the average packing efficiency was 89.34 crates per packer as illustrated below;Table 8:Packing Efficiency.  Details Totals   KPI =A 97   Loaves Produced 621,618.09   PD, Oven Damages & Deductions & System FOC (08/01/2025-19/02/2025) 6,214.50   Loaves Produced less PD, Oven Damages & Deductions &FOC (08/01/2025-19/02/2025) 615,403.59   Add: 07.01.25 3 shift Loaves              7,947.00   Less: 19th.02.25 3 shift Loaves                  5,736.00   Total Loaves to be Packed(B) 617,614.59   Packers Hired (C) (01-21.10.24) 472   Actual Packing Efficiency achieved D=(B/C/)15 87.23   Packers who were supposed to be hired E=(B/A)/15 424   Extra (or Less) Packers hired F=C-E 48   Cost Implication (912\*47) 43,776 |
| Implication | Average packing efficiency was below the set target, and this implies that packing cost was above the set budget hence an extra cost to the company. |
| Cost Impact | $43750.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Hiring of Packers shift wise should be guided by the number of bags produced in the prior shift. This will enable the branch to achieve set target. |

## Issue: Debtors Analysis

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| --- | --- |
| Severity | medium |
| Description | ·       An analysis of Outstanding debtors was done as at 20 February 2025 to determine if there were long outstanding debts that were posing risk of bad debts to the company and to identify if there were slow paying customers which can impact the company cashflows.·       It was noted that there was one customer who was blacklisted with a balance of Kshs.4086 and one institution with a balance of kshs. 7,730 who had not been supplied for 5 months.·       Below is a summary of debtor’s balances:Table 9:Debtors summary.  Customer Name Opening Balance Sales Security Total Amount Received Closing Balance Comments   Lelani School Limited 7,730.00 0.00 0.00 7,730.00 0.00 7,730.00 No t supplied for more than 5 months   Tuk-Tuk Reliever- Henry Fwidah 2,189.00 5,430.00 0.00 7,619.00 5,530.00 2,089.00 Security deposit above the debt.   Tuk-Tuk-Imara 8,694.07 34,774.83 0.00 43,468.90 33,163.00 10,305.90 Security deposit above the debt.   Saviour Namai Shitambasi 3,427.00 32,081.00 0.00 35,508.00 20,240.00 15,268.00 Supplied because debt was below the supa point balance and security deposit.   Ann Mutinda 21,650.00 67,215.00 1,225.00 90,090.00 68,440.00 21,650.00 To be cleared by Saturday, the customer paid to the wrong Till.   Kevin Andayi Shitandi 9,088.00 0.00 0.00 9,088.00 4,290.00 4,798.00 No supply until the debt is cleared   Boniface Wambua 4,086.00 0.00 0.00 4,086.00 0.00 4,086.00 Blacklisted.   Immaculate Primary School 126,995.00 0.00 0.00 126,995.00 0.00 126,995.00 Institution |
| Implication | ·       Customers with debts exposes the company to risk of losing its revenue if do not have security deposit to cover up for the outstanding balances. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       A follow up should be made by sales rep to ensure customers with debt do pay and clear while those with security deposit the same is used to offset outstanding balances |

## Issue: Minishop spot check.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A Spot check was carried out at the mini shop on 20 February 2025, to verify if operations were being conducted in line with established standards.·       A Variance between expected sales and expected cash of +12 was noted which was due to a customer who had paid more as illustrated below:Table 10:Mini-shop spot check summary.  Description Amount   Expected sales(A)   56,905.00   Equity pay bill balance(B)   56,764.00   Transaction cost© 153   Variance(B+C-A)          12.00 |
| Implication | Mini shop is well controlled. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Mini shop controls working effectively to be maintained. |

## Issue: Cash Verification.

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| --- | --- |
| Severity | medium |
| Description | ·       A spot check in the cash office was carried out with the aim of ensuring cash at hand was tallying with that of the cash flow balance.·       It was noted that all the cash was well accounted for there were nil variations. The expected cash was Kshs.243,151 Agreed to the cash at hand as at Date 21/02/2025. |
| Implication | Cash controls in cash office are working effectively. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Cash controls are working effectively to be maintained. |

## Issue: Vehicle fuel consumption

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| --- | --- |
| Severity | medium |
| Description | ·       Fuel consumption analysis was done from for a period of 43 days from 8/01/2025-20/02/2025 to determine whether the standard mileage set for each vehicle was being met.·       From the analysis it was noted that there were Vehicles that were consuming fuel more than the standard rate i.e. Imara 1 which had faulty mileage readings but had consumed more and Mlolongo had also consumed more litres. It was noted Tuktuk supplying Kamakis had faulty mileage is with KAF.Others were within the standard rate as detailed below in Appendix   Route Reg. No Make Model YOM O/M (08/01/2025) C/M (20/02/2025) Cum Km Actual cumulative fuel Actual rate Std. Rate Std Cum Fuel Variance Remarks   Umoja KBR 421P Mitsubishi FE84/4D34 2011 631,501.00 634,543.00 3,042.00 507.5 5.99 6 507.00 -0.50 Within range   Mlolongo KBS 262V Mitsubishi FE84/4D34 2011 693,212.00 697,874.00 4,662.00 786 5.93 6 777.00 -9.00 excess, we have already done deductions,57642,42617   Utawala KBK 571Q Mitsubishi FE635/4D32 2009 429,551.00 433,436.00 3,885.00 642 6.05 6 647.50 5.50 Within range   Imara 1 KTWC 547E TUKTUK Piaggio 2020 54,363.00 55,773.00 1,410.00 106 13.30 16 88.13 -17.88 Fuel pump issue sent to KAF, Workshop, had an issue with mileage hence no actual readings, manager to do a follow up/reminder with KAF.   Airways KCH 386 T       263,688.00 268,346.00 4,658.00 710 6.56 6.5 716.62 6.62 Within range   Imara II KTWC 317Y       28,799.00 31,023.00 2,224.00 141.30 15.74 15 148.27 6.97 Faulty speedometer from date 15   Ruai KTWC 754 W Piaggio TUKTUK 2022 33,368.00 35,553.00 2,185.00 114.00 19.17 16 136.56 22.56 The manager use what is in the receipt (we usually verify with sales team)   Kamakis KTWC 543E Piaggio TUKTUK 2020 51,601.00 51,890.00 289.00 21.00 13.76 15 19.27 -1.73 Faulty mileage readings at KAF NOT worked from18/01/25-7/02/2025 |
| Implication | Vehicle using more fuel than set standard implies that the company was incurring more than set budget. Further using vehicle with faulty speedometer implies that the manager will not in position to control fuel which is issued on daily basis. |
| Cost Impact | $-12.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Fuel allocation should be done as per the allowable standard consumption rates.·       Vehicles with faulty mileage should be sent to the workshop for repair. |

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|  | N/A | N/A | 2025-02-19 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Pangani Feb 25

## Issue: Physical Stock Take

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings.  We conducted a physical stock take of raw materials and finished product on 19th February 2025 to determine whether the stocks movement at the Branch was well managed and to assess the effectiveness of existing controls. The items with variances were as stated below:  Polybags had a variance of +106 Pieces   Finished product had a variance of -67 Loaves.    The other raw materials had negligible variances as illustrated:           Item Description UoM Stock as per SAP Physical Stock Variance   Finished Product Pieces 7,506 7,439 -67   Polybags Pieces 68,586 68,692 106   White ingredients 9Kgs Bags 144 144 -   White Flour Kgs 12,200.00 12,200.00 -   Yeast - 125gms Sachet 135 135.00 -   Vegetable Oil (Utto) Kgs 10.81 11.43 0.619 |
| Implication | The minimal variances noted imply adequate stock controls at the branch, however the bread shortfall was an indication of lapses in monitoring and verification of actual yield. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to increase spot checks and verify recorded yield against actual yield to detect and eliminate or reduce the bread variance. |

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | high |
| Description | Findings. We conducted a spot check on the weights of packed bread on 19th February 2025 to verify if the set bread weight standards were being adhered to. Underweights were noted in 400g CTw(25/75) and 400g BT(11/75) as detailed below:    Variety   Sample size   C/Wt   Ov/Wt%  Ov/Wt  U/Wt   U/ Wt %   Av/ Wt     400g BT  75 64 0% 0 11 15% 396.24    400g CTW  75 50 0% 0 25 33% 393.88 |
| Implication | Presence of underweight bread signified lapses in implementation of the set dough weight for some varieties and also failure to monitor production process flow to ensure minimized chances of overcooled bread. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to adhere to the set weight ranges and quality standards to ensure compliance to the recommended weight. |

