Regional Issues Report

Mini Group / Eleven Degrees Consulting

Project: Machakos April 25

Region: ['Nairobi']

Date: July 02, 2025

# Executive Summary

This report covers 35 issue(s) reported in the selected region.  
 - High severity: 8 issue(s)  
 - Medium severity: 27 issue(s)  
 - Low severity: 0 issue(s)  
  
Estimated total cost impact: $316,967.56

# Branch: Nairobi

**Start Date:** 2025-04-08

**Branch Manager:** ['Mr. Igbal Mohamed']

**Operations Manager:** ['Mr. Alex Mbovi/Shem Mbiji.']

**Supervisor:** ['Mr. Samuel Orare and Adi Shariff ']

## Issue: Bread Weights

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A spot check on packed bread ready to be supplied to the markets was done on 08 April 2025 to determine if they met the standard weights as per the KEBS requirements.  · Underweights were noted across all the sampled varieties as seen below:  ü 400g CTW had 44% underweights.  ü 600 CTW had 7% underweight  ü 800 CTW had 17% underweight.  ü 200g Mini loaf had 43% underweight  ü 400 g Long had 20% underweight.  · Below is the detailed summary of the audit findings.  Table 2 :Bread weight Check.  Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight Average weights 400g CTW 75 11 31 33 15% 41% 44% 395.96 600CTW 75 12 58 5 16% 77% 7% 603.23 800 CTW 75 3 59 13 4% 79% 17% 792.95 200g Mini bread 75 3 40 32 4% 53% 43% 196.51 White Bread 400 Long 75 4 56 15 5% 75% 20% 399.05 |
| Implication | <p class="MsoListParagraphCxSpFirst" style="line-height:115%;margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="line-height:115%;mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";line-height:115%;mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span style="line-height:115%;">Underweights and overweight’s noted indicates lapses production process flow.</span></span><span style="color:black;font-size:11.0pt;"><span style="line-height:115%;"></span></span></p><p class="MsoListParagraphCxSpLast" style="line-height:115%;margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="line-height:115%;mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";line-height:115%;mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span style="line-height:115%;">Underweights exposes the company to penalties for non-compliance and may damage brand reputation if underweights are found out by KEBS officials.</span></span><span style="color:black;font-size:11.0pt;"><span style="line-height:115%;"></span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Underweights also deny the customer value for their money.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>    </span></span><span style="color:black;font-size:11.0pt;"><span style="">Branch management should ensure correct production procedures are followed to ensure product quality is not compromised.</span></span><span style="font-size:11.0pt;"></span><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch management should also conduct random spot checks on dough weight and packed bread to ensure bread of correct weight is supplied to the market.</span></span></p> |

## Issue: Bread Damages

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A review of Production and market damages was done for a period of 39 days from 1March 2025-08 April 2025 to assess whether they were within the allowable limits of 0.2% of total production 0.5% of total sales respectively.  · It was noted that production damages were at 0.24% of total production which was above the allowable threshold of 0.2% with a cost implication of Kshs. 18,721.735 while market damages were at 0.54% of total sales exclusive of supermarket returns which was above the allowable limit of 0.5% with a cost implication of Kshs 17,943.68.  · Below is a detailed summary of the audit findings:  Table 3 :Production Damages.  Details Quantity/Value Total Production damages= A 2,143.25 Total Production = B 883,100.75 Prod. Damages Perce C=(A/B) % 0.24% KPI =D 0.20% Difference E=D-C -0.04% Cost Implication F=(E\*B) \*53 -18,721.74  N/B: The above analysis is exclusive of 331 pieces of Oven damages.  Table 4 :Market Damages.  Details Quantity/Value Total Market damages= A 4,601.50 Total Sales = B 852,588 Market. Damages Perce C=(A/B) % 0.54% KPI =D 0.50% Difference E=D-C -0.04% Cost Implication F=(E\*B) \*53 -17,943.68 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Production and market damages exceeded the allowable limits by <strong>0.04%</strong> and <strong>0.04%</strong> respectively with a cumulative extra cost of <strong>Kshs</strong> <strong>(</strong></span></span><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style=""><strong>18,721.74+17,943.68) =36,665.42.</strong></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">To adhere to the set quality control procures within the production process to ensure bread of good quality is produced thus minimizing cases of underweights.</span></span></p> |

## Issue: Mixing Chart analysis

Issue Details

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| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An analysis of both mixing chart and mixing chart summaries for a period of 39 days from 1 March 2025-08 February 2025 was done with the aim of determining if Average yield was as per the set Branch BOM, if Utto consumption was at a ratio of 1:1,if there were any cases of remixes and to determine if Branch production capacity was being fully utilized.  · It was noted that:  ü Average yield was at 192.73.  ü Utto consumption stood at 100%  ü Average daily production was at 117.49 bags  ü Branch production capacity was at 71.20% of the target of 165 bags.  ü No Cases of remixes were noted for the period under review.  Table 5 :Mixing Chart analysis.  Particulars Number Utto 4,582 Yeast 125g 4,582 Production in bags 4,582 Total cash flow loaves 883,101 Average yield 192.73 Average Production /Average daily production in bags 117.49 Average production Target in bags 165.00 Production target achievement (%) 71.20% Utto consumption to bags produced 1:1 No of Remixes 0.00 |
| Implication | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>The branch production capacity is not fully utilized meaning there is need for further improvement.</span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">No remixes implies that product quality is being achieved.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The sales team should put more efforts to acquire new customers, ensuring optimal utilization of the branch's production capacity.</span></span></p> |

## Issue: Production efficiency

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $17,385.60 |
| Description | · Production efficiency was done for a period of 39 days from 1 March 2025-8 March 2025 to determine if production workers allocation was done as per the shift targets ensuring full utilization of production workers by achieving the KPI of 4.3 per production worker.  · It was noted that production efficiency was at 4.23 bags per production worker which was below the KPI of 4.3 bags , 16 extra workers were hired with an extra cost of Kshs 17,385.6 .  · Below is the detailed summary of the findings:  Table 6 :Production Efficiency.  Details Totals KPI =A 4.3 Production workers Hired =B 1081 Expected production: C=A\*B 4,648.30 Actual Production =D 4,582.00 Actual production efficiency achieved E=D/B 4.24 Production workers who were supposed to be hired F=D/A 1066 Extra Production Workers hired G=B-F 16 Cost Incurred for not achieving target (1,086.6\*16) 17,385.60 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Production workers were underutilized,16 extra workers were hired with a cost implication of <strong>Kshs 17,385.60.</strong></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="">The branch management should ensure allocation of workers is done as per the shift targets to ensure no extra workers are hired.</span><b style=""><span style=""><strong></strong></span></b></span></p> |

## Issue: Packing efficiency.

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $12,768.00 |
| Description | · Packing efficiency for the period of 39 days from 1March 2025-08April 2025 was done with an aim of determining if the packers hired were achieving the set average packing efficiency of 97 crates per packer.  · Packing efficiency stood at 94.95 crates which was below the standard of 97 crates per packer, the branch hired extra 14 workers with a cost implication of Kshs. 12,768.  · The table below illustrates the findings; -  Details Totals KPI =A 97 Loaves Produced 883,100.75 PD, Oven Damages & Deductions & System FOC (01/03/2025-08/04/2025) 5,501.50 Loaves Produced less PD, Oven Damages & Deductions &FOC (01/03/2025-08/04/2025) 877,599.25 Add: 28.02.2025 3 shift Loaves 10,253.00 Less: 08.04.2025 3 shift Loaves 9,088.00 Total Loaves to be Packed(B) 878,764.25 Packers Hired (C) (01.03.25-08.04.25) 617 Actual Packing Efficiency achieved D=(B/C/)15 94.95 Packers who were supposed to be hired E=(B/A)/15 604 Extra (or Less) Packers hired F=C-E 14 Cost Implication (912\*14) 12,768 |
| Implication | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Packers did not achieve their KPI of 97 crates ,<strong>14 extra workers</strong> were hired leading to an extra cost of <strong>Kshs12,768.</strong></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>Management should ensure hiring of workers is done as per the prior shift actual target to minimise cases of extra workers hired.</span><span style=""></span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management should also tighten supervision of packers to ensure they are achieving their KPI</span></span></p> |

