

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
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THE NATIONAL ASSEMBLY
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REPORT

OF

THE AUDITOR-GENERAL

ON

WAREHOUSE RECEIPT SYSTEM
COUNCIL

FOR THE YEAR ENDED
30 JUNE, 2025





**WAREHOUSE
RECEIPT SYSTEM
COUNCIL**

WAREHOUSE RECEIPT SYSTEM COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2025

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

**Warehouse Receipt System Council
Annual Report and Financial Statements
For the year ended 30th June, 2025.**



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1. Acronyms and Definition of Key Terms

A: Acronyms

AGRA	Alliance for Green Revolution in Africa
AFA	Agriculture and Food Authority
CEO	Chief Executive Officer
CoS & HoPS	Chief of Staff and Head of Public
Service EAGC	Eastern Africa Grain Council
ICPAK	Institute of Certified Public Accountants of Kenya
IFC	International Finance Corporation
IPSAS	International Public Sector Accounting Standards
JDAC	Job Description and Analysis Committee
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SDT	State Department of Trade
TNT	The National Treasury
TMA	Trade Mark Africa
ToRs	Terms of Reference
WRS	Warehouse Receipt System
WRSC	Warehouse Receipt System Council

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative period- Means the same period in prior FY.

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2. Key Entity Information and Management

(a) Background information

The Warehouse Receipt System Council was established under Section 3 of the Warehouse Receipt System Act No. 8 of 2019. At Cabinet level, the entity is represented by the Cabinet Secretary for Ministry of Investment, Trade and Industry, who is responsible for the general policy and strategic direction of WRSC following the reorganization of government vide Executive Order No. 1 of 2023.

(b) Principal Activities

The principal mandate of the Council is to facilitate the establishment, maintenance and development of the Warehouse Receipt System for agricultural commodities produced in Kenya.

Vision - A Transformed and structured agricultural commodity trade

Mission - To establish, develop and maintain a premier Warehouse Receipt System for Agricultural Commodities

(c) Key Management

The Council's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Directors/ Council	Felicity N. Biriri – Chairperson Benson Loktari Christine Mwai-Marandu Dr. Joel Tenai Dr. Bruno Linyiru Alphaxard Kyalo Eng. Kennedy Makudih Michael Muturi
2.	Chief Executive Officer/Registrar	Lucy Komen
3.	Compliance and Quality Assurance	Leonard Mwashuma
4.	ICT and Central Registry	Winnie Gwada
5.	Corporation Secretary & Legal Services	Jacqueline Odundo
6.	Internal Audit	Samwel Njoroge

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(d) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2025 and who had direct fiduciary responsibility were:

	Designation	Name
1.	Ag. Chief Executive Officer/Registrar	Lucy Komen
2.	OIC- Compliance and Quality Assurance	Leonard Mwashuma
3.	OIC- ICT and Central Registry	Winnie Gwada
4.	OIC- Corporation Secretary & Legal Services	Jacqueline Odundo
5.	OIC- Internal Audit	Samuel Njoroge

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Council has four (4 No.) fiduciary oversight committees as follows:

i. Audit & Risk Committee

The Audit & Risk Committee's responsibilities is guided by Section 175 of the PFM Regulations, 2015 and include; support to the CEO with regard to the issues of Risk Management, Internal Control and Corporate Governance and associated assurance. Additionally, the Committee follows up on the implementation of the recommendations of Internal and External auditors. The Committee comprises the following Council Members:

- 1) Dr. Joel Tenai – Representative of EAGC
- 2) Alphaxard Kyalo – Alternate Director representing PS National Treasury
- 3) Dr. Bruno Linyiru – Director General Agriculture and Food Authority

ii. Finance & Strategy Committee

The Committee provides guidance on the financial and strategic management of the Warehouse Receipt System Council. Its primary responsibility includes reviewing, monitoring and making recommendations to the Board of Directors on the Council's financial management, strategic policies and strategy documents. The Committee comprises the following Council members:

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- 1) Christine Mwai- Marandu – Representative of Kenya Bankers Association
- 2) Alphaxard Kyalo - Alternate Director representing PS National Treasury
- 3) Benson Loktari – Representative of Council of Governors

iii. Human Resource & Governance Committee

The Committee provides guidance on human resources management and governance of the Warehouse Receipt System Council. Its primary responsibility includes reviewing, monitoring, and making recommendations to the Board of Directors on the Council's governance and human resources strategy and policies. The Committee comprises the following Council members:

- 1) Benson Loktari – Representative of Council of Governors
- 2) Dr. Bruno Linyiru -Director General Agriculture and Food Authority
- 3) Eng. Kennedy Makudiuh – Alternate Director representing PS Agriculture

iv. WRS Operations & Compliance Committee

The Committee provides guidance on the establishment and operationalization of the Warehouse Receipt System. Its primary responsibility includes reviewing, monitoring and making recommendations to the Board of Directors on the establishment and operationalization of the WRS and Central Registry, certification and licensing of WRS value chain actors. The Committee comprises the following Council members:

- 1) Eng. Kennedy Makudiuh – Alternate Director representing PS Agriculture
- 2) Dr. Joel Tenai – Representative of EAGC
- 3) Christine Mwai- Marandu – Representative of Kenya Bankers Association

(f) Entity Headquarters

P.O. Box 22757-00505
Tea House,
Naivasha Rd, off Ngong Rd,
Nairobi.