## Issue: Bread Damages Analysis

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| --- | --- |
| Severity | medium |
| Description | Findings.  An analysis was done on the bread damage levels for both production and market based deformities for  the period 20th January to 18th February 2025 to detect if damage levels were within the set limits.  We noted the following:   Production bread damages stood at 0.22% of total production which exceeded the set limit of 0.2%.  Market damages stood at 0.35% of total sales which was above the set limit of 0.5%. |
| Implication | The production bread damages exceeded the set damage limits and therefore implied compromised bread quality for the audited period. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Enhance controls within the production process to ensure bread produced is of good quality thereby minimize possibility of excess production damages. |

## Issue: Debtors' Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings. An analysis of the debt balances as at COB 18th February 2025 was performed to identify any occurrences of bad debts or unresolved balances by route.   The findings were as detailed below:   Debtors analysis (Excl. Institutions)      Route   Customer   Pending Balance   Management Comments (Remarks)    Mathare  Ednah Ongeri  1,400.58  The customer redeemed excess cents   Mathare  Minishop -Mwariro Market  86.64  We will follow up for recovery   Mathare  Odhiambo Elly Owino  1,412  The customer redeemed excess cents   MinishopP  Minishop-Ngara    10,394.00  Blacklisted.     Grand Total   13,293.22 |
| Implication | Debt balances were minimal, therefore well controlled, however efforts should be made to recover the pending balances. |
| Cost Impact | $13293.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Follow up on pending balances for clearance. |

## Issue: Packing Efficiency

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| --- | --- |
| Severity | medium |
| Description | Findings. An assessment was conducted on the utilization of packers in the slicing section to determine if optimality was attained based on the set Company standard of 97 crates per packer.    We noted that, for the period 20th January to 18th February 2025, the packing efficiency stood at 94.05 crates per packer which was below the standard set.  Packing Efficiency  Details Totals   KPI =A  97    Loaves Produced  229,773.00    PD, Oven Damages & Deductions & System FOC  1,228.00    Loaves Produced less PD, Oven Damages & Deductions &FOC  228,545.00    Add: 20.01.2025 3rd shift Loaves  2,861.00    Less: 18.02.25 3rd shift Loaves  2,857.00    Total Loaves to be Packed(B)  228,549.00    Packers Hired (C) (20th Jan-18th Feb)  162    Actual Packing Efficiency achieved D=(B/C/)15  94.05    Packers who were supposed to be hired E=(B/A)/15  157    Extra (or Less) Packers hired F=C-E  5    Cost Implication (912\*5)  4,560 |
| Implication | The branch did not attain the set slicing efficiency implying extra cost of KES 4,560 incurred in paying excess 5 workers. |
| Cost Impact | $4560.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management to ensure optimal allocation of packers based on the set standards. |

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|  | N/A | N/A | 2025-02-20 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: South B Feb 2025

## Issue: Bread Weight Check

|  |  |
| --- | --- |
| Severity | high |
| Description | ·       A spot check on the weights of packed bread ready to be dispatched to the market was conducted on 21 February 2025 to verify if the bread weight was compliant with the KEBS standard weight. ·       We noted that there were significant underweights across all varieties i.e.200g,800g, 400g and 400gSn, category and over-weights in the 600 and 1.5kg category as detailed below:   Variety No. of samples O/Wt Correct weight U/Wt Average weight % O/Wt % Correct weight % U/Wt   400g Sn 75 0 4 71 381.9 0% 5% 95%   400g 74 0 33 41 389.9 0% 45% 55%   600g 75 33 23 19 611.6 44% 31% 25%   1.5kg 23 4 19 0 1,512.0 17% 83% 0%   800g 34 0 26 8 789.8 0% 76% 24%   200g Ml 43 0 5 38 189.3 0% 12% 88% |
| Implication | ·       The presence of both underweight and overweight bread indicates inconsistencies in the production process suggesting a lack of strict adherence to standard procedures. ·       Underweight products may result in customer dissatisfaction and loss of consumer trust affecting sales and brand credibility. ·       Overweight products increase production costs and reduce overall profitability by consuming excess raw materials. Failure to meet KEBS weight standards could lead to regulatory penalties, reputational damage, and potential financial losses. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Branch is recommended to ensure all production processes align with the set weight requirements by consistently monitoring dough dividing, proofing and baking procedures. ·       Review and streamline the packing process to reduce delays caused by shift reductions, preventing excessive cooling that contributes to underweight cases. |

## Issue: Mixing Chart Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An analysis of both mixing chart and mixing chart summary was done for a period of 31 days from 20 January 2025 to 19 February 2025. ·       This analysis aimed to assess whether the average yield per production bag and actual Utto consumption aligned with the set BOM, evaluate the full utilization of branch production capacity and ensure compliance with quality standards. ·       The analysis revealed the following: ü  Utto consumption stood at 99.99% notably by cases of remixes. ü  The average yield was 190.77 loaves per bag. ü  Average production was at 46.81 bags per day, this represents 86.68% of the set target of 54 bags. ü  There were 954 remixes for the period audited. ·       Below is a summary of the audit finding:   Particulars Number   Utto 1,447   Yeast 125g 1,451   Production in bags 1,451   Total cash flow loaves 276,803   Average yield 190.77   Average Production /Average daily production in bags 46.81   Average production Target in bags 54.00   Production target achievement (%) 86.68%   No of Remixes 954.00 |
| Implication | ·       The oven breakdowns disrupted production affecting overall efficiency and utilization of workers, ultimately lowering target achievement. ·       The 86.68% production target achievement suggests that while performance is strong, there is room for improvement to fully meet the set target of 54 bags per day. ·       Low sales impacted production scheduling, resulting in shift reductions and underutilization of resources. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | None |

## Issue: Debtor Analysis

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| --- | --- |
| Severity | medium |
| Description | ·       A review of the debtors’ balances as of 20 January 2025 was conducted to determine if there were cases of outstanding balances at the branch that could result in bad debts. ·       It was noted that there was one customer who had outstanding balances as seen below:  Clients  Details Amount Remarks   Martin Kinoti 3,359.35 Enough Security Deposit   Mohamed Ali Abdi 7,616.00 Enough Security Deposit   Pauline Ndunge 40,283.00 Enough Security Deposit   Samuel Karanja 10,950.00 Enough Security Deposit   Wamy Academy 36,705.00 Follow Up ongoing (Dormant Account)   Amos Mureithi 22,616.00 Enough Security Deposit   Alex Opondo 2,808.00 Enough Security Deposit   Totals 124,337.35 |
| Implication | ·       Debt management within the branch is well controlled, with most customers having adequate security deposits. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management and sales team should maintain strict debt management controls to prevent overdue balances from accumulating. |

## Issue: Vehicle Mileage and Fuel Consumption Analysis

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| --- | --- |
| Severity | medium |
| Description | ·       A review was conducted on the branch of vehicles’ fuel consumption to determine if there was optimal utilization of fuel Finding: ·       We observed that the Uthiru Route vehicle had a malfunctioning speedometer, an issue that has persisted since the last audit. As a result, its fuel consumption rate for the period could not be accurately determined. The Reuben Route vehicle’s fuel consumption was within the set standard as detailed   Route Vehicle Make Model YOM  Mileage as at 31.01.25 Cum Km Actual Cum Fuel Std Rate Std Cum Fuel Variance Remarks   Uthiru KBK 572Q Mitsubishi FE635/4D32 2009 497,303 2,859 567.00 6.00 476.50 -90.50 Faulty speedometer. We anticipate the issue to be resolved   Reuben KCJ 342L Hyundai HD 65 2014 345,415 3,362 560.00 6.00 560.33 0.33 Saving |
| Implication | ·       The faulty speedometer on the Uthiru Route vehicle prevents accurate mileage tracking, making it difficult to monitor fuel efficiency and consumption. ·       Unmonitored fuel consumption could lead to inefficiencies and potential financial losses. The Reuben Route vehicle’s fuel consumption being within the set standard indicates proper fuel management and efficiency. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should collaborate with KAF to ensure the Uthiru Route vehicle’s speedometer is promptly repaired to enable proper fuel monitoring. |