## Issue: Debtors’ analysis.

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · A review of debtors balances as of 9 April 2025 was done to determine if there were instances of long outstanding debts by determining the credit worthiness of customers, assessing if the internal controls over credit management, invoicing, collection are functioning effectively and to assess the level of risk associated outstanding receivables.  · It was noted that the branch had a total of 1,365,134.02 which were secured by security deposits, Supa point and extra cent. We also noted that there were a few dormant customers worth Kshs 654,278 which were yet to be recovered from the security deposits.  · A detailed analysis of the balances is illustrated below in Appendix 2 below:  Number Customer Name Opening Balance sales security Total Amount Received. Closing Balance Comments (10/04/2025) 1 Andrew Kinanda - Wamunyu 2,884.00 5,032.00 91.00 8,007.00 4,400.00 3,607.00 Security deposit, supapoint and extra cent is above debt and sales. 2 Cecilia Mueni Muli 7,168.00 0.00 0.00 7,168.00 0.00 7,168.00 Clear on order 3 Christopher Kyalo 13,390.00 8,250.00 150.00 21,790.00 16,800.00 4,990.00 Security deposit, Supa point and extra cent is above debt and sales. 4 Emily Agnes Musembi 2,884.00 3,300.00 60.00 6,244.00 3,360.00 2,884.00 Security deposit, Supa point and extra cent is above debt and sales. 5 Emily Mutheu Mutindi 9,346.00 0.00 0.00 9,346.00 0.00 9,346.00 Security deposit, Supa point and extra cent is above debt and sales. 6 Gedion Kyalo Musyoka 61,552.00 0.00 0.00 61,552.00 54,396.00 7,156.00 Security deposit, Supa point and extra cent is above debt and sales. 7 Katomart Supermarket 22,410.00 0.00 0.00 22,410.00 0.00 22,410.00 Long outstanding, sales rep to recover from security. 8 Busbul Supermarket Limited 3,714.00 0.00 0.00 3,714.00 0.00 3,714.00 Long outstanding customer is claiming this was paid. 9 Hezron Kameta 3,130.00 0.00 0.00 3,130.00 0.00 3,130.00 Sales rep following up. 10 Jackson Mutuku Maleve 10,094.25 0.00 0.00 10,094.25 0.00 10,094.25 Sales rep following up. 11 Jane Kaluki Kisonya 2,530.00 8,250.00 150.00 10,930.00 0.00 10,930.00 Cleared today. 12 Julius Wambua Kivuva 407.00 7,425.00 135.00 7,967.00 7,560.00 407.00 Security deposit, Supa point and extra cent is above debt and sales. 13 Paul Mbuvi Kisangi 10,868.00 0.00 0.00 10,868.00 8,970.00 1,898.00 Sales rep following up. 14 Simon Muindi 1,989.00 9,735.00 177.00 11,901.00 9,912.00 1,989.00 Security deposit, Supa point and extra cent is above debt and sales. 15 Kyumu Secondary School 95,310.00 0.00 0.00 95,310.00 0.00 95,310.00 Institution 16 Matiku Secondary School 55,040.00 0.00 0.00 55,040.00 0.00 55,040.00 Institution 17 Mirriam Mueni Musau-Supa Duka-Nzilu 11,982.50 3,792.00 69.00 15,843.50 0.00 15,843.50 Clear on order 18 Mini Shop Walk in- Machakos 211.80 50,884.00 0.00 51,095.80 50,884.00 211.80 To clear today 19 A.B.C Maiani Boys  High School 5,060.00 0.00 0.00 5,060.00 0.00 5,060.00 Institution, Dormant. 20 Alfred Kinyumu Mukumbu 112.00 6,875.00 125.00 7,112.00 0.00 7,112.00 To clear today 21 Alice Mueni 3,203.00 0.00 0.00 3,203.00 2,464.00 739.00 To clear today 22 Dorothy Nthenya 1,475.00 20,055.00 365.00 21,895.00 20,420.00 1,475.00 To clear today 23 Harison Mueke Mutua 7,650.00 0.00 0.00 7,650.00 0.00 7,650.00 Pay after 3 days. 24 St. Augustine Mulumini 45,525.00 0.00 0.00 45,525.00 0.00 45,525.00 Dormant 25 Steve Muovya Nzavi 26,880.00 25,850.00 470.00 53,200.00 17,920.00 35,280.00 Security deposit, Supa point and extra cent is above debt and sales. 26 Titus Mwongela (Hillside) 1,096.00 20,350.00 370.00 21,816.00 0.00 21,816.00 To clear today 27 Titus Mwongela (Ivingoni) 217.00 0.00 0.00 217.00 0.00 217.00 To clear today 28 Titus Sila 191.50 19,495.00 355.00 20,041.50 16,250.00 3,791.50 To be cleared. 29 Daniel Mutua Munywoki 2,879.00 8,131.00 148.00 11,158.00 8,279.00 2,879.00 To be cleared. 30 Dorothy Wambua 8,007.50 12,925.00 235.00 21,167.50 0.00 21,167.50 To be cleared. 31 Gedion Ivulu 18,033.50 0.00 0.00 18,033.50 16,264.00 1,769.50 To be cleared. 32 Jackson Kyalo 222.27 41,334.00 756.00 42,312.27 42,090.00 222.27 To be cleared. 33 Paul Mbau Gikonyo 35.00 41,835.00 762.00 42,632.00 42,597.00 35.00 To clear. 34 Stephen Mwololo 1,970.00 48,479.00 883.00 51,332.00 49,362.00 1,970.00 Security deposit, Supa point and extra cent is above debt and sales. 35 Supa Duka-Simba Cement-Stephen Maingi Wambua 12,355.25 23,650.00 430.00 36,435.25 21,015.00 15,420.25 Sales rep following up. 36 David Mulwa 12,038.60 1,809.00 33.00 13,880.60 0.00 13,880.60 To be cleared. 37 Dominic Mwau 113.50 14,630.00 266.00 15,009.50 14,890.00 119.50 To be cleared. 38 Duncan Katua 4,129.25 11,990.00 218.00 16,337.25 12,208.00 4,129.25 Security deposit, Supa point and extra cent is above debt and sales. 39 Fastmart Supermarket Limited - Express 9.00 4,407.20 0.00 4,416.20 0.00 4,416.20 Security deposit, Supa point and extra cent is above debt and sales. 40 Faymatt Supermarket 5.00 3,604.00 0.00 3,609.00 0.00 3,609.00 Supermarket 41 Kyandu Bright School 18,825.00 0.00 0.00 18,825.00 0.00 18,825.00 Institution 42 Matungulu Girls High School 554,625.00 0.00 0.00 554,625.00 0.00 554,625.00 Institution, Dormant. 43 Melosa Supermarket (Francis) 3,942.00 4,158.00 0.00 8,100.00 4,158.00 3,942.00 Supermarket 44 Morris Maithya M. 2,235.00 8,250.00 150.00 10,635.00 0.00 10,635.00 Security deposit, Supa point and extra cent is above debt and sales. 45 Mueni Mule 1,559.50 4,453.00 80.00 6,092.50 4,500.00 1,592.50 Security deposit, supapoint and extra cent is above debt and sales. 46 Mutinda Kioko 1,997.65 20,373.00 371.00 22,741.65 20,744.00 1,997.65 Security deposit, Supa point and extra cent is above debt and sales. 47 Nicholas Mutuku Wambua 13,424.00 0.00 0.00 13,424.00 0.00 13,424.00 Dormant 48 Peter Kimani Muoki 2,692.00 0.00 0.00 2,692.00 0.00 2,692.00 Dormant 49 Pilot Zone - Machakos 12,470.00 0.00 0.00 12,470.00 0.00 12,470.00 Sales rep following up. 50 Samuel Mutuku Mutua 13,380.00 0.00 0.00 13,380.00 0.00 13,380.00 Sales rep following up. 51 Viet Supermarket Limited 32,231.50 0.00 0.00 32,231.50 0.00 32,231.50 No supply for the last 14 days, sales rep following up. 52 Albanus Kyalo 97,396.00 80,170.00 1,457.00 179,023.00 85,396.00 93,627.00 Has paid today. 53 Caroline Mutie 8,890.00 0.00 0.00 8,890.00 0.00 8,890.00 Sales rep following up. 54 Christine Ndinda Musyoka 6,508.00 0.00 0.00 6,508.00 0.00 6,508.00 Sales rep following up. 55 Christopher Mutuku Mutie 8,520.00 4,125.00 75.00 12,720.00 5,880.00 6,840.00 To be cleared today 56 Jedidah Kalendi 20,380.00 2,475.00 45.00 22,900.00 12,400.00 10,500.00 To be cleared today 57 Justine Muthenya Mulungyea 28,698.00 24,620.00 448.00 53,766.00 28,708.00 25,058.00 Security deposit, Supa point and extra cent is above debt and sales. 58 Maingi Mwendwa 9,744.00 0.00 0.00 9,744.00 4,872.00 4,872.00 To clear on order. 59 Makueni Girls Secondary School 32,952.00 0.00 0.00 32,952.00 0.00 32,952.00 Dormant 60 Mutio Sarah Nzomo 3,884.00 6,600.00 120.00 10,604.00 0.00 10,604.00 To clear today 61 Nicholas Mutinda Musembi 31,060.25 9,444.00 172.00 40,676.25 17,624.00 23,052.25 To be cleared today 62 Sammy Mathias 15,375.00 0.00 0.00 15,375.00 0.00 15,375.00 63 St. Peter Clavers Secondary School- Kithuki 10.00 0.00 0.00 10.00 0.00 10.00 To be cleared on order. 64 Urbanus Mulele Musyoki 6,619.00 0.00 0.00 6,619.00 0.00 6,619.00 To be cleared. Total 1,393,535.82 566,755.20 9,166.00 1,969,457.02 604,323.00 1,365,134.02 |
| Implication | <p class="MsoNormal" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span style="">The company is exposed to risk of losing its revenue in case customers and institutions highlighted in green won’t be able to pay.</span><span style=""></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management is recommended to ensure the outstanding debtors balances are followed up for payments.</span></span></p> |

## Issue: Physical Stock Take

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A physical inventory count was conducted on 11 March 2025 to validate the accuracy of stock records by comparing the actual inventory levels with the data in the SAP system and to evaluate the effectiveness of existing controls.  · The physical stock count revealed the following:  Ø Bread stock had a variance of -48 pieces  Ø Polybags had +650 pieces  Ø White flour had -5.212kgs  Ø Crates had Nil Variations.  Ø Other raw materials had raw materials had immaterial variations.  · The table below illustrates the findings:  Table 1 :Stock verification.  Item Description UoM KTI Physical Variance White ingredients 9Kgs Bags 394.111 394 -0.11 White Flour Kgs 83080.21 83075 -5.21 Yeast - 125gms Sachets 409.111 409 -0.11 Vegetable Oil (Utto) new Kgs 57.621 57 -0.62 Bread stock Pieces 9816.25 9767.5 -48.75 Packing materials Pieces 302453 303103 650.00 Crates Pieces 1976.00 1976.00 0.00 |
| Implication | <p class="MsoListParagraphCxSpFirst" style="line-height:115%;margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="line-height:115%;mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";line-height:115%;mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="line-height:115%;">Variations noted in bread stock indicates lapses in proper recording of movement of Finished product.</span><b style=""><span style="line-height:115%;"><strong></strong></span></b></span></p><p class="MsoListParagraphCxSpLast" style="line-height:115%;margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="line-height:115%;mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";line-height:115%;mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="line-height:115%;">Excess positive poly bags variations indicate lapses in proper recording of good issues sent for polybags and Possibility excess packaging of 200 sachets.</span><b style=""><span style="line-height:115%;"><strong></strong></span></b></span><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Nil variations in crates movement indicates crates movement controls is well controlled.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraphCxSpFirst" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="">Branch management should strengthen controls on movement of finished product to minimize the noted variations.</span><span style=""></span></span></p><p class="MsoListParagraphCxSpLast" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="">The branch should check the route cause of polybags variations and accuracy of good issue sent for polybags.</span><span style=""></span></span></p> |