(g) Entity Contacts

Telephone: **(+254) 700368368**
E-mail: info@wrsc.go.ke
Website: www.wrsc.go.ke

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(h) Entity Bankers

National Bank of Kenya
Ngong Road Branch
P.O. Box 21922-00505
Nairobi, Kenya

(i) Independent Auditors



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

(j) Principal Legal Advisor

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

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3. The Board of Directors/Council

	Directors	Details
1.	 <p>Felicity N. Biriri Key profession/ academic qualifications</p> <ul style="list-style-type: none"> • Governance and Leadership candidate PhD • MA, Peace Management and Conflict Resolution • BA, Human Resources Management • Certified mediator. • Effective Director program from Strathmore University. 	<ul style="list-style-type: none"> • Chairperson- WRSC • Date of Birth: 10th November 1968 <p>Experience</p> <ul style="list-style-type: none"> • Alumnae of the US State Fortune 500 mentorship program. • University Council Member at Meru University of Science and Technology for three years. • Member of the National Environmental Complaints Committee (Environment Ombudsman) • Board member at Geothermal Development Company for two years. • Board Member at Kenya Pipeline Company (KPC) for six years. • Chairperson of the Board of Trustees at the KPC Pension Scheme for six years. • Trustee of the KEPSA Foundation • Chairman, Meru County Investment and Development Corporation for five years • Council member, Moi University for seven years.
2.	 <p>Eng. Kennedy Makudih Key profession/ Academic qualifications</p> <ul style="list-style-type: none"> • MSc Environmental and Biosystems Engineering University of Nairobi 	<ul style="list-style-type: none"> • Alternate Director to PS responsible for Agriculture • Date of Birth: 29th March 1969 <p>Experience</p> <ul style="list-style-type: none"> • Senior Principal Superintending Engineer MOA&LD– State Department for Agriculture, Agricultural Engineering Services Directorate • Currently the National Project Coordinator for Small-scale Irrigation and Value Addition Project (SIVAP) and Drought Resilience and Sustainable Livelihoods Programme (DRSLP) – Kenya. • Active member of several relevant Professional bodies both local and international.

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<p>3.</p>	 <p>Benson L. Ngoriakou</p> <p>Key profession/academic qualifications</p> <ul style="list-style-type: none"> • Bachelor of Laws (LL. B Hons) University of Nairobi • Postgraduate Diploma in Law Kenya School of Law 	<ul style="list-style-type: none"> • Representative of Council of Governors • Chair of the Human Resource and Governance Committee • Date of Birth: 27th April 1992 <p>Experience</p> <ul style="list-style-type: none"> • Legal Officer at the Council of Governors Secretariat. • 5 years' regulatory compliance and governance expert involved in implementation of the Constitution, especially devolution, human rights and public finance management. • Served in various Government agriculture committees including the Committee on the development of the Agricultural Sector Transformation and Growth Strategy (ASTGS) 2019-2029. • Member of Law Society of Kenya
<p>4.</p>	 <p>Christine Mwai- Marandu</p> <p>Key profession/academic qualifications</p> <ul style="list-style-type: none"> • MBA Cranfield School of Management, UK. • Associate of Chartered Institute of Bankers (ACIB) qualification • Certified Executive Coach 	<ul style="list-style-type: none"> • Representative of Kenya Bankers Association • Chair of the Finance and Strategy Committee • Date of Birth: 21st December 1970 <p>Experience</p> <ul style="list-style-type: none"> • Country Credit Director at Absa Bank Kenya PLC overseeing credit lending process for Retail and Business Banking, Corporate & Investment Bank and Markets (Foreign Exchange Sales and Trading). • 28 years' experience working for Barclays Bank in both Retail and Corporate banking environments in UK, South Africa and Tanzania in senior leadership roles. • Member of the Barclays Kenya Country Management Committee and the Board Credit Committee.


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<p>5.</p>	 <p>Dr. Joel Tenai</p> <p>Key profession/academic qualifications</p> <ul style="list-style-type: none"> • PhD Business Management (Finance) • M. COM (Accounting and Taxation} • B. COM (Accounting and Statistics) 	<ul style="list-style-type: none"> • Representative of Eastern Africa Grain Council (EAGC) • Chair of the Audit and risk committee • Date of Birth: 6th November 1968 <p>Experience</p> <ul style="list-style-type: none"> • Member, Board of Directors, Eastern Africa Grain Council, served in Finance and Strategy Committee • Chairman, Mateeny Soy Farmers' Co-operative Society Limited, Uasin Gishu County; • Member, Project Steering Committee for Enterprise Resource Planning (ERP) Software, Moi University; • Dean, School of Business and Economics, Moi University. • Director, Nakuru Campus, Moi University. • Head, Department of Accounting & Finance, School of Business and Economics, Moi University; • External Examiner, Graduate School and School of Business, University of Nairobi; • Senate Representative for School of Business and Economics, Moi University served on the Finance, Planning and Development Committee. • Chairman, Budget Committee, School of Business & Economics Moi University; • Member, PTA Executive Committee, Kapsabet Boys High School, Kapsabet, Nandi County; • Chairman, Board of Management, Kipsangui Boys High School, Eldoret, Uasin Gishu County; • Member, Eastern Finance Association, USA; Kenya Institute of Management, Kenya
<p>6.</p>	 <p>Alphaxard Kyalo</p> <p>Key profession/academic qualifications</p> <ul style="list-style-type: none"> • Master of Science (Computer based information Systems), Strathmore University, 2012 • Bachelor of Science, Kenyatta University, 1997 • Diploma, Institute of Management of Information Systems (UK) • Strategic Leadership Development Program- Kenya School of Government 	<ul style="list-style-type: none"> • Alternate Director to PS National Treasury • Member of the Finance and strategy committee • Date of Birth: 1st January 1971 <p>Experience</p> <ul style="list-style-type: none"> • Director IFMIS, The National Treasury • Implement various public financial reforms • Head of ICT Unit- Ministry of Lands & Physical Planning • Implemented Ardhisasa platform • Project Manager, Ministry of ICT • Implementation of Fibre Optic Kenol-Marua Road