## Issue: Generator Fuel Consumption Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       We evaluated the generator's fuel consumption from February 1, 2025, to February 20, 2025, to assess its efficiency and ensure it operated within expected parameters. ·       Based on the collected data, the results were deemed reasonable and consistent with the operational standards for this period as seen below;   Details Hours/Liters   Final reading 407.24   Initial Reading 386.12   Hours 21.12   Opening Balance 0.00   Purchase 308.00   Closing stock 0.00   Fuel consumed 308.00   Fuel consumptions(L/H) 14.583                        ·       However, the fuel consumption between  System Generator records and managers book had a variance of 83Litres as seen below;   Managers Book   System Record Variance   Fuel Consumption 308.00   391.00 -83.00   Consumption  Rate (L/Hr) 14.58   19.65 |
| Implication | ·       The variance of 83 liters between the System Generator records and the manager’s book indicates potential inconsistencies in fuel tracking, which could result from errors in recording between system and managers bookUnaccounted fuel could lead to increased operational costs and potential financial losses if not addressed. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Both the System Generator records and the manager’s book should be reconciled and matched after calibration is performed to ensure they accurately reflect the actual fuel used, fuel filled and hours run. |

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|  | N/A | N/A | 2025-02-19 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Kakamega Feb 25

## Issue: Physical stock count.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Stock count of items at the branch was done on 19.02.25 and the table below shows the same.The table below shows the summary of the stock findings  ITEM BOOK STOCK PHYSICAL STOCK VARIATION   White ingredients 9Kgs 266 278 12   White ingredients 18Kgs 175 170 (05)   Brown bread ingredients 7kg 12 12 00   White Flour (50kg) 912.5 912.5 00   Brown Flour(50kg) 21 21 00   Vegetable Oil (ltrs) 75.549 74.00 (1.549)   Wheat Bran (kg) 101 108 07   Yeast - 125gms 609 606 (03)   Polybags 285,161 284,478 (683)   Finished product(400g) 18,457 18,389 (68)   Green crates 3,408 3,408 00   Yellow crates 278 278 00  ·           The following were the stock findings;ü  Bread -     -68 loaves.ü  Cumulative variance in polybags was -683pieces.All other materials had negligible variances. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The management to ensure that the set stock controls are consistently adhered to avoid stock variances. |

## Issue: Dough weights analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | Dough weights for 400g CT white bread were sampled on 19.02.25 and the table below shows that weights were within the set standards.Dough weights sampled on 19.02.2025:(2 shift @7.30pm)    Variety Qty O/wt. Std wt. U/wt. Wt. range   400g white 50 05 40 05 460-472g   466-470 100% 10% 80% 10% 466.84 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Dough weights sampled were within the set standards and this is commendable. |

## Issue: Bread weight analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | +Packed bread weights were sampled on 20.02.25;+ Several underweight loaves were noted .+ This is tabulated below;  Variety Qty sampled Over wt. Std wt. Under wt.   200g White 75 00 59 16   400g CT white 75 00 51 24   600g CT white 75 14 61 00   800g CT W 75 14 57 04   Totals 300 28 228 44   Percentage 100% 9.33% 76% 14.67%    Variety Overall Avg Wt. % over Wt. % Std Wt. % under  Wt.   200g White 195.52 00% 78.67% 21.33%   400g CT white 390.45 00% 68% 32%   600g CT white 601.68 18.67% 81.33% 00%   800g CT W 802.11 18.67% 76.00% 5.33% |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Noted underweight bread should be addressed.+ Dough dividers should ensure adherence to set standard weights for standard bread weight production. |

## Issue: Bread damage analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Bread production and market damage rate was analysed from 01.02.25 - 18.02.25.+ The rates were higher than the expected (those allowed). This is shown on the table below.PRODUCTION DAMAGE ANALYSIS:·          Production damage rate is tabulated below.    01/02/25 - 18/02/25    Particulars Quantity   A Total bread yield (in 400g) 587,418   B Production damages resulting 1,717.5   C Production damage rate % B/A\*100) 0.29   D Production damage limit (A\*0.2%) 1,468.5   E Difference (C-B) (249)   F Cost implication (E\*53shs) (13,197.00)  MARKET DAMAGE ANALYSIS:·          Market damage rate is tabulated below.    01/02/25 - 18/02/25    Particulars Quantity   A Total bread sold (in 400g) 625,437.5   B Market damages resulting (400g) 3,323.5   C Market damage rate %(B/A\*100) 0.53   D Market damage limit (A\*0.5%) 3,127   E Difference (D-B) (196.5)   F Cost implication (E\*53shs) (10,414.50) |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The management should focus on efforts to address high bread damages to ensure that the company doesn’t lose revenues.+ Proper baking processes will ensure that damages are fully checked. |

## Issue: Raw materials consumption analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + yeast and utto consumption standard quantities was analyzed from 01.02.25 - 18.02.25.+ Quantities consumed analyzed matched those set.+ Below is a table illustrating this;  Period Prodn (bags) Qty consumed Expected cons Variance   Yeast-units 3,060 3,060 3,060 00   Utto-ltrs 3,060 437.57 437.143 0.427 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Adherence to set standard raw materials consumption quantities is commendable. |

## Issue: Cash count

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Physical cash analysis was done on 19.02.25.+ Expected cash matched SAP cash analysis balance.+ Analysis is tabulated below.  Index Particulars Kshs.   A Balance B/F (c/low no. 318592) 1,465,962.25   B Cash in 0.00   C Mpesa Balance 0.00   D Vouchers 5,500.00   E Banking 1,458,462.00   F IOU’s 2,000.00   G Expected cash at hand (A+B-C-D-E-F) 0.25   H Physical cash 0.00   I Difference (D-C) (0.25)  Minimal variances were noted during spot-check |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Observed cash control is commendable. |

## Issue: Production efficiency analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Production efficiency at the branch was analyzed from 01.02.25 - 18.02.25.+ production inefficiency was noted whereby 8production staff were surplus and this increased production costs by Kshs. 8,692.80.+ The table below further illustrates this;PRODUCTION EFFICIENCY ANALYSIS:·          Analysis was done from 01/02/2025 - 18/02/2025. Production efficiency is tabulated below;    01/02/25 - 18/02/25    Particulars Qty.   A Production bags (\*50kg) 3,060   B Production staff hired 688   C Targeted staff to hire (A/4.5) 680   D Difference (C-B) (08)   E Production efficiency 4.45   F Production inefficiency cost impact-Kshs 8,692.80 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The branch management should ensure proper production  planning to address production inefficiency noted. |

## Issue: packing efficiency analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Analysis was done from 01.02.25 - 18.02.25.+ Packing inefficiency was noted whereby expected packers to be hired were surpassed by 11packers increasing production costs by Kshs. 10,032.+ The table below further tabulates this.PACKING EFFICIENCY ANALYSIS:·          Packing efficiency (01/02/2025 – 18/02/25) is tabulated below;    01/02/25 - 18/02/25    Particulars Qty.   A Produced bread in pieces (400g) 587,418   B Staff meal issued + damages 5,655.5   C Transferred unpacked (pcs) 00   D Net bread for packing (A-B) 583,762.5   E Targeted packers to Hire (D/1455) 401   F Packers hired 421   G Difference (E-F) in (20)   H Packing efficiency (crates/packer) 92.44   F Packing inefficiency cost impact- Kshs 18,240.00 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The branch management should address packing inefficiency and costs incurred from surplus packing wages payments should be recovered. |

## Issue: Packing efficiency analysis.

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Analysis from 01.02.25 - 18.02.25 showed that packers hired were more than expected bread to be packed by 11staff.This is illustrated on the table below;PACKING EFFICIENCY ANALYSIS:·          Packing efficiency (01/02/2025 – 18/02/25) is tabulated below;    01/02/25 - 18/02/25    Particulars Qty.   A Produced bread in pieces (400g) 587,418   B Staff meal issued + damages 5,655.5   C Transferred unpacked (pcs) 00   D Net bread for packing (A-B) 583,762.5   E Targeted packers to Hire (D/1455) 401   F Packers hired 421   G Difference (E-F) in (20)   H Packing efficiency (crates/packer) 92.44   F Packing inefficiency cost impact- Kshs 18,240.00 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + The branch management should plan properly and ensure that packers are hired with respect to expected bread to be packed. |