## Issue: Bread weights

Issue Details

|  |  |
| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A spot check on packed bread ready to be dispatched to the market was done on 11 April 2025, to determine if the branch was producing bread of standard weight.  · Underweights and Over-weights were noted across all bread varieties weighed, however they were minimal and Overall average weights were okey as seen;  Table 2 :Bread weight Check.  Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight Average weights 400g CTW 75 5 64 6 7% 85% 8% 398.68 600 CTW/Barrel. 75 14 49 12 19% 65% 16% 597.70 800 CTW 62 1 37 24 2% 60% 39% 784.87 400g Grande 75 3 55 17 4% 73% 23% 396.19 |
| Implication | <p class="MsoListParagraph" style="line-height:115%;margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="line-height:115%;mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";line-height:115%;mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span style="line-height:115%;">Selling underweight bread in the market could result in non-compliance with weights and measures regulations, potentially exposing the company to fines and legal action.</span></span><span style="color:black;font-size:11.0pt;"><span style="line-height:115%;"></span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Supplying underweight products may lead to customer dissatisfaction, harm the brand’s reputation, and potentially result in a loss of customers.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>The branch should ensure correct standard operating procedures are strictly followed to ensure bread of correct weight is produced.</span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Random spot checks on dough and packed bread should be done by the branch manager on regular basis to ensure bread of correct weight is supplied to the market.</span></span></p> |

## Issue: Bread damages.

Issue Details

|  |  |
| --- | --- |
| Severity | medium |
| Cost Impact | $17,178.80 |
| Description | · Bread damages analysis was done for a period of 42 days from 1 March 2025 to 11 April 2025 to determine if they were within the allowable threshold of 0.2% of total production for production related damages and 0.5% of total sales for market related damages.  · The analysis showed that production damages stood at 0.23% which was above the allowable limit with a cost implication of Kshs.8,702.55 while market damages stood at 0.56% which was above the allowable limit 0.5% with a cost implication of Kshs.17,178.80.  · The summary of the findings is detailed below:  Table 3 :Production Damages.  Details Quantity/Value Total Production damages= A 1,271.00 Total Production = B 547,330.50 Prod. Damages Perce C=(A/B) % 0.23% KPI =D 0.20% Difference E=D-C -0.03% Cost Implication F=(E\*B) \*53 -8,702.55  N/B The above analysis is exclusive of 252 pieces of Oven damages.  Table 4 :Market Damages.  Details Quantity/Value Total Market damages= A 3,003.75 Total Sales = B 540,214 Market. Damages Perce C=(A/B) % 0.56% KPI =D 0.50% Difference E=D-C -0.06% Cost Implication F=(E\*B) \*53 -17,178.80 |
| Implication | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>Production damages exceeded the allowable limit by <strong>0.03%</strong> which resulted to an extra cost of <strong>Kshs 8,702.55</strong> while market damages exceeded the limit by 0.06 % which resulted in an extra cost to the company of <strong>Kshs 17,178.80.</strong></span><b style=""><span style=""><strong></strong></span></b></span></p><p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Excess damages indicates<strong> </strong>that product quality was not fully met resulting in more damages above allowable limits.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>To adhere to the set quality control procedures within the production process to minimize damages.</span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch management should ensure production equipment and ovens are regularly maintained.</span></span></p> |

## Issue: Mixing Chart Analysis

Issue Details

|  |  |
| --- | --- |
| Severity | medium |
| Cost Impact | $130,354.56 |
| Description | · An analysis of the mixing charts and summaries was conducted for a period of 42 days from 1 March 2025-11 April 2025, to evaluate whether raw material usage was aligned with the established branch BOM and to determine if Branch production capacity was fully met.  · The analysis showed that  ü Utto consumption stood at 100%.  ü Average yield was 191.11 loaves per bag.  ü Average production was 68.19 bags per day representing 84.19% of the set target of 81 bags .  ü There we no cases remixes for the reviewed period.  · The table below shows a summarised finding of the mixing chart analysis.  Table 5 :Mixing Chart analysis.  Particulars Number Utto 2,864 Yeast 125g 2,864 Production in bags 2,864 Total cash flow loaves 547,331 Average yield 191.11 Average Production /Average daily production in bags 68.19 Average production Target in bags 81.00 Production target achievement (%) 84.19% Utto consumption to bags produced 1:1 No of Remixes 0.00 |
| Implication | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>No remixes is an indication that bread quality was not compromised.</span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch production capacity was not fully utilized, idle capacity represents <strong>15.81%</strong> of the branch capacity 81 bags, this is equivalent to 2,459.52 loaves, potential daily revenue of= (<strong>2459.52\*53) Kshs 130,354.56.)</strong></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management team and sales team should put effort to onboard more customers to ensure idle branch capacity is utilized.</span></span></p> |

## Issue: Packing Efficiency

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $23,712.00 |
| Description | Findings;  · Packing efficiency for a period of 42 days from 1 March 2025-11 April 2025 was done to determine if packers were achieving their set KPI of 97 crates per packer.  · It was noted that packing efficiency stood at 90.83 crates per packer which was below the standard of 97 crates ,26 extra workers were hired with a cost implication of Kshs.23,712 as illustrated in the table below:  Table 7 :Packing efficiency.  Details Totals KPI =A 97 Loaves Produced 547,330.50 PD, Oven Damages & Deductions & System FOC (01/03/2025-11/04/2025) 3,385.50 Loaves Produced less PD, Oven Damages & Deductions &FOC (01/03/2025-11/04/2025) 543,945.00 Add: 28.02.2453 shift Loaves 5643.5 Less: 11/04/2025 3 shift Loaves 4,587 Total Loaves to be Packed(B) 545,001.75 Packers Hired (C) (01/03/2025-11/04/2025) 400 Actual Packing Efficiency achieved D=(B/C/)15 90.83 Packers who were supposed to be hired E=(B/A)/15 375 Extra (or Less) Packers hired F=C-E 26 Cost Implication (912\*26) 23,712 |
| Implication | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="">Packers did not achieve their KPI meaning the company incurred extra cost of</span><b style=""><span style=""><strong> Kshs 23,712 </strong></span></b><span style="">for hiring extra packers.</span><b style=""><span style=""><strong></strong></span></b></span><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Inefficiencies in packing operations can impact overall production flow and delay order fulfilment.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>Management should optimize the allocation of human resources in the packing area by adjusting the number of hired packers to match actual production needs, thereby reducing unnecessary labour costs.</span></span><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Management should explore ways to streamline the slicing process for bread quarters to minimize effects on overall packing efficiency.</span></span></p> |

## Issue: Mileage Analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An analysis of fuel consumption for the period of March 2025 was done to determine if fuel allocation was done as per the standard rates and Kilo metres covered.  · It was noted Fuel Consumption was within range except KDB 367 Z for kabata route consumed extra 10 litres and KCM 627Q consumed extra 5 litres as detailed below in Appendix 1.  Route Reg. No Make Model YOM O/M/01/03/2025 C/M (31/03/2025) Cum Km Actual Cum fuel Actual Rate Std. Rate Std Cum Fuel Variance Remarks Kabati Route KDB 367 Z Mitsubishi FE71/4D33 210,842.00 214,576.00 3,734.00 544 6.86 7 533.43 -10.57 Cost Kyuso route KCM 627Q Mitsubishi FE84/4D33 2016 755,256.00 759,066.00 3,810.00 640 5.95 6 635.00 -5.0 Cost Mutomo Route KCY242F Mitsubishi FE84/4D33 2019 427,030.00 434,734.00 7,704.00 1263 6.10 6 1284.00 21.00 Saving Nguni Route KDN 137 Z Xenon SC (4X2) TATA 2020 20,849.00 32,343.00 11,494.00 1271 9.04 9 1277.11 6.11 Saving Kavisuni KDB3632 249,093.00 253,894.00 4,801.00 686 7.00 7 685.86 -0.14 okey Zombe Route KBV 010 P 461,866.00 464,750.00 2,884.00 469 6.15 6 480.67 11.67 Saving, upto date 18th Route reliever KBZ 515T 686,477.00 696,449.00 9,972.00 1,664.00 5.99 6 1662.00 -2.00 Cost |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Vehicles that consumed extra fuel implies that extra cost was incurred by the company.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch to always ensure fuel allocation is done as per Vehicle standard consumption rate.</span></span></p> |