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	Project Management professional	
7.	 <p>Dr. Bruno Linyiru</p> <p>Key profession/academic qualifications</p> <ul style="list-style-type: none"> • PhD Entrepreneurship JKUAT 	<ul style="list-style-type: none"> • Director General, Agriculture and Food Authority (AFA) • Date of Birth: 1969 <p>Experience</p> <ul style="list-style-type: none"> • Served at the Ministry of Investments, Trade and Industry as the Secretary for Trade.
8.	 <p>Lucy Komen</p> <p>Key profession/academic qualifications</p> <ul style="list-style-type: none"> • Master of Business Administration, Strategic Management (Egerton) • Bachelor of Business Administration, Marketing • Diploma in Information Technology • Member of the Marketing Society of Kenya (MSK) • Leadership Promotion for Senior Level Executives of State-owned Enterprises for Developing Countries 2018 Course at Hunan International Business Vocational College, China. • International course on Making Agriculture Work for food and nutrition security by WCDI, Wageningen, the Netherlands 	<ul style="list-style-type: none"> • Ag. Chief Executive Officer/Registrar • Date of Birth: 1st June 1972 <p>Experience</p> <ul style="list-style-type: none"> • Served as Ag. Manager Investment Promotion and Partnerships WRSC. • Previously Manager Product Development & Marketing, Pyrethrum Processing Company of Kenya. • Over 27 years wide experience in working with Government, Private sector and Industry organizations both locally and internationally. • Good Knowledge of Government's Policies for the Agricultural sector as articulated in Kenya Vision 2030 and the Agriculture Sector Transformation and Growth Strategy (ASTGS).

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9.	 <p>Jacqueline Odundo Key profession/academic qualifications</p> <ul style="list-style-type: none"> • Master of Law (LLM) Food Law (Luiss Guardi Carli University) • Certificate for Senior Management Course Kenya School of Government • Member Chartered Institute of Arbitrators, Kenya • Post Graduate Diploma Kenya School of Law • Master of Arts International Relations, (University of Warwick) • Bachelor of Laws (LLB, Hons). 	<ul style="list-style-type: none"> • Entity Secretary • Undertaking CS course KASNEB <p>Experience</p> <ul style="list-style-type: none"> • Has served the Council since its inception. • Previously Legal Officer at Agriculture and Food Authority. • Over 11 years' experience in working with public and private sector organizations including Industry organizations both locally and internationally in corporate governance, corporate law, agriculture, commodities, sustainable food systems, food law, and trade on legal and regulatory frameworks, legislative drafting, policies and cross-border transactions. • Extensive knowledge of Government's Policies for the Agricultural and trade sectors as articulated in the various policies and treaties including Kenya Vision 2030, the Kenya Trade Policy, the Agriculture Sector Transformation and Growth Strategy (ASTGS), WTO agreements, SPS, etc.
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4. Management Team

No	Name	Details
1.	<p>Lucy Komen</p>  <p>Ag. Chief Executive Officer/Registrar</p> <ul style="list-style-type: none"> • Master of Business Administration, Strategic Management (Egerton) • Bachelor of Business Administration, Marketing • Diploma in Information Technology • Certifications from Kenya School of Government – SMC and SLDP • Member of the Marketing Society of Kenya (MSK) 	<ul style="list-style-type: none"> • Responsible for the day-to-day management of the activities of the Council • Oversee the formulation, implementation and review of warehouse receipts systems, policies, strategies, procedures, standards and to ensure the efficiency, effectiveness and integrity of the WRS Act.
2.	<p>Jacqueline Odundo</p>  <p>Officer in Charge of Legal Services</p> <ul style="list-style-type: none"> • Master of Law (LLM) Food Law (Luiss Guardi Carli University) • Certificate Senior Management Course Kenya School of Government • Member Chartered Institute of Arbitrators, Kenya • Post Graduate Diploma Kenya School of Law • Master of Arts International Relations, (University of Warwick) • Bachelor of Laws (LLB, Hons), • Member Law Society of Kenya 	<p>Responsible for corporate secretarial services, corporate governance, legal matters and compliance with legal and regulatory requirements and certification of warehouse operators.</p>

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3.	<p>Samuel Njoroge</p>  <p>Officer in Charge of Internal Audit</p> <ul style="list-style-type: none"> • Bachelor of Business Management (Finance & Banking) • Certified Public Accountant of Kenya (CPA K) • Member, Institute of Certified Public Accountants of Kenya. • Member, Institute of Internal Auditors 	<p>Responsible for continuous improvement of governance, transparency, accountability and integrity in Council resource management.</p>
4.	<p>Winnie Gwada</p>  <p>ICT & Central Registry BSc. Computer Sciences</p>	<ul style="list-style-type: none"> • Responsible for institutional website, databases and improving information systems for efficiency of the Council's operations. • Implementation of the e-WRS and Central Registry.
5.	<p>Leonard Mwashuma</p>  <p>Certification and Compliance</p> <ul style="list-style-type: none"> • Bachelor of Science in Food Science and Technology. • Certification in ISO 22000, ISO/IEC17020, ISO 9001, SA 8002. 	<ul style="list-style-type: none"> • Responsible for enforcement of commodity standards, quantity and quality assurance for the warehouse receipts system. • Carryout inspections and examine all warehouses operators and collateral managers operating under the Act.