## Issue: Vehicle mileage and fuel consumption analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | + Sales vans consumption rate was determined. + Fuel consumed by sales vans was within the expected rate.+ Consumption rate is tabulated below;  M/V NO. Distance covered Fuel consumed Expected consmptn Diff.   KCM 883A Mileage – 558,934 – 561,090km (2,156kms)   6.5km/l 2,156 343 331.69 (11.31)           KBZ 516T Mileage – 683,907 – 686,192km (2,285kms)   6.5km/l 2,285 343 351.54 8.54           KDH 135W Mileage – 121,321 – 124,184km (2,863kms)   7.0km/l 2,863 410 409 (01)           KCJ 152K Mileage – 525,897 – 528,523km (2,626kms)   6.5km/l 2,626 400 404 04           KDD 061F Mileage – 284,734 – 288,164km (3,430)   7.1km/l 3,430 480 480.39 0.39           KCF 478E Mileage – 562,612 – 564,334km (1,722)   6.5km/l 1,722 266 264.22 (1.08)           KDL 168U Mileage – 84,871 – 87,304km (2,433)   7.5km/l 2,433 323 324.4 1.4           KDL 012U Mileage – 88,946 – 93,140km (4,194)   6.7km/l 4,194 627 625.97 (1.97)           KDP 497R Mileage – 30,799 – 33,660km (2,861)   7km/l 2,861 406 408.71 2.7           KCG 046R Mileage – 678,309 – 680,608km (2,299)   6.5km/l 2,299 342 353.69 11.69 |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | + Economical fuel consumption by vans is commendable. |

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|  | N/A | N/A | 2025-02-25 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Kisii Feb 2025

## Issue: Debtor Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Outstanding debts were analysed as at 1 March 2025 to check the magnitude.         It was observed that the customers had outstanding balance of Ksh 228,160 while schools had balances amounting to Ksh 234,926 as illustrated in the table below;                No Customer Name Balance Remarks   1 Greenmart Supermarket Limited-Kolwa 7,812.00 Bomet-Nyakundi took the cash   2 Jescah Chepkurui 1,078.00   3 Mercy Chepkosgei 5,597.00   4 Philiph Kimutai Langat 9,592.00   5 Richard Kipkemoi Bii 27,188.00   6 Sarman Group Company Limited 3,235.00 Account Closed   7 Almaiza Supermarket - Homa Bay 4,724.00 Mirogi-Achoki took the cash   8 Bernard Odhiambo Ouko  42,966.00   9 John Ouma Obuya  38,669.00   10 Kephesto Ochieng Ogembo           43,095.00   11 Nusra Supermarket- Homabay           18,537.00   12 Taqwa Supermarket - Homa Bay           22,422.00   13 Almaiza Supermarket - Ndhiwa              3,245.00 Nyakundi Took the cash     Total 228,160.00    School         1 St. Mary's Nyamagwa Girls        234,926.00 Pay through Cheque                   Note: From the above analysis Nyakundi took Ksh 54,512 while Achoki took Ksh 170,413 |
| Implication | The company is exposed to risk of losing its revenue as the two turn boys run with sales money. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | A follow up should be made to recover the amount the turn boys took from their security deposits and final due if any.         Sales rep should be informed on daily basis of those customers who haven’t paid so as to confirm if they gave cash to turn boys but never submitted the same to the company. Cashless system should be introduced to curb cases where turn boys run with day’s sales |

## Issue: Production Efficiency

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| --- | --- |
| Severity | medium |
| Description | Production efficiency calculation the month of February 2025 (1 to 25 February 2005) was done to determine if the production workers hired were achieving the set production efficiency of 4.5 bags per worker.        It was noted that the average production efficiency was 4.43 bags per production worker as illustrated in the table below;  Details Totals   KPI =A 4.5   Production workers Hired =B 1,026   Expected production: C=A\*B 4,617.00   Actual Production =D 4,547.00   Actual production efficiency achieved E=D/B        4.43   Production workers who were to be hired F=D/A 1,010   Extra Production Workers hired G=B-F 16   Cost Incurred for not achieving target (1,086.6\*16) 17,385.60 |
| Implication | The branch did not achieve the set production efficiency target meaning that the cost of production was above set budget |
| Cost Impact | $17385.6 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should allocate production workers as per production target shift wise so as to ensure set efficiency is achieved |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Packing efficiency was calculated from 1 to 25 February 2025 to determine if the packers hired were achieving the set packing efficiency of 97 crates per packer.          It was noted that the average packing efficiency was 96.50 crates per packer as illustrated below;  Details Totals   KPI (A) 97   Loaves Produced 871,747.00   Add: 01.02.25 3 shift Loaves 9,743.25   Less: 25.02.25 3 shift Loaves 12,639.21   Total Loaves 868,851.04   Less: Production/Oven Damages & Deduction 1,791.00   Total Loaves to be Packed (B) 867,060.04   Packers Hired (C) (01-25.02.25) 599   Actual Packing Efficiency achieved D=(B/C/)15 96.50   Packers who were to be hired E=(B/A)/15 596   Extra (or Less) Packers hired F=C-E 3   Cost Implication (912\*3) 2,736 |
| Implication | Average packing efficiency was below the set target and this implies that packing cost was above the set budget hence an extra cost to the company |
| Cost Impact | $2736.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Hiring of Packers shift wise should be guided by the number of bags produced in the prior shift. This will enable the branch to achieve set target |

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|  | N/A | N/A | 2025-02-27 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Daraja - Feb 2025

## Issue: Bread Damages Check

|  |  |
| --- | --- |
| Severity | medium |
| Description | An analysis of production and market/supermarket damages was done to determine whether they were within the allowed percentage of 0.2% to total production and 0.5% of total sales respectively.         A sample period of 24 days (1 to 24 February 2025) was used to analyse bread damages. Audit noted that percentage of average production damages stood at 0.20% of the total production while average market damages was 0.50% of total sales.         The table below illustrates the findings;  Particulars Loaves Loaves   Production Damages 864 0   Market Damages - 2,030   Totals 864 2,030   Total Loaves 433,564.75 406,743.25   % of Damages 0.20% 0.50%  Damages sent to Ingredients         For the period damages sent to ingredients were less by 7.13kgs |
| Implication | Both production and market bread damages were within set limits meaning the company was not losing revenue through excess damages |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should control bread damages by ensuring all production procedures are being followed and bread produced is of good quality so as to reduce production and market damages. |

## Issue: Mixing Chart Analysis

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| --- | --- |
| Severity | medium |
| Description | Mixing charts and mixing chart summaries from 1 to 24 February 2025 were examined to find out the branch’s utto consumption, average yield, cases of remix and summation of totals          After examining the records the follow were noted;         Average yield per bag was191.59 loaves per bag.         Utto consumption was at 84%. (One bag is supposed to use 0.143litres meaning they should have used 323.61litres for 2,263 bags produced. However, in the MCS from 1 to 24 February 2025 they had indicated 273 litres)        Average production was 94.29 bags per day representing 84.19% of target which is 112 bags per day (Branch Capacity)          The table below illustrates the findings;  Utto -  Litres 273   Yeast 125g 2,263   Production in bags 2,263   Total cash flow loaves 433,565   Average yield 191.59   Average Production 94.29   Production target achievement 84.19%   Utto consumption to bags produced 84%           Audit noted that recording of charts and mixing charts summaries were not matching. For instance:         On 02.02.25 Mixing chart for 2nd shift had more bags (31) recorded as produced while those transferred to summary were 30 bags.         On 13.02.25 Mixing chart for 3rd shift had 27 bags but those transferred to the summary were 26 bags |
| Implication | Target production in bags was not achieved meaning the branch’s capacity was under utilized         By the two documents having different details  (i.e. mixing chart and mixing chart summary) it implies that there was lapses in checking and supervision in production area |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Recording of charts should be followed or be checked by the supervisors/ manager on daily basis after stock take to ensure figures transferred to the mixing chart summary match those of charts before posting in the system is done         Further dividers or mixers should record a mix after dividing and not before.        On those days the branch run on full capacity, the branch management should ensure production target is achieved. |