## Issue: Debtors analysis

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · An analysis of the debt balance as of 12 April 2025 was performed to identify any occurrences of bad debts or unresolved balances by route.  · A significant debtors balances was noted as of 12th April 2025 of Kshs 1,067,461.09 which should be followed for clearance, those that were due to institution was totalling to kshs 787,765.10 , those of dormant customers were totalling to Kshs 25,668.8, others due to customers as detailed below in Appendix II.  Customer name Opening balance sales security Total Amount received Closing Remarks(13/04/2025. Alfred Mbuvi Nyamai 378.00 2,310.00 42.00 2,730.00 0.00 2,730.00 To be cleared today, usually pay after 2 days Benjamin Mwaniki 473.15 9,020.00 164.00 9,657.15 9,184.00 473.15 To be cleared today. Benjamin Wambua Ndambo 110.75 34,280.00 625.00 35,015.75 33,795.00 1,220.75 To be cleared today Doctors Centre Hospital 20,625.10 550.00 0.00 21,175.10 0.00 21,175.10 Usually with cheque, institution. Evanes Maende Muthiani 46.50 3,080.00 56.00 3,182.50 3,136.00 46.50 To be cleared. Felix Muli Mului 5,894.00 0.00 0.00 5,894.00 0.00 5,894.00 Dormant customer,To be recovered from security. Joshua Osando Nywoki 2,240.00 0.00 0.00 2,240.00 0.00 2,240.00 Dormant customer,To be recovered from security. Joyce Keli Makite 1,576.00 2,220.00 40.00 3,836.00 3,830.00 6.00 to be cleared Kimanthi Mwakavi 511.00 0.00 0.00 511.00 0.00 511.00 Usually pay after 2 days to clear today Mt. Kenya Wholesaller Traders Ltd - Kalondu 1,268.00 17,476.00 0.00 18,744.00 17,476.00 1,268.00 Supermarket Nicodemus Mamwe Katumbi 7,420.00 0.00 0.00 7,420.00 0.00 7,420.00 Dormant customer,To be recovered from security. Tuk-Tuk-Kalundu 2,091.87 11,927.84 0.00 14,019.71 0.00 14,019.71 To be cleared. Caloshe Highway Petrol Station - Dela 206.80 1,780.00 0.00 1,986.80 1,780.00 206.80 Supermarket Katulani Secondary School 9,955.00 0.00 0.00 9,955.00 0.00 9,955.00 Institution. Kitui School of the Deaf 12,650.00 0.00 0.00 12,650.00 4,950.00 7,700.00 Institution. Kyeni Girls School - Kathungu 23,760.00 0.00 0.00 23,760.00 0.00 23,760.00 Institution. Mary Syengo 4,200.00 4,125.00 75.00 8,400.00 4,200.00 4,200.00 Usually pay after 2 days to clear today Route Direct Sales- Kavisuni Route 2.50 1,800.00 0.00 1,802.50 1,800.00 2.50 Okey Sacred Heart of Jesus Primary School 11,990.00 0.00 0.00 11,990.00 0.00 11,990.00 Institution. Alimart Stores Limited 20.00 26,649.00 0.00 26,669.00 26,649.00 20.00 To be cleared. Islam Awadhi 104,864.00 66,465.00 1,209.00 172,538.00 67,470.00 105,068.00 Take bread based on security ,extra cent. Joeliza Traders Self Selection 1.00 0.00 0.00 1.00 0.00 1.00 Dormant. Judith Katanu 1,376.00 0.00 0.00 1,376.00 0.00 1,376.00 Blocked. Kalonzo Secondary School 58,140.00 0.00 0.00 58,140.00 0.00 58,140.00 Institution. Katalwa Day Mixed Secondary School 13,575.00 0.00 0.00 13,575.00 0.00 13,575.00 Institution. Noor Abdallah 8,952.00 9,625.00 175.00 18,752.00 11,976.00 6,776.00 To be cleared today Nzeluni Boys Secondary School 32,120.00 0.00 0.00 32,120.00 0.00 32,120.00 Instituition. Rodgers Musee 6,450.00 0.00 0.00 6,450.00 0.00 6,450.00 Already paid today Mini Shop Walk in- Kitui 3,697.07 119,620.00 0.00 123,317.07 0.00 123,317.07 Already paid today Alexander Kimuli 8,008.00 5,555.00 101.00 13,664.00 0.00 13,664.00 Already paid today Alfred Mambo 25,200.00 0.00 0.00 25,200.00 0.00 25,200.00 Already paid today Alice Kaluki 852.00 0.00 0.00 852.00 784.00 68.00 To be paid. Alpha Minimart 7,975.00 1,595.00 0.00 9,570.00 5,500.00 4,070.00 Usually pay after 2 days to clear today Bridom Supermarket 719.00 2,854.20 0.00 3,573.20 0.00 3,573.20 Usually pay after 2 days to clear today Dickson Mulei kitonga 5,611.00 0.00 0.00 5,611.00 0.00 5,611.00 Dormant customer,To be recovered from security. Francis Muteti- Depot 9,328.00 33,003.00 601.00 42,932.00 33,604.00 9,328.00 To be cleared. Jack Muthami 6,328.00 0.00 0.00 6,328.00 0.00 6,328.00 Already paid today M.D.K Stores 2,475.00 0.00 0.00 2,475.00 0.00 2,475.00 To be cleared. Nathan Kisinga Paul 255.00 13,200.00 240.00 13,695.00 0.00 13,695.00 Already paid today Nzou Wambua 250.00 6,325.00 115.00 6,690.00 0.00 6,690.00 To be cleared. Onesmus Kituku Jumaa 3,001.80 0.00 0.00 3,001.80 0.00 3,001.80 Dormant Ruth Kameta 234.00 20,625.00 375.00 21,234.00 0.00 21,234.00 To be cleared today Shadrack Mativo David 82.00 3,080.00 56.00 3,218.00 3,136.00 82.00 Follow up. Duncan Lusa Muli 6,720.00 0.00 0.00 6,720.00 0.00 6,720.00 Usually pay after 2 days to clear today Kaai Emmanuel Junior Academy 17,600.00 0.00 0.00 17,600.00 0.00 17,600.00 Institution. Kaai Girls Secondary School 4,015.00 0.00 0.00 4,015.00 0.00 4,015.00 Institution. Kimwele Munyoki 9,993.00 24,200.00 440.00 34,633.00 0.00 34,633.00 Already paid today Mini Shop - Kabati 3.00 23,490.00 0.00 23,493.00 23,187.00 306.00 To be cleared. Miriam Mumbe Ngui 30.00 41,250.00 750.00 42,030.00 42,000.00 30.00 To be cleared. St. Teresa Ukasi Girls Secondary School 98,615.00 0.00 0.00 98,615.00 0.00 98,615.00 Institution. Target Variety Stores 38.00 2,064.00 0.00 2,102.00 2,064.00 38.00 To be cleared Brian Wambua Joel 12,600.00 0.00 0.00 12,600.00 12,600.00 0.00 Okey Daniel Kioko Kisingu 400.00 4,620.00 84.00 5,104.00 0.00 5,104.00 Pay after two days. Everlyne Kausa 11,667.00 9,485.00 172.00 21,324.00 11,699.00 9,625.00 Usually pay after 2 days to clear today Faizayanat General Stores 8.80 0.00 0.00 8.80 0.00 8.80 To be paid. George Mutua 8.75 8,250.00 150.00 8,408.75 8,400.00 8.75 To be paid. Ithangathi Girls Secondary School 7,300.00 0.00 0.00 7,300.00 0.00 7,300.00 Institution. Ithangathi Primary School 125.00 0.00 0.00 125.00 0.00 125.00 Blocked. Joshua Mbutu Mutunga 1,777.00 15,768.00 0.00 17,545.00 17,284.00 261.00 To be paid. Kwa Mboya Minimart 14,228.00 9,075.00 0.00 23,303.00 23,259.00 44.00 To be paid. Mwitika Mixed Day Secondary School 27,500.00 0.00 0.00 27,500.00 0.00 27,500.00 Institution. P.C.E.A Ngungi Secondary School 11,000.00 0.00 0.00 11,000.00 0.00 11,000.00 Institution. St. Josephs' Mutito Boys High School 119,340.00 0.00 0.00 119,340.00 0.00 119,340.00 Institution. St. Josephs' Mutito Boys High School- Canteen 195,500.00 0.00 0.00 195,500.00 0.00 195,500.00 Institution. St. Mary Mutito Girls Secondary School 4,290.00 0.00 0.00 4,290.00 0.00 4,290.00 Institution. St. Paul Mutula Sec School 54,615.00 0.00 0.00 54,615.00 0.00 54,615.00 Institution. Thua Secondary School 56,925.00 0.00 0.00 56,925.00 0.00 56,925.00 Institution Zombe Day and Boarding Sec. School 8,250.00 0.00 0.00 8,250.00 0.00 8,250.00 Institution. Total 1,067,461.09 535,367.04 5,470.00 1,608,298.13 369,763.00 1,238,535.13 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">If unsecured balances remain unpaid, they could negatively impact liquidity and operational efficiency.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Sales representative is encouraged to actively follow up on overdue balances, particularly unsecured debts, to prevent them from becoming bad debt.</span></span></p> |

## Issue: Physical Stock Take

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A physical stock verification was conducted on April 17 2025, to confirm the reliability of inventory records by comparing actual stock levels with the data captured in the SAP system. The exercise also aimed to evaluate the strength of internal controls governing inventory management implemented at the branch  · Key findings from verification are as detailed below:  ü Bread stock showed a shortage of 21 loaves .  ü Polybags (packing materials) had a shortage of 1,366 pieces .  ü White flour had an excess of 7.10 kgs .  ü Utto (vegetable oil) recorded a deficit of 1.98 liters .  ü Yeast and white ingredients reflected minor variances of 0.15 units , which are considered immaterial.  · Below is the detailed summary of the audit findings:  Item Description UoM SAP Physical Variance Bread stock Pieces 12,562.00 12,541.00 (21.00) Packing materials Pieces 212,895.00 211,529.00 (1,366.00) White Flour Kgs 15,142.90 15,150.00 7.10 White ingredients 9Kgs Bags 330.85 331.00 0.15 Yeast - 125gms Sachets 360.85 361 0.15 Vegetable Oil (Utto) Kgs 46.98 45 (1.98)  Findings  · The audit also revealed a recurring issue related to the unusual volume of bread deductions at the branch.  · A total of 548.5 loaves valued at approximately Kshs 29,070 had been deducted as of the stock take date.  · These deductions were consistently attributed to over-baking incidents as reported by oven men during the production process.  Implication:  The stock variances and recurring bread deductions point to inefficiencies in inventory management and production processes at the branch.  Crates Verification  Findings  · A crate balance review was conducted at the branch on March 23, 2025 to assess whether the controls over crate movement were sufficient to mitigate the risk of crate loss.  · The review found that the branch had an excess of 6 crates.  Implication:  The discovery of excess crates suggests that there may be inconsistencies or inefficiencies in the tracking and movement of crates between branches, which could result in unaccounted crates and instances of crates losses across the branches. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <ul style="list-style-type:disc;"> <li><p class="MsoListParagraph" style="margin-left:.25in;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-.25in;"><span style="font-family:Symbol;font-size:11.0pt;"><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'> </span></span><span style="font-size:11.0pt;">Branch management </span><span style="color:black;font-size:11.0pt;"><span style="">should </span><span style="">reassign oven men</span><span style=""> involved in the over-baking issue to different roles and ensure </span><span style="">training for new oven men</span><span style="">.</span></span><span style="font-size:11.0pt;"></span></p></li> <li><p class="MsoListParagraph" style="margin-left:.25in;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-.25in;"><span style='font-family:"Times New Roman","serif";font-size:11.0pt;'><span style="">The branch management should also monitor and ensure proper recording of damaged polybags are done at the packing section ideally at the end of every shift.</span></span></p></li> <li><span style='font-family:"Times New Roman","serif";font-size:11.0pt;'><span style="">Branch management should develop a process to ensure crates that </span><span style="">belong to other branches</span><span style=""> are correctly tracked and returned during subsequent stock takes.</span></span></li> </ul><p> </p> |