5. Chairperson's Statement

The Warehouse Receipt System Council (WRSC), was established under Section 3 of the Warehouse Receipt System Act No. 8 of 2019, and is now in its fifth year of operation. Building upon the momentum and foundation laid in the initial years, the Council has continued to roll out various activities, including sensitization and training on the Warehouse Receipt System (WRS) and strengthening both existing and new partnerships to enhance the system's implementation.

During FY2024/25 the Council implemented the second year of its Strategic Plan for 2023-2027 achieving several key results; Notably, we certified eight (8) warehouse operators and three (3) collateral managers significantly expanding the network of stakeholders participating in the WRS both from the public and private sector. 15No. Financial Institutions including digital lending platforms have been onboarded to finance warehouse receipts under WRS and are in the process of developing warehouse receipt financial products thereby expanding access to financing with warehouse receipts as collateral.

Despite these accomplishments, the Council continues to face challenges, including inadequate quality warehouses (both private and public owned) and limited uptake of the WRS concept. Nevertheless, I am optimistic that through the partnerships and collaborations we have established with development partners, public and private sector players and cooperatives, we have created an enabling environment that will enhance stakeholder participation in the WRS. Moving forward, we remain committed to overcoming the existing challenges and advancing the implementation of WRS across Kenya. It should be noted, however, that the support of the National Treasury through funding of the Council's approved organization structure and funding of the activities towards operationalization of the WRS is critical to the implementation of the Council's mandate.

I look forward to continued progress in the coming year, with the support of both the national and county governments, private sector, civil and development partners to realize the full potential of the Warehouse Receipt System in structuring agricultural commodity trade.



Felicity Nkirote Biriri
Chairperson

6. Report of the Chief Executive Officer

I hereby submit the Warehouse Receipt System Council's Fifth Annual Report and Financial Statements for the year ending 30th June 2025. This year has been pivotal in advancing our mission to structure agricultural commodity trade in Kenya through the Warehouse Receipt System (WRS), a vital tool that supports food security by improving commodity market access, contributing to reduction of post-harvest losses, enforcing storage and commodity standards, and increasing farmers' access to affordable finance (promoting financial inclusivity) under the Bottom- Up Economic Transformation Agenda pillar.

We have finalized the Strategic Plan 2023-2027, which sets out the institutional vision and strategic goals. The implementation of this plan began with significant progress in the development and operationalization of the Central Registry and the electronic Warehouse Receipt System. We focused on setting up systems, policies and procedures which are expected to be the bedrock in the implementation of the Warehouse Receipt System Act 2019.

During the year in review budget allocation from the National Treasury was a major challenge especially after the review under supplementary I, following the GenZ protests in 2024. Albeit, we managed to issue Certificates of Conformity to eight (8) warehouse operators with the capacity to issue warehouse receipts and conducted sensitization and awareness programs reaching a total of 1,367No. stakeholders (farmers, cooperatives, county officials, and traders) across 6No. Counties. Having onboarded Cereals and Pulses on to the WRS system, this year we embarked on onboarding coffee with the integration of the system and that of the Nairobi Coffee Exchange and direct settlement system. We also enhanced efforts to partner and seek support from development partners. With the foundational work done, we anticipate increased registration in the number of warehouse receipts on the Central Registry, and increased volumes traded through the system in the next financial year.

The Council also continues to pre-inspect warehouses across various counties, advising operators on corrective actions to meet WRS certification standards. There is significant work to be done in liaison with the Counties, however, we project increased number of certified warehouse operators across multiple value chains, as farmers begin to embrace the concept. This will facilitate the provision of professional storage facilities, reduce post-

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harvest losses, enhance market access, and unlock greater access to credit for farmers and aggregators.

WRS is envisioned to address food security, reduced post-harvest losses, market access for farmers who are currently price takers, and accord farmers especially small-scale farmers the power to utilize the warehouse receipt for financial access. Full implementation of WRS will enhance job creation across various sectors including transport, processing plants, infrastructure development among others. WRS has great potential to transform the country's economy through structured agricultural commodity trade.



Lucy Komen
Ag. Chief Executive Officer/Registrar

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7. Statement of Performance against Predetermined Objectives for FY 2024/25

Section 81(2)(f) of the Public Finance Management Act, 2012 requires the accounting officer to include a statement of the national government Entity's performance against predetermined objectives in the financial statement.

During the period under review, the Council has implemented the strategic goals outlined in its Strategic Plan 2023-2027 under the FY2024/25 Performance Contract as follows:

1. To establish a national network of warehouses.
2. Sensitization and capacity building of stakeholders on Warehouse Receipt System.
3. To enhance management of the central registry.
4. To strengthen the Institutional Capacity of WRSC as a regulator.
5. Productivity improvement.