## Issue: Debtors Analysis

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| --- | --- |
| Severity | medium |
| Description | Outstanding debts were analysed as at 1 March 2025 to check the magnitude. It was observed that the customers had outstanding balance of Ksh 17,564.47 as illustrated below;  Customer Name Balance Remarks   Vincent Ongiri 5,308.00 Security withdrawal will be proceed to clear the balance   Rubis Express-Keumbu 789.60 Dormant Account   Unique All In One Super store 3,704.00 A follow up is being made for this debt to be cleared   Tuk-Tuk  -  Daraja 7,762.87 A follow up is being made for this debt to be cleared   Total 17,564.47 |
| Implication | Customers with debts exposes the company to risk of losing its revenue |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | A follow up should be made by sales rep to ensure customers with debt do pay and clear while those with security deposit the same is used to offset outstanding balances.         The Tuktuk driver should be asked to make daily payment so as to clear the balance. |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Packing efficiency was calculated from 1 to 24 February 2025 so as to determine if the packers hired were achieving the set packing efficiency of 97 crates per packer.         It was noted that the average packing efficiency was 93.09 crates per packer as illustrated below;  Details Totals   KPI (A) 97   Loaves Produced 433,564.75   Add: 31.01.25 3 shift Loaves 5,168.00   Less: 24.02.25 3 shift Loaves 6,123.00   Total Loaves 432,609.75   Less: Production/Oven Damages & Deduction 1,116.50   Total Loaves to be Packed (B) 431,493.25   Packers Hired (C) (01-21.10.24) 309   Actual Packing Efficiency achieved D=(B/C/)15 93.09   Packers who were supposed to be hired E=(B/A)/15 297   Extra (or Less) Packers hired F=C-E 12   Cost Implication (912\*12) 11,346  Note: The branch hired a Naivas Supermarket Packer in 3rd shift daily. This packer was not included on number of packers used to calculate efficiency of 93.09 crates per packer |
| Implication | Average packing efficiency was below the set target and this implies that packing cost was above the set budget hence an extra cost to the company |
| Cost Impact | $11346.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Hiring of Packers shift wise should be guided by the number of bags produced in the prior shift. This will enable the branch to achieve set target.        Operation’s department should give a clear guideline on the Naivas Supermarket Packer who is hired in 3rd shift whether to be included while calculating efficiency |

## Issue: Vehicle Mileage and Fuel Consumption Analysis

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| --- | --- |
| Severity | medium |
| Description | Analysis of fuel consumption was done from 1 to 25 February 2025 to assess the following;      Whether the standard mileage set for each vehicle was being met         It was noted that Town II, Kendu-bay vehicles and Tuktuk were consuming more fuel than set standard while Keroka  vehicle was saving fuel as illustrated in Appendix 1 below;  Route Vehicle Make Model YOM Op Mileage Cl Mileage Cum Km Actual Cum Fuel Actual Rate Std Rate Std Fuel Variance Remarks   Olare KCH 481N Mitsubishi FE84/4D33 2015 561,128 565,199 4,071 623 6.53 6.50 626.31 3.31 Saved   Town II KDB 082Y Mitsubishi FE71/4D33 2019 151,525 152,945 1,417 229 6.19 6.50 218.00 -11.00 Overconsumed   Mbita KDP 495R Mitsubishi FE84/4D33 2023 50,591 56,326 5,735 816 7.03 7.00 819.29 3.29 Saved   Keroka KCH 510N Mitsubishi FE84/4D33 2015 680,733 686,904 6,171 925 6.67 6.50 949.38 24.38 Saved   Sondu KCF 208S Mitsubishi FE84/4D34 2014 679,762 683,365 3,603 550 6.50 6.50 554.31 4.31 Saved   Kendu-Bay KCG 936S Mitsubishi FE84/4D33 2015 689,856 693,666 3,810 597 6.38 6.50 586.15 -10.85 Overconsumed-Recovered   TukTuk KTWC 337Y Piaggio TUKTUK 2022 31,157 32,841 1,684 105 16.04 17.00 99.06 -5.94 Overconsumed (1-22.02.25)   Reliever KCN 077A Mitsubishi FE84/4D33 2016 606,851 608,257 1,406 214 6.57 6.50 216.31 2.31 Saved (1-8.02.25) |
| Implication | By consuming more fuel than set standard means that the cost of distributing products is on the higher side than budgeted for in a given route. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Consumption for those routes where vehicles consume more than set standard should be rechecked to ensure fuel usage is within set standards |

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|  | N/A | N/A | 2025-02-27 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Nyamasaria Feb 25

## Issue: A physical Stock Take

|  |  |
| --- | --- |
| Severity | medium |
| Description | A physical stock take was conducted on 27 February 2025 to assess whether the physical stock counted matched with the book balance.It was noted that there were zero or minimal variations between the physical and the book stocks in most items exceptv  Poly bags had cumulative variance of +1,360 piecesv  Bread stock had short fall of 5 loaves.The table below illustrates the findings.  Item Description UoM SAP Closing Stock Physical Stock Variance   White ingredients 9Kgs Bags 1,393 1,393. 0   White Flour Kgs 115,425 115,425 0   Yeast - 125gms Sachets 1,405 1,405 0   Vegetable Oil Kgs 215 215 0   Bread Stock Pieces 21,386 21,391 5   Poly Bags Pieces 435,175 436,535 1,360   Crates Pieces 3,288 3,288 0 |
| Implication | Effective controls were noted on Raw materials and bread stock.Weak controls were noted on poly bags resulting in significant loss. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch needs to tighten stock controls to reduce the variations noted packing materialsThe branch management should ensure that the quantity of the poly bags damages stock out are accurate and verifiable |

## Issue: Bread Weight

|  |  |
| --- | --- |
| Severity | medium |
| Description | A sample of bread produced and packed in the branch was randomly selected and weighed. The aim was to check whether bread sent to the market was of the minimum weight as set by KEBS.Underweights were observed across all varieties sampled except on 600 BW. The table below illustrates the findings: -            Type Sample  O/wt C/wt U/wt % U/wt Ave. wt   400 CTW 71 7 52 12 17% 397.72   600 BW 61 37 24 0 0% 611.80   600 CTW 75 1 56 18 24% 586.16   800 CTW 70 4 53 13 19% 786.70   1.5 CTW 50 3 37 10 20% 1,475.38 |
| Implication | The underweight should be discouraged since it may cost the company unnecessary fines due to non-compliance to laid down standards of operation as per the regulatory body (KEBS). |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should enhance the frequency of checks at the dividing table to ensure that the dividers adhere to the dividing range.KAF should install control panel to help on setting time, |

## Issue: Bread damages Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Analysis of production and market damages was done to determine whether bread damages were within the allowed percentage of 0.20% to total production and 0.50% of total sales.The audit sample period was the month of February 25. The flowing were the findings: -v  Production Damages were averaging at 0.21% of the total productionv  Marker damages stood at 0.38% of the total sales which was within the allowable percentage of 0.50%.The table below illustrates details of the findings: Table 1 Analysis of Production Damages  Details No. Damages   Production Damages A 1,651.00   Oven damages B 0.00   Totals Damages C=A+B 1,651.00   Production Done D 797,665.75   % damages E=(C/D)% 0.21%   KPI – F                                           0.20%   Revenue loss G=((F-E)\*D)\*55 -  3,061.77           Table 2 Analysis of Market Damages  Details No. Damages   Market Damages A 2,879.00   Supermarket returns B 0.00   Totals Damages C=A+B 2,879.00   Total Sales D 751,481.75   % damages E=D/C 0.38%   KPI – F 0.50%   Savings G=((F-E)\*D)\*55                          29,111.23 |
| Implication | Production damages slightly surpassed the set limit of 0.20% by 0.01%. This resulted to a revenue loss of Ksh.3,061.77Market damages were within the set limit of 0.5%. |
| Cost Impact | $3061.77 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should control damages by ensuring that all production procedures are being followed and produce bread of good quality so as to reduce production damages and market returns.Maintenances department needs to check oven to identify the reasons for oven baking uneven |