## Issue: Bread weight analysis

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · Packed bread ready to be dispatched to the market were randomly weighed to determine if they were of correct weight of 200g,400g,600g and 800g as per the KEBS standard weights.  · Underweights were noted across the sampled varieties as seen below:  Ø 400g BT had 67%,  Ø 400g CT had 84%,  Ø 600g BT had 31%,  Ø 600g CT had 31%,  Ø 400g BW had 43%  Ø 600g BW had 8%  · Below is a detailed summary of the audit findings:  Variety No. of samples O/Wt Correct weight U/Wt Average weight % O/Wt % Correct weight % U/Wt 400g Bt 75 0 25 50 387.7 0% 33% 67% 400g CT 75 0 12 63 384.3 0% 16% 84% 600g BT 75 7 45 23 592.6 9% 60% 31% 600g CT 75 4 48 23 595.1 5% 64% 31% 400g BW 75 0 43 32 391.5 0% 57% 43% 600g BW 74 20 48 6 605.9 27% 65% 8%  Implication:  · The presence of underweight bread in the market potentially subject the company to fines, penalties, or legal action from regulatory bodies.  · Delivering underweight products can result in customer dissatisfaction, damaging the brand’s reputation and potentially leading to loss of market share.  Overweight bread could increase costs per unit , affecting profitability without necessarily increasing revenue. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:.25in;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-.25in;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span style="">In-line weight checks</span> during production process should be strengthened to identify and address underweight or overweight products in real time.</span></p> |

## Issue: Bread damages Percentage Analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An analysis of production and market damages at the branch was conducted over a 33-day period from March 19 2025 to April 20 2025, to evaluate whether the damage rates were within the acceptable thresholds of 0.2% for production and 0.5% for market damages.  · The review revealed that production damages accounted for 0.29% of total output, exceeding the allowable limit, and resulting in a cost impact of Ksh 28,557.42.  · On the other hand, market damages stood at 0.42% of total sales, which was within the acceptable range.  Production Damages Analysis Details Quantity/Value Total Production damages= A 1,763.50 Total Production = B 598,688.00 Prod. Damages Perce C=(A/B)% 0.29% KPI =D 0.20% Difference E=D-C -0.09% Cost Implication F=(E\*B)\*53 (28,557.42)  · NB: The analysis is exclusive of 180 Oven damages.  Market Damages Analysis Details Quantity/Value Total Market damages= A 2,797.50 Total Sales = B 661,328.25 Market. Damages Perce C=(A/B)% 0.42% KPI =D 0.50%  Implication:  · Exceeding the set KPI of 0.2% production damages indicates inefficiencies in the baking process resulting in a direct cost.  The variation in customer satisfaction related to inter-branch bread transfers points to a lack of uniform quality standards across branches, indicating inconsistencies in product output that may not meet customer expectations. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman","serif";font-size:11.0pt;'><span style="">Branch management is encouraged to evaluate the effectiveness of current </span><span style="">staff training especially the oven men</span><span style="">, </span><span style="">baking procedures</span><span style=""> and </span><span style="">operational controls</span><span style=""> to determine if any additional measures or improvements can reduce damages.</span></span></p> |

## Issue: Mixing chart Analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An analysis of the mixing chart and its summaries over the 33-day period from March 19to April 20 2025 was conducted to assess whether raw material consumption aligned with the established BOM and whether the targeted yield and quality standards were met during production.  · The following were noted:  ü The average yield was 192.93 loaves per bag  ü Average production was 94.03 bags equivalent to 95.95% of the set target of 98 bags.  ü Utto units’ consumption to bags of flour ratio was 1:1  ü 234 cases of remixes were observed for the reviewed audit period as detailed in the table below:  Particulars Number Utto 3,104 Yeast 125g 3,103 Production in bags 3,103 Total cash flow loaves 598,688 Average yield 192.93 Average Production /Average daily production in bags 94.03 Average production Target in bags 98.00 Production target achievement (%) 95.95% Utto consumption to bags produced 1:1 No of Remixes 234.00  Implication:  Un-attainment of production target indicate room for improvement in ideal production environment. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | (No Recommendation provided.) |

## Issue: Production Efficiency

Issue Details

|  |  |
| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An assessment was conducted over a 33-day period from March 19 to April 20 2025 to evaluate the branch's production efficiency and determine whether production workers were meeting the target rate of 4.3 bags per worker.  · It was observed that the production efficiency stood at 3.92 bags per production worker, falling short of the standard rate. This shortfall resulted in a cost impact of Kshs 74,975.40 , and contributed to additional 69 workers being hired.  · Below is the analysis of the production efficiency for the period under consideration.  Production Efficiency Details Totals KPI =A 4.3 Production workers Hired =B 791 Expected production: C=A\*B 3,401.30 Actual Production =D 3,103.12 Actual production efficiency achieved E=D/B 3.92 Production workers who were supposed to be hired F=D/A 722 Extra Production Workers hired G=B-F 69 Cost Incurred for not achieving target (1,086.6\*69) 74,975.4  Implication  Risk of recurring inefficiencies i.e. if systemic issues (machine reliability and staff management) are not addressed it may potentially impact profitability and resource planning in future periods. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraph" style="margin-left:17.85pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-17.85pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span style="">Branch management should </span><span style="">strengthen supervisory oversight</span><span style=""> by assigning accountable team leads for each production shift to reduce negligence and enforce work standards.</span></span></p><p><span style='font-family:"Times New Roman","serif";font-size:11.0pt;'><span style="">Branch management should also ensure that production equipment and ovens undergo routine inspections and maintenance to minimize the risk of breakdowns and avoid costly disruptions.</span></span></p> |

## Issue: Packing Efficiency

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An assessment of packer utilization in the slicing section was conducted over a 33-day period, from March 19 to April 20 2025, to determine whether performance met the company’s standard KPI of 97 crates per packer.  · The evaluation indicated that the packing efficiency was 93.19 crates per packer, below the expected standard.  · Consequently, 17 extra workers were brought on board, incurring an additional cost of Kshs 15,504 .  Packing Efficiency Details Totals KPI =A 97.00 Loaves Produced 598,688.00 PD, Oven Damages & Deductions & System FOC(19.03.2025-20.04.2025 ) 8,732.00 Loaves Produced less PD, Oven Damages & Deductions &FOC (19.03.2025-20.04.2025 ) 589,956.00 Add: 18.03.25 3 shift Loaves 7,720.00 Less: 21.04.25 3 shift Loaves (2,162.00) Total Loaves to be Packed(B) 595,514.00 Packers Hired (C) (19.03.2025-20.04.2025) 426.00 Actual Packing Efficiency achieved D=(B/C/)15 93.19 Packers who were supposed to be hired E=(B/A)/15 409.00 Extra (or Less) Packers hired F=C-E 17.00 Cost Implication (912\*17) 15,504.00  Implication:  · There is increased labor costs due to overstaffing, resulting from underperformance in packing efficiency. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman","serif";font-size:11.0pt;'><span style="">Branch management should </span><span style="">align hiring practices with actual output/production</span><span style="">, ensuring that workforce levels reflect real-time production in order to control labor costs.</span></span></p> |

## Issue: Vehicles Fuel Consumption Analysis

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · A review of the branch vehicles’ fuel consumption was carried out over a 20-day period from April 1 to April 20 2025 to assess whether fuel usage was in line with the established standard and to determine if it was being utilized efficiently.  Findings:  · Obama (KTWC 326Y) – Overconsumption attributed to a faulty speedometer (inoperative for 12 days).  · Chokaa (KDB 236L), Loading (KDA 083Z) and Kayole 1 (KCN 076N) – Registered fuel consumption above standard levels, indicating possible inefficiencies or unmonitored fuel usage.  · A detailed analysis is illustrated below below  Route Vehicle Make YOM Mileage as at 20.04.25 Mileage as at 01.04.25 Cum Km Actual Cum Fuel Std Cum Fuel Actual Rate Std Rate(Km/L)/Consumption rate Fuel Variation Remarks Bypass KTWC 327Y TUKTUK 2022 20,593.00 19,546.00 1,047.00 72.00 69.80 14.54 15.00 -2.20 cost Obama KTWC 326Y TUKTUK 2022 22,973.00 22,336.00 637.00 84.00 42.47 7.58 15.00 -41.53 Faulty speedometer for 12 days Chokaa KDB 236L TATA 2020 103,714.00 102,291.00 1,423.00 180.00 158.11 7.91 9.00 -21.89 Overconsumption – Action required Loading KDA 083Z 93,203.00 92,169.00 1,034.00 153.00 147.71 6.76 7.00 -5.29 Overconsumption – Action required Kayole 1 KCN 076N 681,135.00 680,279.00 856.00 171.00 155.64 5.01 5.50 -15.36 Overconsumption – Action required Mwiki KBM 275B FE635/4D32 2009 427,562.00 426,543.00 1,019.00 183.00 185.27 5.57 5.50 2.27 Saving Umoja KBM 274B FE635/4D32 2009 343,020.00 342,557.00 463.00 81.00 92.60 5.72 5.00 11.60 Saving Kayole 2 KCJ 337L 224,230.00 222,968.00 1,262.00 223.00 229.45 5.66 5.50 6.45 Saving  Implication:  · Mechanical issues such as faulty speedometers compromise the reliability of consumption data, potentially allowing fuel misuse to go unnoticed.  · Fuel may not be allocated strictly based on kilometers covered, leading to potential misappropriation or inefficiencies. |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman","serif";font-size:11.0pt;'><span style="">Immediate steps should be taken to recover costs related to routes/vehicles with unjustified overconsumption</span></span><span style='font-family:"Times New Roman","serif";font-size:10.0pt;'><span style="">.</span></span></p> |

## Issue: Physical stock take

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A physical stock verification was conducted on 23/04/2025 to determine if Physical stock balances agreed with SAP balances and to check the effectiveness of existing stock controls.  · The stock count revealed the following:  Ø Bread stock had a variance of +31 pieces after adjusting 255 pieces of pending deductions as at the day of stock.  Ø Polybags had +873 pieces.  Ø White flour was -4.10 kgs.  Ø Utto had +1.31 litres.  · A detailed summary of the audit findings is as seen below:  Table 1 :Stock Verification Summary.  Item Description UoM D1 Physical Variance White ingredients 9Kgs Bags 166.083 166 -0.08 White Flour Kgs 24,504.10 24,500 -4.10 Yeast - 125gms Sachets 277.083 277 -0.08 Vegetable Oil (Utto) new Kgs 47.303 48.615 1.31 Bread stock Pieces 24,783 24,814.00 31.00 Packing materials Pieces 271,713 272,586 873.00 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">There were inadequate controls over the movement of polybags and delays in recording and posting deductions related to negligence in the bread production process.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management should enhance stock controls over the movement of polybags and ensure timely raising of deductions.</span></span></p> |