The Council developed its annual work plans based on the above strategic objectives with the assessment of the Board's performance against its annual work plan done on a quarterly basis. The Council's key achievements against the targets set for FY 2024/25 under its five strategic pillars are as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Establish a national network of warehouses	To increase uptake of WRS among public and private warehouse operators.	<ul style="list-style-type: none"> - No. CoC issued - No. of inspections and pre-inspections - No. of bags deposited - WR financed - MoUs signed 	<ul style="list-style-type: none"> - Conduct Inspections and certification - Deposit mobilization - Forge strategic partnerships 	<ul style="list-style-type: none"> - 8 Warehouse operators certified - Pre-inspection – 9 - Inspection – 14 - CoC to collateral managers – 2 - 3 Collateral Managers certified - Deposited commodities - 5,844 bags - Financed 7 WR through advancing - Signed 4 MoUs (KENAFF, IFDC, CGA and Commodities Fund)
2. Sensitization and capacity building of stakeholders on Warehouse Receipt System	To increase utilization of WRS	<ul style="list-style-type: none"> - Communication strategy - Media campaigns - No. of sensitized stakeholders - No. of FI onboarded and WO capacity built 	<ul style="list-style-type: none"> - Development of a communication strategy - Sensitized and capacity building of stakeholders 	<ul style="list-style-type: none"> - Developed a communication strategy. - Conducted 4 media campaigns (Makueni, Kisumu, Uasin Gishu and Nakuru) - Sensitized 1,367

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				stakeholders in campaigns (Makueni, Kisumu, Kirinyaga, Nandi, Uasin Gishu and Nakuru) - Capacity built 8 warehouse operators on WRS and onboarded 15 FIs so far
3. Enhance management of the central registry	To develop & implement a robust and electronic Warehouse Receipt System ecosystem	- Operational Central Registry	- Onboarding of a vendor for the development - Development of the Central Registry - Training on the use of the system to users	- Finalized on the development of the e-WRS – CR. - Conducted staff training on the e-WRS - Central Registry - Developed draft documentation on BIA, BC & DR for the Central Registry
4. Strengthen the Institutional Capacity of WRSC as a regulator	To facilitate and strengthen the capacity of the WRSC to implement the WRS concept.	- Legal frameworks reviewed - Operating procedures developed - Recruited staff - Launched WRSC 2023-2027 Strategic Plan	- Development of SoPs - Review of the regulations (Dispute resolution and Inspections) - Launch of the SP	- Developed draft 1 of the SoP on certification.
5. Productivity improvement	To Manage and improve productivity	- Established Productivity index	- Reconstituted the productivity committee - Defined the metrics - Collected data for the developed metrics	- Collected data for the developed metrics; to be submitted to NPCC for verification before establishing a productivity index

8. Corporate Governance Statement

i. Appointment of Chairperson and Members of the Council

a) Chairperson

The Chairperson of the Council is appointed by H.E. the President of the Republic of Kenya. **Mrs. Felicity Nkirote Biriri** was appointed vide Gazette Notice No. 8467 dated 29th June 2023 for three years starting from 30th June 2023 and whose term will expire on 29th June 2026.

b) Members of the Council

The Members of the Council were appointed by the Cabinet Secretary, Ministry of Agriculture and Livestock Development as per the Warehouse Receipt System Act No. 8 of 2019, as follows:

- 1. Representative of the Council of Governors:** The member is nominated by the institution and thereafter gazetted by the Cabinet Secretary. **Benson Loktari Ngoriakou** was appointed vide gazette notice Vol. CXXVI- No. 32 dated 15th March 2024 for three years starting from 15th March 2024 in line with provisions of Section 3 (3) (d) of the WRS Act and whose term will expire on 15th March 2027;
- 2. Representative of Eastern African Grain Council:** The member is nominated by the institution and thereafter gazetted by the Cabinet Secretary. **Dr. Joel Tenai (PhD)** was appointed vide gazette notice Vol. CXXVI- No. 32 dated 15th March 2024 for three years starting from 15th March 2024 in line with the provisions of Section 3(3) (h) of the WRS Act and whose term expired on 15th March 2027;
- 3. Representative of the Kenya Bankers Association:** The member is nominated by the institution and thereafter gazetted by the Cabinet Secretary. **Christine Mwai-Marandu** was appointed vide gazette notice Vol. CXXVI- No. 32 dated 15th March 2024 for three years starting from 15th March 2024 in line with the provisions of Section 3(3) of the WRS Act and whose term expired on 15th March 2027;
- 4. Director General Agriculture and Food Authority (AFA):** The member is appointed in line with Section 3(3) (b) of the WRS Act. **Dr. Bruno Linyiru** was appointed as Director General AFA via letter dated 15th April

5. **Representative of the PS responsible for Agriculture:** Member is appointed by the Principal Secretary. **Eng. Kennedy Makudiuh** was appointed as a representative of the PS responsible for Agriculture vide appointment letter dated 18th December 2019 ref: MOA/B.1/1A/Vol.11/246.
6. **Representative of the PS Responsible for National Treasury:** Member is appointed by the Principal Secretary. **Alphaxard Kyalo** was appointed vide appointment letter dated 28th March 2024 refTNT/ZZ253/01/A/H.
7. **Representative of the Inspector General (Corporations):** Member is appointed in line with Section 18(2) of the State Corporations Act Cap 446. **Michael Muturi Macharia** was vide appointment letter dated 9th June 2021 Ref: ISC/INS/POL/345/Vol.1.

ii. Roles and Functions of the Board

- 1) Exercise their role collectively and not individually.
- 2) Determine the organization's mission, vision, purpose and core values.
- 3) Set and oversee the overall strategy and approve significant policies of the organization.
- 4) Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
- 5) Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- 6) Approve the organizational structure.
- 7) Approve the annual budget of the organization.
- 8) Monitor the organization's performance and ensure sustainability.
- 9) Enhance the corporate image of the organization.
- 10) Ensure availability of adequate resources for the achievement of the organization's objectives.
- 11) Hire the CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the

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appointment of senior management staff.