## Issue: Damages sent to Ingredients’ Balance Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Bread damages sent to ingredients were computed to establish whether damages sent match with damages captured on the SAP systems. The audit period was from 1 February 2025 to 28 February 2025.There was no noted significant difference between total damages at the branch level and damages sent to ingredients damages. Total branch damages were 5,177.35 pieces while those sent to ingredients were 5,097.25 pieces, resulting in a variance of -80.10 pieces of bread.Below is summary of the findings:  Opening Balance as at 1st Feb 2025-A 565.50   Add: Production Damages 1,651.00   Market Damages 2,781.00   Oven Damages 0.00   Slicing damages 179.85   Total Damages-1st -27d Feb(Pcs)-B 5,177.35   Less: Damages Sent to Ingredients as at 27th Morning-D 5,097.25   Variance converted to loaves H=(G\*1000/400) -80.10   Cost Implication I=(H\*53)-KES -4,245.30 |
| Implication | The less damages sent to ingredients implies weak control on recording of damages. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management to put measures in place to weigh and verify all daily damage broken and sent to ingredients so as to reflect the accurate status of declared and available damages. |

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|  | N/A | N/A | 2025-02-27 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Nakuru Feb 25

## Issue: Stock verification

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A physical stock count of raw materials and finished product was done on 27 February 2025, to determine whether the physical count of raw materials and finished product matches with the records as per SAP system and to assess the effectiveness of controls over inventory management.·       The exercise showed that:Ø  Bread Stock had a variance of -47.25 piecesØ  Polybags had +101 piecesØ  Brown flour had -2.95kgsØ  Wheat bran had -1.59kgsØ  White ingredient, brown ingredient, yeast and utto had immaterial variances as seen below:·       Below is the summary of the audit findings:Table 1:Stock Verification summary.  Description  UOM  SAP  Physical  variance    Brown bread ingredients 7kg  Bags            27.06            27.00 -                      0.06    White ingredients 9Kgs  Bags           348.99           349.00 0.01    White Flour  Kgs      77,599.42      77,600.00 0.58    Brown Flour  Kgs        1,202.95        1,200.00 -                      2.95    Wheat Bran  Kgs            98.59            97.00 -                      1.59    Yeast - 125gms  Sachets           257.05           257.00 -                      0.05    Vegetable Oil (Utto) new  Kgs            72.88            73.00 0.12    Bread stock  Pieces      11,061.00      11,013.75 -                   47.25    Packing materials  Pieces    311,934.00    312,035.00 101.00 |
| Implication | The variances noted are an indication that stock management controls are weak and there is a need to strengthen controls. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should enhance their stock controls to minimize / eliminate the identified variances. |

## Issue: Cash Verification

|  |  |
| --- | --- |
| Severity | high |
| Description | ·       A cash verification was conducted at the cashier’s office on 27 February 2025, to ensure that the cash balances matched the cash flow records and that the established cash handling standards were being followed.·       A variance of KES -331,920 was noted in the physical cash available, which was attributed to an unresolved fraud case from previous years that had been escalated to the security, legal, and accounts teams. While there was an excess of KES 7, resulting in a variance of KES -331,913 in the cash count, the missing amount according to the records was KES 331,920.·       It was also observed that there were 3 pending IOUs worth KES 11,500 out of which one for KES 2000 was past the 3-day clearance policy. This was as detailed below:Table 3:Cash verification summary.  Description Balance   Cash B/F(A) 402,925   Cash In(B) 0   Cash out (IOU'S) (C) 11500   Cash out (Vouchers) (D) 100   Cash Balance=(A+B)-(C+D) 391,325   Cash at hand      59,412   Variance    331,913 |
| Implication | The lost funds identified during the cash count indicate weaknesses in internal controls for cash management. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·     The branch management is recommended to reclassify the noted amount to other receivables or legal claim receivable if legal action has been taken or provide for the same under provision for doubtful debts if recovery is uncertain to avoid misstatement of cash balances. |

## Issue: Bread weights

|  |  |
| --- | --- |
| Severity | high |
| Description | ·       A random weight check for packed bread ready to be dispatched to the market was done to determine if they were of standard weight of 200g, 400 g,600g,800g and 1.5 kgs as per the KEBS requirements.·       Underweights were noted across all varieties as seen:Ø  400 CTW/BT was 37% underweight and 20% overweight, Average overall weight was 397.57.Ø  600 BT/CTW had 30.7% underweight, and 2.7% overweight average weight was 590.33Ø  800 CTW had 57% underweight and 4% overweight average weight was 779.01Ø  White Bread 400 Barrel 57% underweight and 9 % overweight average weight was 386.63.·       Below is the detailed summary of the findings:Table 4:Bread weight Check.  Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight Overall average weight   400g CTW/Butter 93 19 40 34 20% 43% 37% 397.57   600CTW/Butter 75 2 50 23 2.7% 66.6% 30.7% 590.33   800 CTW 75 3 29 43 4% 39% 57% 779.01   White Bread 400 Barrel 76 7 26 43 9% 34% 57% 386.63 |
| Implication | The presence of underweight and overweight bread indicates lapses in follow-up of correct production procedures from mixing to packing. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management is recommended to ensure correct production procedures be followed to avoid lapses that cause underweight bread. |

## Issue: Bread damages.

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An analysis was done on the bread damage levels for both production and market-based deformities for the period 34 days from 24 January 2025 to 26 February 2025 was done to determine if they were within the allowable threshold of 0.2% and 0.5% respectively.·       It was noted that:ü  Production damages stood at 0. 0.30% of total production which was above the set limit of 0.2%ü  Market damages stood at 0.51% of total sales, which was above the set limit of 0.5% as demonstrated in the table below:Table 5:Production Damages.  Details Quantity/Value   Total Production damages= A 1,756.00   Total Production = B 594,858.25   Prod. Damages % C=(A/B) % 0.30%   KPI =D 0.20%   Difference E=D-C -0.10%   Cost Implication F=(E\*B) \*53 -31,527.48  NB: The production damages analysis above excludes 155 loaves for oven damages and 91 loaves for deduction damages.Table 6:Market Damages.  Details Quantity/Value   Total Market damages= A 3,081.50   Total Sales = B 603,706.75   Market. Damages % C=(A/B) % 0.51%   KPI =D 0.50%   Difference E=D-C -0.01%   Cost Implication F=(E\*B) \*53 -3,199.64 |
| Implication | Production damages exceeded the allowable limit by 0.1 % leading to an extra cost incurred of KES 31,527.48 While Market damage exceeded the allowable limit by 0.01% leading to extra cost incurred of KES 3,199.4 and therefore implied compromised bread quality and poor control of balances for the audited period. |
| Cost Impact | $34726.8 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management should enhance controls within the production process to ensure bread produced is of good quality thereby minimizing the possibility of excess production and market damages. |

## Issue: Production efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       A review of the branch’s utilization of human capital resources allocated to the production section for a period of 34 days from 24 January to 26 February 2025 was conducted to determine if production workers were achieving their set production targets of 4.3 bags per worker·       It noted that the production efficiency was at 4.21 bags which was below the standard of 4.3 bags ,15 extra workers were hired with a cost implication of KES 16,299 as detailed in the summary below:Table 7:Production efficiency  Details Totals   KPI =A 4.3   Production workers Hired =B              737   Expected production: C=A\*B 3,169.10   Actual Production =D 3,106.00   Actual production efficiency achieved E=D/B             4.21   Production workers who were supposed to be hired F=D/A 722   Extra Production Workers hired G=B-F 15   Cost Incurred for not achieving target (1,086.6\*15)     16,299.00 |
| Implication | Production workers did not achieve their set KPI of 4.3 bags, this implied that extra cost of KES 16,299 was incurred for over-allocation of 15 extra production workers. |
| Cost Impact | $16299.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management should ensure proper allocation of workers is done as per the shift targets and ensure they are optimally utilized. |

## Issue: Packing efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An evaluation was performed on the performance of packers in the slicing section to verify whether they were meeting the company’s established target of 97 crates per packer.·       It was noted that, for the period of 34 days from 24 January 2025-26 February 2025, the packing efficiency stood at 84.92 crates per packer which was below the standard set, extra 56 workers were hired with a cost implication of KES 51,072.Table 8: Packing Efficiency.  Details Totals   KPI =A 97   Loaves Produced 594,858.25   PD, Oven Damages & Deductions & System FOC (26/01/2025-26/02/2025) 4,351.80   Loaves Produced less PD, Oven Damages & Deductions &FOC (26/01/2025-26/02/ 2025) 590,506.45   Add: 23.01.25 3 shift Loaves              5,175.00   Less: 26.02.25 3 shift Loaves                  5,742   Total Loaves to be Packed(B) 570,664.45   Packers Hired (C) (26/01/2025-26/02/ 2025) 448   Actual Packing Efficiency achieved D=(B/C/)15 84.92   Packers who were supposed to be hired E=(B/A)/15 392   Extra (or Less) Packers hired F=C-E 56.00   Cost Implication (912\*56) 51,072 |
| Implication | Packers did not achieve their set efficiency of 97 crates per slicer, this implied that an extra 56 workers were hired with a cost implication of KES 51,072. |
| Cost Impact | $51072.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Branch management should ensure slicers are allocated as per the prior shift loaves produced and tighten supervision to ensure slicing efficiency is achieved. |