## Issue: Bread weight Damages.

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | a) Packed bread.  · Bread weight checks on packed bread were done to determine if the Branch was producing bread of good quality compliant to the KEBS standard weight of 400g,600g ,800g and 1500g.  · Underweights were as seen below:  ü 400 Barrel had 19%  ü 400g CTW had 20%  ü 600 CTW had 1%  · A detailed summary of the findings is illustrated below:  Table 3 :Bread weight Check.  Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight Average weights 400g Barrel 75 14 47 14 19% 63% 19% 398.69 400CTW 75 8 52 15 11% 69% 20% 397.88 600 CTW 75 13 61 1 17% 81% 1% 609.65 800g 76 1 75 0 1% 99% 0% 788.38  b) Dough Weight.  · A spot check on dough was done on 23 April 2025 to determine if the dough was following the diving ranges as per the Branch BOM.  · A few underweight were as seen below:  Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight Average weights 400g CTW 66 12 40 14 18% 61% 21% 473.15 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The production and market damages exceeded the set damage limits implying inadequate and inefficient controls for damages management.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Instances of underweight bread, however few, point to failures in maintaining the required dough weights and a lack of effective supervision during production.</span></span></p> |

## Issue: Damages sent to Ingredients’ Balance Analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $18,179.00 |
| Description | · We 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.  · It was noted that for the period 15 March 2025-23 April 2025 , damages had a variance of - 137.20 Kgs equivalent to -343 Loaves as detailed below:  Table 6 :Damages sent to ingredient.  Details Loaves Kgs/Kshs Opening Balance as at 15/03/2025-A 53.80 Add: Production Damages 1,770.00 Oven Damages 312.00 Bread Deduction 1,598.50 Market Damages 3,229.00 Total Damages-15/03/25-24/04/2025 (Pcs)-B 6,909.50 Total Damages-15/03/25-24/04/2025 (Kgs)-C=(B\*400/1000) 2,763.80 Total Damages Balance-D=A+C 2,817.60 Less: Damages Sent to Ingredients as at 24/04/25-E 2,594.20 Expected Damages Balance F=(D-E) 223.40 Actual Physical Balance Weighed: -G 86.20 Variance H=(G-F) - 137.20 Variance converted to loaves I=(H\*1000/400) - 343.00 Cost Implication J=(I\*53)-KES -18,179.00 |
| Implication | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The variance in damage balances sent to ingredients department had a cost implication of <strong>Kshs 18,179.</strong></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Enhance controls for damage balance management and indicate reasons for variances in the book record.</span></span></p> |

## Issue: Bread Damages analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $18,222.00 |
| Description | · A review of damages arising from production and markets for the period 15 March 2025 to 23 April 2025 was done to determine if the damage levels were within the set limits of 0.2% of total production and 0.5% of total sales.  · The findings were as follows:  ü Production damages were 0.23% of the total production which was above the set standard of 0.2% and had a cost implication of KES 11,953.11  ü Market damages were 0.52% of the total sales, which was above the 0.5% allowed limit and had a cost implication of KES 6,165.37.  Table 4 :Production Damages.  Details Quantity/Value Total Production damages= A 1,725.00 Total Production = B 751,768.00 Prod. Damages % C=(A/B) % 0.23% KPI =D 0.20% Difference E=D-C -0.03% Cost Implication F=(E\*B) \*53 -11,953.11  NB: The analysis was exclusive of 312 pcs of oven damages.  Table 5 :Market Damages.  Details Quantity/Value Total Market damages= A 3,104.00 Total Sales = B 591,528.25 Market. Damages % C=(A/B) % 0.52% KPI =D 0.50% Difference E=D-C -0.02% Cost Implication F=(E\*B) \*53 -6,270.19 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Production and market damages exceeded the set damage limits, implying inadequate and inefficient controls for damages management.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch management to enhance controls to ensure proper flow of production process to ensure bread quality is achieved.</span></span></p> |

## Issue: Production efficiency

Issue Details

|  |  |
| --- | --- |
| Severity | medium |
| Cost Impact | $27,165.00 |
| Description | · Production efficiency was done for a period of 40 days from 15 March 2025-23 April 2025 to determine if production workers were achieving their set efficiency of 4.3 bags per production worker.  · It was noted that the average production efficiency was at 4.28 bags per production worker, which was below the set standard of 4.3, excess workers who were hired were hired were 25.  · The table below illustrates the findings.  Table 7 :Production efficiency.  Details Totals KPI =A 4.3 Production workers Hired =B 940 Expected production: C=A\*B 4,042.00 Actual Production =D 3,935.00 Actual production efficiency achieved E=D/B 4.19 Production workers who were supposed to be hired F=D/A 915 Extra Production Workers hired G=B-F 25 Cost Incurred for not achieving target (1,086.6\*25) 27,165.00 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Production workers did not achieve efficiency hence the company incurred an extra cost of </span><i><span style=""><strong>Kshs 27,165</strong></span></i><span style=""> for hiring extra 25 workers.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch management to ensure optimal allocation of employees to the production section.</span></span></p> |

## Issue: Packing efficiency

Issue Details

|  |  |
| --- | --- |
| Severity | medium |
| Cost Impact | $29,184.00 |
| Description | · An assessment was carried out on the use of packers in the slicing section to evaluate whether the performance met the Company standard of 97 crates per packer.  · The analysis covered a period of 40 days from 15 March 2025-23 April 2025, which showed that packing efficiency stood at 91.14 crates which was below the standard,32 extra workers were hired with a cost implication of Kshs 29,184 set as detailed below:  Table 8 :Packing efficiency.  Details Totals KPI =A 97 Loaves Produced 751,768.00 PD, Oven Damages & Deductions & System FOC (15/03/2025-23/04/2025) 6,312.50 Loaves Produced less PD, Oven Damages & Deductions &FOC (15/03/2025-23/04/2025) 745,455.50 Add: 14.03.25 3 shift Loaves 7449 Less: 23.04.25 3 shift Loaves 6,481 Total Loaves to be Packed(B) 746,424.00 Packers Hired (C) (15/03/2025-23/04/2025) 546 Actual Packing Efficiency achieved D=(B/C/)15 91.14 Packers who were supposed to be hired E=(B/A)/15 513 Extra (or Less) Packers hired F=C-E 32.00 Cost Implication (912\*32) 29,184 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch did not attain the set slicing efficiency implying extra cost of </span><b style=""><i style=""><span style=""><strong>KES 29,184 for hiring extra 32 slicers.</strong></span></i></b></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management to ensure optimal allocation of packers based on the set standards.</span></span></p> |

## Issue: Vehicles Fuel Consumption Analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| 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 1 March 2025-31 March.  · It noted that all route vehicles’ fuel consumptions were within the set standard except KDP 503R for Njiru which had consumed more 17 litres and KCP 933M for Donholm route which consumed more 3 litres as detailed below in Appendix 1.  Route Reg No Make Model Year of Manuf Opening Mileage(01/03/2025) Closing Mileage-(31/03/2025) Cum Km Actual Cum Fuel Actual Rate Std Rate Std Cum Fuel Variance Remarks Ruai Route KBM 273B Mitsubishi FE635/4D32 2,009 370,087 371,727 1,640 268 6 6 273 5.33 Saving Donholm Route KCP 933M Mitsubishi FE71/4D34 2,017 394,311 396,133 1,822 307 6 6 304 - 3.33 Cost Njiru Route KDP 503R Mitsubishi FE84/4D33 2,023 18,461 20,041 1,580 243 7 7 226 - 17.29 Cost Zimmerman Route KDB 097Y Mitsubishi FE71/4D33 2,019 143,062 145,265 2,203 315 7 7 315 - 0.29 Okey Baba Dogo Route KBM 282B Mitsubishi FE635/4D32 2,009 644,343 646,903 2,560 427 6 6 427 - 0.33 Okey Kahawa 2 Route KCH 502N Mitsubishi FE84/4D33 2,015 364,810 367,707 2,897 524 6 6 527 2.73 Saving Tigoni Route KCH 426T Hyundai HD 65 2,014 474,735 480,170 5,435 836 7 7 836 0.15 Okey |
| Implication | (No Implication provided.) |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch to ensure the maintenance and continuous improvement of fuel management controls within the branch</span></span></p> |