12) Ensure effective communication with stakeholders.

iii. Induction, training, and development

The Chairperson attended the 6th Cohort Board Induction Workshop for Mwongozo for Board Members by SCAC in partnership with the Institute of Certified Secretaries in January 2023. Three directors attended induction training in 2021 while two Directors are yet to be inducted as the Council awaits appointment of two Directors representing Farmers and Warehouse Operators respectively as well as adequate funding by the Exchequer. The Audit and Risk committee attended a workshop facilitated by the Public Sector Accountants Standards Board (PSASB) from 6th to 9th May 2024 to enhance the committee's capacity in delivering its mandate.

iv. Board and members' performance

The Council has had 6 No. meetings for the full Council of which 2 were special sessions and 13 committee meetings. All members attended the Council deliberations giving policy directives governing the Council.

v. Council Meetings Held

The Council has held Six Full Council meetings in the FY2024/2025 and thirteen committee meetings for Finance & Strategy, Operations & Compliance, Human Resource and Governance and Audit & Risk Committees. All Council members were in attendance.

No	NAME	NO. Committee meetings attended	No. of Full Board Meetings Attended
1	Felicity Biriri	0	6
2	Eng.Kennedy Mwakidiuh	4	4
3	Christine Mwai Marandu	8	6
4	Benson Lokitari	8	6
5	Dr. Joel Tenai	2	6
6	Michael Muturi	7	5
7	Alphaxard Kyalo	5	3
8	Bruno Linyiru	3	2

vi. Succession plan

The Council is yet to develop a succession plan.

vii. Policy to manage conflicts of interest.

No conflict of interest was expressed by members during the Council meetings and a policy will be developed in the coming financial year.

viii. Board remuneration

Council members are remunerated in line with the provisions of Section 8 of the WRS Act and the existing government circulars on board remuneration.

ix. Ethics and Conduct

The members of the Council adhered to the ethics and conduct as prescribed in the Ethics and Conduct Policies.

x. Governance audit

The Council did not undertake a governance audit due to limited allocation of funds.

xi. Communication policy

The Council approved the Communication Policy in January 2025 and has been implementing it but will require additional allocation of funds to ensure full implementation of the policy to ensure that the WRS concept is known by all and uptake by stakeholders increased.

xii. Terms of Reference of Committees

The Council has constituted four committees in line with the provisions contained in Mwongozo Code of Governance as per below:

Name of the Committee	Members
Finance and Strategy Committee	<ol style="list-style-type: none"> 1. Ms. Christine Mwai Marandu 2. Benson Loktari 3. Alphaxard Kyalo 4. Michael Muturi
Human Resource Governance Committee &	<ol style="list-style-type: none"> 1. Eng. Kennedy Makudiuh 2. Benson Loktari 3. Dr. Bruno Linyiru 4. Michael Muturi
Audit & Risk Committee	<ol style="list-style-type: none"> 1. Dr. Joel Tenai 2. Alphaxard Kyalo 3. Dr. Bruno Linyiru

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Operations & Compliance	<ol style="list-style-type: none">1. Eng. Kennedy Makudiuh2. Ms. Christine Mwai-Marandu3. Dr. Joel Tenai
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The terms of reference of the Committees are as below:

a) Finance & Strategy Committee

- i. Review and approve the annual work plan and budget estimates proposed by management and present them to the full Council for final approval before submission to the relevant government bodies.
- ii. Propose policies and procedures for financial transactions to be documented in a procedure manual and ensure the manual is reviewed and updated periodically.
- iii. Consider priority financial needs and requirements for the Council and management presented by the Chief Executive Officer.
- iv. Review and recommend financial statements to the Council.
- v. Approve set financial goals along with funding strategies to achieve them and develop operating budgets that integrate the objectives and initiative of the strategic plan.
- vi. Ensure recommendations given in Audit reports are implemented.
- vii. Approve policies that help ensure the assets of the organization are protected.
- viii. Monitor capital expenditure projects within approved programmes and present reports on the same to the full Council.
- ix. Consider and recommend proposals on the Council's Strategic Direction in accordance with the Council's legislated mandate.
- x. Approve management reports on corporate performance to ensure that the Council delivers its mandate in a consistent, effective and efficient manner.
- xi. Evaluate significant emerging threats which may impact the Council's financial operations with a view to ensuring the Council takes appropriate action.
- xii. Any other functions as may be relevant from time to time.

Meetings

The Committee will meet quarterly with an option of special meetings on a need basis.

b) Human Resource & Governance Committee

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1. Review, monitor and make recommendations in the development of the Human Resource strategy and policy documents and manuals by management to the full Council
2. Provide guidance in the human resources management of the organization
3. Support management in the hiring of senior management and present the same to the full Council for adoption
4. Establish the core values of the organization in line with the Constitution and present the same to the full Council for adoption and adherence by management
5. Provide strategic direction in the development of the code of conduct and ethics and prepare reports on levels of adherence to the code of conduct by management for consideration by the full Council
6. Provide direction in the development of policies on the management of conflict of interest and corporate social responsibility
7. Receive reports from management on any new and significant emerging needs that may affect effective governance
8. Any other functions as may be relevant from time to time.