## Issue: Mixing Chart Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | ·       An analysis of both the mixing chart and mixing chart summaries for the period of 34 days from 24 January 2025-26 February 2025 was conducted to determine if the raw materials’ consumption were as per the set BOM and if the set yield and quality standards were achieved for production.·       The analysis showed that:Ø  Average yield was 191.52 loaves per bagØ  Average production was 81.57 bags equivalent to 81.57% of the set target of 112 bags.Ø  Utto units’ consumption to bags of flour ratio was 1:1Ø   396 cases of remixes were observed for the reviewed audit period as detailed in the table below:Table 9:Mixing Chart analysis.  Description Number/percentage   Average production Target in bags 112.00   Production target achievement (91.35/112\*100) 81.57%   Average yield target per bag 191.52   Utto consumption to bags produced 100%   Number of remixes in tins 396.00 |
| Implication | ·       Branch production capacity was not optimally utilized by 18.43%.Remixes noted implies there was a lapse in following of correct production process and bread quality was affected. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The branch management to improve on yield and production target achievement.·       Correct Production procedures to be followed to avoid overproof which lead to remixes. |

## Issue: Debtors analysis

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| --- | --- |
| Severity | medium |
| Description | ·       An analysis of the debt balances as of 28 February 2025 was done to identify any occurrences of bad debts or unresolved balances by route.·       It was noted that there was an outstanding balance of KES 254,371.7 and two dormant accounts totaling to KES 16,395.8·       The summary of the debtors’ balances is detailed below in Table 11 Appendix 1:  Customer name Opening Balance Sales Security Total Amount Received Closing Balance Comment   Chawaka Limited- Barnabas 6,958.00 2,533.00 0.00 9,491.00 2,533.00 6,958.00 Already cleared on 01/03/2025   Valley Hospital Ltd 28,714.00 0.00 0.00 28,714.00 0.00 28,714.00 Pay with cheque monthly.   Calif Candy Shop 175.00 3,235.00 0.00 3,410.00 3,235.00 175.00 To be cleared   David Kipkorir 21.00 35,627.00 651.00 36,299.00 36,278.00 21.00 To be cleared   AIC Morop Girls Sec Schol 170,818.50 0.00 0.00 170,818.50 0.00 170,818.50 Pay with cheque monthly.   Willy Cheokok Kurui 502.00 0.00 0.00 502.00 0.00 502.00 Paid less but to be cleared already informed.   Benard Mukinisu Wasike 16,349.00 0.00 0.00 16,349.00 0.00 16,349.00 Dormant account has not paid long.   Dominic Gacheru Kihara 108.00 0.00 0.00 108.00 0.00 108.00 Didn’t pay for extra cent but to be cleared already informed.   John Kihika Muiruri 151.00 4,520.00 82.00 4,753.00 4,602.00 151.00 Didn’t pay for extra cent  but to be cleared already informed.   Mini Shop- Lanet 79.50 0.00 0.00 79.50 0.00 79.50 Cleared   Peter Irungu Mwangi 3,294.00 0.00 0.00 3,294.00 3,294.00 0.00 Already cleared on 28/02/2025   Prince Emmanuel Alvin 43.00 22,095.00 405.00 22,543.00 22,500.00 43.00 Paid less to be cleared.   Unique Stage Matt Kenya Ltd 46.80 0.00 0.00 46.80 0.00 46.80 Dormant account.   Brian Nyangoto Onyango 439.25 9,986.00 182.00 10,607.25 539.00 10,068.25 Extra cent didn’t pay   Lucy Wakerima 21,250.40 0.00 0.00 21,250.40 21,046.00 204.40 Extra cent didn’t pay   Pewa Supermarket 23.00 21,785.00 0.00 21,808.00 0.00 21,808.00 To be cleared   Rainbow Bei Chini Stores Ltd 410.00 10,117.00 0.00 10,527.00 10,117.00 410.00 Cleared 01/03/2025   Roseline Nyakweya Njoki 422.00 0.00 0.00 422.00 0.00 422.00 To be cleared (Balance 25th)   Wilson Ndirangu 4,547.25 5,919.00 108.00 10,574.25 6,027.00 4,547.25 Balance 25th to be cleared today |
| Implication | Debt balances were minimal; however, sales rep should follow up on the two dormant accounts for the outstanding balances to be recovered from security deposits. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Follow up on pending balances for clearance. |

## Issue: Supermarket Returns

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| --- | --- |
| Severity | medium |
| Description | ·       An analysis of supermarket returns for a period of 34 days from 24th January 2025-26th January 2025 was done to determine the reasons for returns and the magnitude of the returns.·       A total of supermarket returns of 1378.5 pieces 400 conversion were noted, out of which 748.5 were due to expiry and 612 were due to quality issues Naivas supermarket was noted to have significant returns due to expiry.·       Below is a detailed bar graph of the returns: |
| Implication | ·       Excess supermarket returns due to expiry issues indicate that there is poor rotation of bread in supermarkets.·       Returns due to quality is an indication that the branch is not following correct production procedures which compromise the bread quality. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Bread rotation controls in supermarkets should be enhanced to reduce instances of bread expiry and ensure that no excess orders are placed.For quality issues the branch should ensure proper production procedures are followed to ensure bread of desired quality is sent to the market |

## Issue: 14. Data inconsistencies between Market Damages as per SAP and manager’s book.

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| --- | --- |
| Severity | medium |
| Description | ·       A comparison of damages for 34 days from 24 January 2025 to 26 February 2025 was done to check if damages as per managers book and SAP were accurately recorded.·       It was noted that the system had excess market damages as compared to the manager’s book which was due to failure to record supermarket returns in the manager’s damages book as detailed below.Table 11: Market damages (Mgrs. book vs SAP).  Source Market Damages   Managers Book 3082   System (SAP) 4830   variance 1748 |
| Implication | Failure to record all the damages will lead to variations between damages sent to ingredient and those that are Actually available. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Proper recording of supermarket credit notes should be done to avoid discrepancies between managers’ book and SAP. |

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|  | N/A | N/A | 2025-02-28 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Naivasha Feb 25

## Issue: Bread Weight

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| --- | --- |
| Severity | medium |
| Description | From the samples picked, bread underweight were noted as follows; 400g CT – 7%, 400g Grande  - 9%, 600g W - 17%, 600g Barrel - 11% while 800g W had 27%  Variety Sample size C/W O/W U/W %U/W A/W   400g CT 75 68 2 5 7% 397   400g GRANDE 75 66 2 7 9% 397   600g W 60 48 2 10 17% 595   600g BW 75 48 19 8 11% 603   800g W 75 54 1 20 27% 789 |
| Implication | Presence of underweight bread is an indication that the company is exposed to financial and reputational risks in form of penalties and customer dissatisfaction respectively |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should ensure the set production standards are adhered to ensure the final products dispatched to the market meets the correct weight standards. |

## Issue: Bread Damages

|  |  |
| --- | --- |
| Severity | high |
| Description | Audit noted that production damages were averaging at 0.45% of the production and market damages stood at 0.61% of the total sales.        Details - Production Damages Value   Production Damages (Loaves) 1,074.8    Oven Damages (Loaves) 740.0    Total Damages 1,814.8    Total loaves produced/Sales 401,782.0    % Damages 0.45%   % Variance 0.25%   Excess Damages  1,004.5    Revenue loss @53 53,238.50                     Details - Market Damages Value   Market Damages (Loaves) 1,831.0    Supermarkets Returns (Loaves) 705.1    Total Damages 2,536.1    Total Sales (Loaves) 415,967.8    % Damages 0.61%   % Variance 0.11%   Excess Damages 457.50    Revenue loss @53 24,247.50 |
| Implication | Excess damages exposes the company to revenue loss |
| Cost Impact | $77486.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch team should ensure that production processes are adhered to reduce damages cases.Sales persons should handle bread carefully while in the market to reduce cases of damages resulting from mishandling |