## Issue: Debtors analysis

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A review of debtors balances as at 24 April 2025 was done to determine if the branch had any cases of long outstanding balances that could pose risks of bad debts and to determine if there were customers issued bread above their security deposit and extra cent limits.  · A total debtors worth Kshs1,146,986.20 were noted exclusive of overpayments which were secured by security deposits and extra cent as detailed below :  · It was also noted that overpayments were worth Kshs 159,623.90 out of which there were those that were due to errors/wrong postings as detailed below:  · It was also noted that the branch customers pay through several accounts’ others pay via main account, donholm equitel, South C account, Ngara, Kirinyaga, Eastleigh Other cash which complicates reconciliation process and make it harder to accurately track and allocate payments.  · It was also noted that there was a new customer for pilot Route who issued bread above the Security deposit of Ksh 2,000 which has led to a debt of Ksh 161,666 as at 24 April 2025.  Route Customer Name Opening Balance Sales Security Total Amount received Closing Balance PilotPln Pilot Zone - Pipeline 161,666.00 0.00 0.00 161,666.00 0.00 161,666.00 Njiru Patrick Kyalo Mutuku 141,459.00 0.00 0.00 141,459.00 8,340.00 133,119.00 Ruai Brookshine School 112,860.00 0.00 0.00 112,860.00 0.00 112,860.00 Njiru Joshua Mumo 99,743.50 19,582.00 357.00 119,682.50 19,939.00 99,743.50 Kahawa 2 Ruaraka Baptist (Providence Academy) 85,352.00 0.00 0.00 85,352.00 0.00 85,352.00 Njiru John Muthui Ndegwa 56,781.00 49,566.00 903.00 107,250.00 50,459.00 56,791.00 Babadogo Stephen Gitau 52,103.00 0.00 0.00 52,103.00 0.00 52,103.00 Babadogo Lucky Mart Supermarket Limited 49,040.70 0.00 0.00 49,040.70 0.00 49,040.70 Ruai Jasipa Junior Secondary 45,500.00 0.00 0.00 45,500.00 0.00 45,500.00 Njiru Jacob Mutunga 37,739.00 17,633.00 321.00 55,693.00 17,580.00 38,113.00 Njiru Henry Njige Ngahu 30,580.50 26,168.00 475.00 57,223.50 27,000.00 30,223.50 Babadogo Lebka Karia Stores Limited 12,475.00 2,977.00 0.00 15,452.00 0.00 15,452.00 Zimmer Shadrack Mutua 15,116.00 0.00 0.00 15,116.00 0.00 15,116.00 Donhlm Daniel Kithuka Kyalo 13,547.00 0.00 0.00 13,547.00 0.00 13,547.00 Kahawa 2 Isaac Asienya 13,193.00 11,161.00 203.00 24,557.00 11,367.00 13,190.00 Kahawa 2 Benson Amuko Aineah 12,810.00 10,905.00 199.00 23,914.00 11,104.00 12,810.00 Babadogo David Irungu Wahinya 12,661.00 4,617.00 84.00 17,362.00 4,701.00 12,661.00 Tigoni Paul M. Mwangi 11,942.00 21,744.00 398.00 34,084.00 21,814.00 12,270.00 Njiru Loise Mumbua 12,157.00 0.00 0.00 12,157.00 0.00 12,157.00 Ruai De Paul Catholic School 12,061.00 0.00 0.00 12,061.00 0.00 12,061.00 Kahawa 2 Samuel Odhiambo 11,352.00 0.00 0.00 11,352.00 0.00 11,352.00 Tigoni Dorcas Kemto B. 11,045.00 0.00 0.00 11,045.00 0.00 11,045.00 Babadogo Geofrey Ndungu Wairimu 11,028.00 0.00 0.00 11,028.00 0.00 11,028.00 Njiru Joseph Njoroge 10,502.50 19,911.00 363.00 30,776.50 20,274.00 10,502.50 Tigoni Erastus Mwangi 9,889.00 9,447.00 173.00 19,509.00 9,620.00 9,889.00 Tigoni Joseph Kamau 9,701.00 0.00 0.00 9,701.00 0.00 9,701.00 Kahawa 2 Charles Muchiri 9,220.00 12,607.00 229.00 22,056.00 12,836.00 9,220.00 Babadogo Charles Omondi 995.00 7,520.00 137.00 8,652.00 0.00 8,652.00 Donhlm Fred Kaleche 7,764.00 11,952.00 218.00 19,934.00 12,170.00 7,764.00 Donhlm Julius Wanjala 6,408.00 0.00 0.00 6,408.00 0.00 6,408.00 Kahawa 2 Douglas Gekanana 6,192.00 9,208.00 168.00 15,568.00 9,376.00 6,192.00 Donhlm Patrick Gachoka 5,722.00 0.00 0.00 5,722.00 0.00 5,722.00 Babadogo Karia Supermarkets Limited-K2 0.00 4,870.00 0.00 4,870.00 0.00 4,870.00 Tigoni Dominic Kariuki Njeru 0.00 4,326.00 79.00 4,405.00 0.00 4,405.00 Babadogo Alice Nyambura 3,325.50 3,546.00 64.00 6,935.50 2,770.00 4,165.50 Zimmer Eliud Irungu 4,128.00 16,493.00 300.00 20,921.00 16,795.00 4,126.00 Tigoni Jambo Services Limited 3,993.00 0.00 0.00 3,993.00 0.00 3,993.00 Babadogo Karia Supermarkets Limited-K6 0.00 3,707.00 0.00 3,707.00 0.00 3,707.00 Tigoni Peter Mwaura Koigi 3,618.00 0.00 0.00 3,618.00 0.00 3,618.00 Babadogo Karia Supermarkets Limited-K3 0.00 3,319.00 0.00 3,319.00 0.00 3,319.00 Zimmer Jackson Mutunga Kithinga (485.00) 3,734.00 68.00 3,317.00 0.00 3,317.00 Donhlm Lydia Nangapo 3,248.50 4,125.00 75.00 7,448.50 4,300.00 3,148.50 Babadogo Karia Supermarkets Limited-K5 0.00 2,940.00 0.00 2,940.00 0.00 2,940.00 Ruai Ray of Hope Minimart 2,889.00 2,889.00 0.00 5,778.00 2,889.00 2,889.00 Tigoni Patrick Kabue 2,569.50 5,652.00 103.00 8,324.50 5,755.00 2,569.50 Kahawa 2 Lucy Wanjiru 2,274.00 0.00 0.00 2,274.00 0.00 2,274.00 Ruai Waeconmatt Limited Joska 11,967.00 0.00 0.00 11,967.00 10,491.00 1,476.00 Njiru Erick Ndonye Kaloki 1,311.00 20,415.00 371.00 22,097.00 20,791.00 1,306.00 Njiru Joseph Maina 970.50 16,475.00 300.00 17,745.50 16,775.00 970.50 Zimmer David Wangila Juma 809.00 15,621.00 285.00 16,715.00 15,906.00 809.00 Zimmer Joseph Wachira Maina 708.00 12,251.00 223.00 13,182.00 12,474.00 708.00 Zimmer Patrick Njihia 310.00 11,547.00 210.00 12,067.00 11,757.00 310.00 Donhlm Simon Ombale Barasa 213.00 6,345.00 115.00 6,673.00 6,460.00 213.00 Ruai Waeconmatt Limited - Malaa 205.00 6,275.00 0.00 6,480.00 6,275.00 205.00 Kahawa 2 Simon Ngahu 207.00 45,090.00 824.00 46,121.00 45,920.00 201.00 Ruai Waeconmatt Limited- Kamulu 164.00 5,720.00 0.00 5,884.00 5,720.00 164.00 Babadogo Antony Kimei 31.00 0.00 0.00 31.00 0.00 31.00 Ruai Reuben Mwaura (3.00) 35,812.00 653.00 36,462.00 36,465.00 (3.00) Tigoni Napasta Children Home (36.00) 0.00 0.00 (36.00) 0.00 (36.00) Zimmer Nicholas Musango (55.00) 20,625.00 375.00 20,945.00 21,000.00 (55.00) Zimmer Dancan Mosota Omweno (96.00) 0.00 0.00 (96.00) 0.00 (96.00) Njiru Joseph Ogentoto Onkwani 9,835.00 0.00 0.00 9,835.00 10,045.00 (210.00) Kahawa 2 Erick Muigai (350.00) 25,167.00 459.00 25,276.00 25,626.00 (350.00) Babadogo Anderson Mutuku Kioko (390.00) 1,650.00 30.00 1,290.00 1,680.00 (390.00) Zimmer Grant Kamau Karuku (468.00) 15,615.00 285.00 15,432.00 15,900.00 (468.00) Tigoni Rafiki Aids Ministry (544.00) 0.00 0.00 (544.00) 0.00 (544.00) Kahawa 2 Francis Opondo (621.50) 7,079.00 129.00 6,586.50 7,208.00 (621.50) Donhlm Charles Nyakundi Maroko (963.00) 0.00 0.00 (963.00) 0.00 (963.00) Babadogo Alphonce Busaka (1,929.00) 4,950.00 90.00 3,111.00 5,040.00 (1,929.00) Ruai Antony Muli (2,140.50) 8,924.00 163.00 6,946.50 9,087.00 (2,140.50) Njiru Fredrick Muragiri (2,878.00) 0.00 0.00 (2,878.00) 0.00 (2,878.00) Tigoni Burken Thuo Wangui (8,512.00) 9,925.00 180.00 1,593.00 10,100.00 (8,507.00) Babadogo Multy Shoppers Supermarket Ltd (12,165.90) 0.00 0.00 (12,165.90) 0.00 (12,165.90) Kahawa 2 Chrispinus Baraza (12,716.00) 0.00 0.00 (12,716.00) 0.00 (12,716.00) Babadogo Leonard Mwanzia (18,007.00) 45,152.00 824.00 27,969.00 45,976.00 (18,007.00) Ruai Carmel Catholic Primary School- Utawala (18,685.00) 0.00 0.00 (18,685.00) 0.00 (18,685.00) Njiru Patrick Makau (22,021.00) 0.00 0.00 (22,021.00) 0.00 (22,021.00) Njiru Elijah Gacheru Kimani (56,838.00) 0.00 0.00 (56,838.00) 0.00 (56,838.00) |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The significant debtors’ balances is an indication of weak debt collection controls and timely reconciliation of customer payments leading to errors.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p class="MsoListParagraphCxSpFirst" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="">Branch management to enhance debt collection procedures to minimize significant debtors’ balances.</span><span style=""></span></span></p><p class="MsoListParagraphCxSpLast" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="color:black;font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="color:black;font-size:11.0pt;"><span style="">Posting of customer payments should be made on time to avoid cases of customers claiming they have paid and the same has not been posted .</span></span><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">We also recommend the branch to have one payment account/method for easy reconciliation /verification and allocation of payments</span></span></p> |

## Issue: Physical stock take

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · A physical stock take was conducted on 28 April 2025 to verify the accuracy of stock records by comparing actual inventory records with those recorded in the SAP system and to determine if stock controls in place were adequate to mitigate risks. · The physical exercise showed that: ü Bread stock had – 40.25 pieces. ü Polybags had - 101 pieces ü White flour was +4.90 kgs. ü Other raw materials had immaterial variations as seen below: Table 1:Stock verification. Item Description UoM LGT Physical Variance Brown bread ingredients 7kg Bags 13.00 13.00 0.00 White ingredients 9Kgs Bags 528.89 529.00 0.11 White Flour Kgs 39745.10 39750.00 4.90 Brown Flour Kgs 800.00 800.00 0.00 Wheat Bran Kgs 31.00 29.65 -1.35 Yeast - 125gms Sachets 550.89 551.00 0.11 Vegetable Oil (Utto) new Kgs 81.03 80.00 -1.03 Bread Stock Pieces 9154.50 9114.25 -40.25 Packing Materials Pieces 195849.00 195748.00 -101.00 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The discrepancies noted in stock movement records indicate potential weakness in stock movement controls and this should be worked on.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management should put more controls to ensure parallel records between the physical inventory balances and those recorded in SAP.</span></span></p> |