Responsibilities

9. The purpose of the committee is not to influence the recruitment and career prospects of individual staff members or groups of staff members. It would be a serious violation of ethics for any committee member to use his or her position for such a purpose.

c) Operations & Compliance Committee

The committee will be expected to satisfy itself that WRSC's operations & compliance management activities are adequate and effective. In this regard, the specific responsibilities that the committee will carry out on behalf of the Board are as follows:

1. Propose policies and regulations on the warehouse receipt system and warehouses and advise the full Council on appropriate reviews and amendments.
2. Propose to the full Council guidelines for the registration and licensing of warehouses and warehouse operators, graders and weighers and collateral managers by the Council's management.
3. Ensure the Council licensing guidelines are complied with by the management and ratify and report to the full Council licenses issued by the management time to time.

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4. Propose review of the standards and codes of practice and ensure effective implementation and advise the Board on the same time to time.
5. Monitor the local and international requirements on health, safety and environment sustainability and advise the Council management accordingly from time to time.
6. Recommend to the full Council on areas of partnership and collaboration between WRSC and KOMEX, AFA, County Governments and other agencies with regard to warehouses.
7. Propose to the full Council strategies for the promotion of the use of warehouses by the farmers.
8. Synchronize emerging issues that affect the maintenance and development of the warehouse receipt system and make appropriate recommendations to the full Council.
9. Receive reports from management on any new and significant emerging needs that may affect operations and compliance of the WRS.
10. Any other functions as may be relevant from time to time.

d) Audit & Risk Committee

1. Oversee the internal audit and the external audit functions.
2. Ensure the development of a policy on risk management that takes into account sustainability, ethics and compliance risks and present the same to the full Council for approval.
3. Receive and review the risk management policy and the risk management framework for presentation to the full Council for approval.
4. Appoint a committee responsible for risk management in the organization and forward the same to the full Council for approval;
5. Meet with the External auditors at least once a year.
6. Deliberate on and propose solutions for any material findings in any audit report.
7. Review the quality and effectiveness of the external audit process.
8. Receive and review the audit reports from internal audit and external audit and present it the full Council for approval.
9. Review the internal and external audit reports to the Council.
10. Oversee the establishment of an effective risk-based internal system.
11. Oversee the development of the internal audit charter.
12. Ensure the independence of the internal audit function.

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13. Ensure that the Head of Internal Audit holds a Senior position in the management team, is professionally qualified and is a member in good standing, of the professional body responsible for regulating Auditors.
14. Review the risk management framework and present it to the full Council for approval.
15. Review the implementation of the risk management framework on a quarterly basis.
16. Monitor that risks taken are within the set tolerance and appetite levels and present the same to the full Council.
17. Receive from the internal audit function a written assessment of the effectiveness of the system of internal controls and risk management and present it to the full Council for approval. and
18. Any other functions as may be relevant from time to time.

Information and Communication for all Committees

1. The committees may request such information as is considered necessary by the committees to discharge its responsibilities. The committee may, with the concurrence of the Chief Executive Officer, seek briefings from staff members concerned on relevant matters and request their participation at meetings.
2. All communication between the committees and WRSC staff will be conducted through the Chief Executive Officer of WRSC.

xiii. Policy on related party transactions

The Council has yet to develop this policy.

9. Management Discussion and Analysis

The Council's mandate is to develop and regulate a Warehouse Receipt System for agricultural commodities produced in Kenya. During FY2024/25, the Council utilized limited budget allocation and implemented activities through support from development partners. The highlights of achievements made within the period are as follows:

1. Inspected 17No. warehouse operators, pre-inspected 9No. warehouses for certification, and registered 40 warehouse receipts.
2. Issued Certificates of Conformity to 8No. warehouse operators from five Counties namely: Nakuru, Trans Nzoia, Uasin Gishu, Kirinyaga and Meru Counties.
3. Issued Certificates of Compliance to 3No. collateral managers namely: Africa Warehousing Holdings, Mitchel Cotts Freight Kenya Limited and Warehousing and Cold Storage Kenya Limited.
4. Carried out sensitization and awareness programmes in 6No. Counties: Trans Nzoia, Uasin Gishu, Nakuru, Kisumu, Nandi and Makueni to 1,367No. stakeholders (farmers/cooperatives, traders, county officials, and financial institutions).
5. Signed MOUs with Kenya National Farmers' Federation (KENAFF), International Fertilizer Development Center (IFDC), Cereal Growers Association (CGA) and Commodities Fund.
6. A total of 15No. FIs have been onboarded as participating financial institutions under WRS with an objective to develop suitable WRF products that will enhance access to affordable collateral financing.
7. Finalized the development of the Central Registry and the electronic Warehouse Receipt System platform, through the support of Trademark Africa (TMA).
8. The Council onboarded customer-facing services onto the e-citizen platform using USSD for registration of Warehouse Receipts; Application/Renewal of Certificates of Compliance and Application/Renewal of Certificates of Conformity.
9. The Council finalized the development of the Central Registry Rule Book, which will provide the operational framework for managing electronic Negotiable Warehouse Receipt transactions.
10. Undertook stakeholder outreach through media campaigns in 4No. Counties; Makueni, Nakuru and Uasin Gishu.
11. During the review period, the Council finalized the development of its Communication Strategy.
12. On legal reforms, the Warehouse Receipt System (Amendment) Bill, 2025 was forwarded to the CS MITI for signing and is now awaiting tabling to Cabinet for approval. These

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amendments will unlock key constraints in the WRS ecosystem.