## Issue: Debtors analysis

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| --- | --- |
| Severity | medium |
| Description | The analysis revealed that the total outstanding debtors amounted to Kshs. 293,116.65.  Route Customer Name Closing Balance Remarks   Naivsha Semita Girls High School 160,325.00 Sales rep following up   Njambini Ndonyo Njeru Secondary School 59,750.00 Sales rep following up, payments done in bits   Ewaso Ny Chrispinus Okumu Nyongesa 54,195.00 Active customer - Current invoice   Ewaso Ny Dennis Lemediak Sindiyo 7,803.00 Active customer - Current invoice   Ewaso Ny Kipkemoi Timothy Cheruiyot 6,973.65 Active customer - Current invoice   Ewaso Ny Chuma Com Services 4,070.00 Active customer - Current invoice     Total 293,116.65 |
| Implication | Outstanding route balances can lead to bad debts and hence financial losses |
| Cost Impact | $293116.65 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The sales Representative should ensure that the outstanding institution balances are cleared. |

## Issue: Packing efficiency

|  |  |
| --- | --- |
| Severity | high |
| Description | The analysis revealed that the average slicing efficiency for the period was 88.06 crates per slicer.  Details  Value   KPI                 97.00   Production for 3rd shift on 31st Jan 2025            4,395.00   Production in Loaves       401,782.00   Less Production for 3rd shift on 27th Feb 2025            5,136.50   Total loaves produced       401,040.50   Less FOC, Production Damages and Oven Damages            3,432.50   Total bread to be packed       397,608.00   Slicer hired                     301   Packing efficiency                 88.06   Expected slicers                     273   Cost of hiring 28 extra Slicers @912         25,536.00 |
| Implication | Packing efficiency of 88.06 crates per slicer implies that the company incurred Kshs 25,536 on extra slicers hired |
| Cost Impact | $25536.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch management should ensure slicers are hired based on the workload and also they should be pushed to achieve the set efficiency |

## Issue: Generator fuel consumption

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| --- | --- |
| Severity | medium |
| Description | The consumption rate for the period was 24.4 Litres/Hr. There was variation of 16.77 hours between the actual engine run hours and system hours. |
| Implication |  |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch manager should ensure that the consumption rate does not deviate from the monthly average rate and he should raise query in case of variations |

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|  | N/A | N/A | 2025-02-15 | active BM: N/A | OM: N/A | Sup: N/A |  |

# Project: Likoni 1 Feb 25

## Issue: Stock Verifcation

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings;·       A stock take was conducted on 08 February 2025 to establish whether the physical stocks were matching with the stock book balance generated from SAP system and whether internal controls on stocks were effective.·       The physical stock count revealed minimal variances when compared with the system's recorded balance for almost all stock items. However, notable discrepancies were observed in the following categories:ü  Packing Materials: Variance of +567 pieces.ü  Bread Stock: White Bread: Variance of - 484 pieces & Brown Bread a variance of -33 pieces.The table below illustrates the findings:  Description UoM    SAP Physical Variance   White Flour Kgs 45,635 45,625 0   Brown Flour Kgs 700 700 0   White Ingredients Bags 368 368 0   Brown ingredients Bags 13 13 0   Yeast Kgs 50.25 50.25 0   Vegetable Oil (Utto) Kgs 46.38 47.25 +0.87   Bread Stock – White B Pieces 27,772 27,288 (484)   Bread Stock – Brown B Pieces 405 372 (33)   Packing Materials Pieces 117,686 118,253 +567   Miscellaneous    Jericans Pieces 67 68 +1   Gloves Pieces 16 16 0   Towels Pieces 13 2 -1   Crates (Red) Pieces 200 200 0   Crates (Green) Pieces 1,982 1,982 0 |
| Implication | The discrepancies in bread stock and poly bags are a concern. If these issues persist, they could impact production and fulfilment capabilities, indicating weak controls. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       Regularly audit both physical and SAP inventories to ensure accuracy. Focus particularly on items with larger variances, like the bread stock. |

## Issue: Bread Weight Check

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings;·       We conducted Bread weight spot checks on 8 February 2025 on packed bread ready to be dispatched to the market to determine whether the bread dispatched to the market meets the required weight standards.·       From the selected sample, bread underweights were noted in     Overweight Products:ü  200g WB Dough: 38% overweightü  400g White Dough: 38% overweightü  200g WB: 27% overweight           Underweight Products:ü  400g WB: 13% underweightü  400g WB Dough: 16% Underweightü  800g WB: 9% underweight  Variety Sample size C/Wt Ov/wt% Ov/wt U/wt U/ wt% Av/ Wt.   400g WB 75 56 12% 09 10 13% 400   800G WB         75 68 0% 0 07 09% 795   200g WB 75 43 27% 20 12 16% 201   DOUGH    400g  White 50 23 38% 19 08 16% 461.06   200g WB 50 30 38% 18 02 04% 278.28 |
| Implication | ·       Overweight or underweight products can lead to cost inefficiencies, especially if the consumer is paying for a product that doesn't match the expected weight. Underweight bread also can affect brand reputation and can led to loss of customers.For dough varieties, a consistently overweight product could be an issue for packaging leading to inefficiencies and waste in production. |
| Cost Impact | $0.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | Strict adherence to established weight standards for bread production to help maintain consistency in product quality and prevent discrepancies in weights. |

## Issue: Mixing Chart Analysis

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings.·       An analysis of mixing charts and summaries was done for a period of 31 days from 1 January to 31 January 2025 to determine if the raw materials usage were as per the set BOM and if the set production standards were achieved.·       An analysis was also performed to verify if there were any significant variances between the mixing chart summary and the SAP system. Appendix2·       The total number of loaves produced, as recorded in the mixing chart for January 2025, was 626,914.50, which exceeds the SAP forecast of 626,527 by 387.50 loaves.Appendix2·       The table below shows a summarised findings of the mixing chart analysis.  Mixing chart analysis Summary Value   Branch Production Target per day in Bags (A) 126   Average Production in bags (B) 101.03   Production target achievement in % (B/A\*100%) 80.18%   Utto Consumption % of production 100%   Utto Consumption to bags Produced 1:1   Average Yield per Bag 200.16 |
| Implication | ·       Production target was below the set target, and this indicated that the branch’s production capacity was underutilized by 19.82% which could imply lost sales.The yield per bag is 200.16 pieces of bread, slightly below the expected 201 pieces per bag. While this is a small deviation, it may indicate room for improvement in production efficiency, which could potentially lead to an increase in the overall output without additional resource consumption. |
| Cost Impact | $None |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | ·       The branch should work towards achieving the set production target and Yield. |

## Issue: Packing Efficiency

|  |  |
| --- | --- |
| Severity | medium |
| Description | Findings;·       Packing Efficiency was computed for period of 31 days from 1 January 2025 to 31 January 2025 to determine whether the set company standard of 97 crates per slicer was being achieved.·       The findings revealed that the average slicing efficiency for the period was 84.45 crates per slicer.·       The table below illustrates the findings;-  Packing efficiency     Details Value   KPI (Crates) 97.00   Total Loaves Produced 626,527.0   Add: Production for 3rd shift  31 December 2024 5,412.5   Less: Production for 3rd  shift 31 January 2025 7,218.0         Less: FOC, and Production Damages 2,784.0   Adjusted Total bread to be Packed 621,9337.5   Packing Efficiency 84.45   % of packing Efficiency achieved 87%   Actual Slicer Hired (A) 488   Expected slicers (B) 427   Extra Slicers Hired (A-B) 61 |
| Implication | ·       The slicing efficiency target of 97 crates per slicer was not achieved due to lower production at the branch, which resulted from reduced order volumes.Hiring 61 extra slicers cost the company KES 55, 632 in additional labour costs. The 87% efficiency achieved is still below the ideal packing target, which suggests the company did not fully optimize the use of the extra slicers hired. |
| Cost Impact | $55632.0 |
| Management Comment 1 |  |
| Management Comment 2 |  |
| Recommendation | The branch together with the sales team should ensure enough sales orders are secured to support optimal production levels. |