## Issue: Bread weight analysis.

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · Packed bread ready to be dispatched to the market were randomly weighed on 28 April 2025 to determine if they were of correct weight. · Underweights were noted across all varieties as seen below: ü 400 g BT had 28% underweight and 3 % overweight. ü 800 g CTW had 21% underweight and 5% overweight. ü 600 g Barrel had 36% underweight and 5% overweight ü 800 g Barrel had a significant % underweight of 70%. · Below is the detailed summary of the audit findings. Table 3 :Bread Weights. Variety No. of samples Overweight Correct weight Underweight %Overweight % correct weight % Underweight Average weights 400g BT 75 2 52 21 3% 69% 28% 395.26 800CTW 76 4 56 16 5% 74% 21% 795.57 600 Barrels 75 5 43 27 7% 57% 36% 693.81 800g Barrel 37 0 11 26 0% 30% 70% 775.68 |
| Implication | <div style=""><figure class="table" style="float:left;"><table cellspacing="0" cellpadding="0"><tbody><tr><td style="padding:0cm 9.0pt;vertical-align:top;" align="left"> <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'> </span></span><span style="font-size:11.0pt;"><span>Underweights noted indicates lapses in proper flow of production process from dividing to packing.</span></span></p> <p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Non-compliance with weight standards can result in regulatory issues, customer dissatisfaction and reputational risks.</span></span><span style="font-size:11.0pt;"></span></p> </td></tr></tbody></table></figure></div><p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Non-compliance with weight standards can result in regulatory issues, customer dissatisfaction and reputational risks.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch management should ensure standard dough weight and improve on slicers’ efficiencies to minimize cases of underweight Bread.</span></span></p> |

## Issue: Production Damages

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $22,818.60 |
| Description | · Production efficiency was evaluated for a period of 44 days from 16 March 2025 to 28 April 2025 to determine whether the production workers achieved the established efficiency target of 4.3 bags per worker . · It was noted that the average production efficiency was at 4.26 bags per production worker, which was below the set standard of 4.3. · The results were as detailed below: Table 5 :Production Efficiency. Details Totals KPI =A 4.3 Production workers Hired =B 1,262 Expected production: C=A\*B 5,426.60 Actual Production =D 5,337.00 Actual production efficiency achieved E=D/B 4.23 Production workers who were supposed to be hired F=D/A 1241 Extra Production Workers hired G=B-F 21 Cost Incurred for not achieving target (1,086.6\*21) 22,818.60 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Production efficiency was not achieved, 21 extra packers were hired with a cost implication of <strong>Kshs 22,818.60.</strong></span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">The branch management should ensure hiring of workers is done as per the shift targets.</span></span></p> |

## Issue: Packing efficiency

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · An analysis of packing efficiency was done for a period of 44 days from 16 March 2025-28 April 2025 with the aim of determining whether production workers attained their KPI of 97 crates per packer. · It was noted that packing efficiency stood at 93.12 crates per packer which was below the standard of 97 crates per packer, additional 29 workers were hired with a cost of Kshs.26,448 as detailed below: Details Totals KPI =A 97 Loaves Produced 1,019,647.20 PD, Oven Damages & Deductions & System FOC (16/03/2025-28/04/2025) 5,428.50 Loaves Produced less PD, Oven Damages & Deductions &FOC (16/03/2025-28/04/2025) 1,014,218.70 Add: 15/04/2025 3 shift Loaves 8572.5 Less:28/04/2025 3 shift Loaves 8,768 Total Loaves to be Packed(B) 1,014,022.95 Packers Hired (C) (15/03/2025-28/04/2025) 726 Actual Packing Efficiency achieved D=(B/C/)15 93.12 Packers who were supposed to be hired E=(B/A)/15 697 Extra (or Less) Packers hired F=C-E 29.00 Cost Implication (912\*29) 26,448 |
| Implication | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Overstaffing points to flaws in workforce planning and resource management, causing extra operational costs that could be avoided.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">To optimize operations, branch management is advised to match hiring decisions with current work load levels.</span></span></p> |

## Issue: Mixing Chart analysis.

Issue Details

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| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · An analysis of both the mixing chart and mixing chart summaries for the period 16 March 2025-28 April 2025 to determine if the raw materials’ consumption were as per the set BOM and if the expected yield and quality standards were achieved for production. · The analysis shows the following: ü Average yield was 191.05 loaves per bag, ü Average production was 124.50 bags equivalent to 82.14 % of the set target of 151 bags, ü Utto units consumption to bags of flour ratio was 1:1, ü There were no remixes for the period audited. Table 7 :Mixing Chart analysis. Particulars Number Utto 5,478 Yeast 125g 5,478 Production in bags 5,478 Total cash flow loaves 1,046,582 Average yield 191.05 Average Production /Average daily production in bags 124.50 Average production Target in bags 151.00 Production target achievement (%) 82.45% Utto consumption to bags produced 1:1 No of Remixes 0.00 |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Only 82.45% of the daily production goal was achieved, indicating that current capacity is not being fully utilized. This was mainly due to low sales and issues related to balance control.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Sales team to review and optimize sales routes to ensure efficient delivery and broader coverage.</span></span></p> |

## Issue: Debtors’ Analysis

Issue Details

|  |  |
| --- | --- |
| Severity | high |
| Cost Impact | $0.00 |
| Description | · An analysis of the branch's debt balances as of 29 April 2025, was done to identify potential instances of bad debts or unresolved balances by route. · The analysis aimed to assess whether the branch faced any significant credit risks, particularly those arising from dormant unsecured client accounts or clients lacking sufficient credit limits, extra cents, or Supa points at the time of processing subsequent orders. · A total of Kshs.792,328.39 debtors were noted which were secured by security deposits, extra cent and Supa points and three dormant customers with a balance of Kshs.39,545 whose debts were yet to be recovered from security. |
| Implication | <p><span style='font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Delayed actions on overdue unsecured debts may result in the accumulation of bad debts impacting financial stability and operational efficiency.</span></span></p> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <div style=""><figure class="table" style="float:left;"><table cellspacing="0" cellpadding="0"><tbody><tr><td style="padding:0cm 9.0pt;vertical-align:top;" align="left"><p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>Sales representative is encouraged to actively follow up on overdue balances, particularly unsecured debts, to prevent them from becoming bad debts.</span></span></p></td></tr></tbody></table></figure></div> |

## Issue: Vehicles Fuel Consumption Analysis.

Issue Details

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| --- | --- |
| Severity | medium |
| Cost Impact | $0.00 |
| Description | · An assessment was conducted on the fuel consumption of branch vehicles relative to the established standard consumption rate aimed at evaluating fuel efficiency and optimal usage for the period from 1 March 2025-31 March 2025. · The review found that overall fuel consumption for most route vehicles was within the set standard. However, there were vehicles i.e. Southland 1, and kawangware routes consumed more fuel as seen below: Route Reg No Model Make Loading Capacity in Crates Year of Manuf Mileage as at 31/03/2025 Opening mileage (01/03/2025) Cum Km Actual Cum Fuel Actual Rate Std Rate Std Cum Fuel Column1 Variance Remarks Nkoroi KCL097W FE71/4D33 Mitsubishi 176 2016 499,122.00 494,501.00 4,621.00 713.00 6.48 6.5 710.92 -0.02 -2.08 cost Gataka KCN095M HD 65 Hyundai 280 2017 382,493.00 378,982.00 3,511.00 558.00 6.29 6.3 557.30 -0.01 -0.70 okey Kiserian KDK1955 FE84/4D33 Mitsubishi 280 2022 171,110.00 163,229.00 7,881.00 1,129.00 6.98 7 1,125.86 -0.02 -3.14 cost Rongai KBW431G FE84/4D34 Mitsubishi 280 2013 584,328.00 580,249.00 4,079.00 680.00 6.00 6 679.83 0.00 -0.17 okey Embulbul KTWC872X TUKTUK Piaggio 48 2022 30,872.00 27,514.00 3,358.00 124.00 27.08 18 186.56 9.08 62.56 saving Karen KTWC770W TUKTUK Piaggio 48 2022 48,813.00 46,260.00 2,553.00 124.00 20.59 18 141.83 2.59 17.83 saving Southland 1 KTWC 128V TUKTUK Piaggio 48 2022 30,563.00 29,768.00 795.00 62.00 12.82 18 44.17 -5.18 -17.83 Faulty mileage from date 01/03/2025-7/03/2025 Kawangware KCH 461 T HD 65 Hyundai 280 2014 310,630.00 306,800.00 3,830.00 637.00 6.01 6 638.33 0.01 1.33 okey Ngong KBV976V FE84/4D34 Mitsubishi 280 2012 541,781.00 538,149.00 3,632.00 606.00 5.99 6 605.33 -0.01 -0.67 okey Kilimani KCY1225 TATA Xenon SC (4X2) 112 2019 155,478.00 152,939.00 2,539.00 310.00 8.19 8 317.38 0.19 7.38 Saving Kawangware KTWC 495Y 14,871.00 12,935.00 1,936.00 124.00 15.61 18 107.56 -2.39 -16.44 cost |
| Implication | <div style=""><figure class="table" style="float:left;"><table cellspacing="0" cellpadding="0"><tbody><tr><td style="padding:0cm 9.0pt;vertical-align:top;" align="left"><p class="MsoListParagraph" style="margin-left:18.0pt;mso-list:l0 level1 lfo1;text-align:justify;text-indent:-18.0pt;"><span style="font-family:Symbol;font-size:11.0pt;"><span style="mso-list:Ignore;">·</span><span style='font:7.0pt "Times New Roman";mso-list:Ignore;'>       </span></span><span style="font-size:11.0pt;"><span>The excessive fuel consumption by certain vehicles has led to increased fuel expenses.</span></span></p></td></tr></tbody></table></figure></div> |
| Management Comment 1 | (No Management Comment 1 provided.) |
| Management Comment 2 | (No Management Comment 2 provided.) |
| Recommendation | <p><span style='color:black;font-family:"Times New Roman",serif;font-size:11.0pt;'><span style="">Branch management should strictly allocate fuel as per the standard kilometers covered </span></span></p> |