13. The Council Gazetted AgriBora in the Kenya Gazette as a licensed Warehouse Operator.
14. Developed draft 1 of the Standard Operating Procedure (SOP) for certification.
15. Under the National Tree Growing and Restoration Campaign directive, the Council planted 751No. trees at Maai Mahiu, Nakuru County.
16. The Council reviewed the proposal it had submitted to AGRA for financial support of \$400,000 for the implementation of WRS in the pulses sector for a three-year period following receipt of comments and re-submitted for consideration.
17. The Council developed the Business Impact Assessment that informed the development of the draft documentation on Business Continuity & Disaster Recovery for the Central Registry.
18. For the period under review, the Council failed to fully comply with statutory obligations including but not limited to remittances of NHIF, NSSF, VAT, HELB, and Housing levy within the stipulated deadlines due to limited budgetary allocations. The Council has no major financial improbity reported by auditors nor any other government agencies.

Major risks facing the entity

- a) The Council received approval for the HR instruments including the organizational structure from both SCAC and PSC but has not been allocated adequate recurrent funds to implement it. The Council has therefore not employed staff on a permanent basis as per the approved structure or met the required ratio of 70:30 for technical and support staff. This has affected the operationalization of the Act and the sustainability of the Council's operations.
- b) Low uptake of the new system by private warehouse operators.
- c) Inadequate public warehouse infrastructure.
- d) High cost of jute bags.
- e) Inadequate funds to create awareness and sensitization among key stakeholders and value chain actors.
- f) Unstructured price mechanism that doesn't allow market forces to determine prices. This is mainly affected by government policies on imports and setting maximum prices of key grains.
- g) The following gaps exist in the current legal framework;
 - Multiple licensing regimes under the WRS for warehouse operators with sites in different Counties thereby affecting ease of doing business.
 - Transfer of the Council to the State Department for Trade in line with the Executive Order No. 1 of 2023 which has divided the primary responsibility on oversight and administration between two Ministries.
 - Opening the scope to imported agricultural commodities to enable adherence to Kenya's international obligations under EAC, AfCFTA and others.
 - Priority of security interests on pledged goods by creditors.
 - Inclusion of PS responsible for warehouse receipt system in the Board of the Council.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The implementation of the warehouse receipt system supports sustainable food systems through the reduction of post-harvest losses by storing commodities with certified warehouse operators that will result in a reduction of greenhouse gas emissions while ensuring safe agricultural commodities.

ii) Environmental performance

The Council is yet to develop an environmental sustainability policy but plans to do so in the upcoming financial year. This will guide waste and biodiversity management and reduction in the environmental impact of the organization's products and services.

iii) Employee welfare

In the year under review, the Council received approved Human Resource Policy Instruments from PSC. Currently, the Council has employees on contract and others deployed from the State Departments for Trade and Agriculture and Pyrethrum Processing Company of Kenya.

The Council's current staff composition comprises 16 female and 14 male employees in compliance with the Constitutional requirement of two-thirds gender balance. In addition, university graduates were engaged as interns and attached in various functions of the Council to gain on-the-job experience.

In the year under review, the Council provided comprehensive medical insurance for its Council Members, staff, and their dependents. In addition, it equipped staff with continuous member education on work-life balance, health screening and financial planning in collaboration with established institutions in the health sector.

iv) Marketplace practices-

a) Responsible competition practice.

As a regulating authority, the Council practices fairness and is unbiased with licensing and certification automated for transparency. address has developed policies for whistle blowing and a code of conduct and ethics to address issues of corruption.

b) Responsible Supply chain and supplier relations

During FY2024-25, the Council sustained efficient procurement processes in the limited acquisition of goods, works and services. The Council ensured that the Access to Government Procurement Opportunities (AGPO) was maintained above the minimum 30% threshold as prescribed in the PPADA, 2015 & Regulations, 2020. The Council awarded 25% of its total procurement spend on tenders submitted to the special interest groups (Youth, Women & PWD's) through the AGPO and 99% to local goods and services.

c) Responsible marketing and advertisement

The Council ensured that it adhered to responsible standards in undertaking marketing and advertising of its services and engagements.

d) Product Stewardship

The Council does not own or sell any product.

v) Corporate Social Responsibility

The Council did not undertake events in CSR due to the financial constraints facing the entity.

11. Report of the Directors

The Directors submit their annual report together with the financial statements for the year ended June 30th, 2025, which shows the state of the Council's affairs.

i) Principal activities

The principal activity/mission of the **Warehouse Receipt System Council** is to facilitate the establishment, maintenance and development of the Warehouse Receipt System for agricultural commodities produced in Kenya.

ii) Results

The results of the entity for the year ended June 30th 2025, are set out on page 1 to 6.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi-viii.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Council had a surplus of Kshs. 634,318 as reported in the audited financial statements for FY 2023/24. Remission of 90% of these funds to the Consolidated fund is yet to be done.

v) Auditors

The Auditor General is responsible for the statutory audit of the Warehouse Receipt System Council in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30th 2025.

By Order of the Board:


Jacqueline Odundo

CORPORATION SECRETARY & LEGAL SERVICES

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 16 of Warehouse Receipt System Act, 2019 require the Council to prepare financial statements, which give a true and fair view of the state of affairs of the Council at the end of the financial period and the operating results of the Council for that period. The Directors are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding the assets of the Council.

The Directors are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial period ended on 30th June 2025. These responsibilities include:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council.
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- iv) Safeguarding the assets of the Council.
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the Warehouse Receipt System Act, 2019. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of the Council's transactions during the period ending 30th June 2025 and of the Council's financial position as at that date.


The Directors further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the Council's financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Directors to indicate that the Council will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The WRSC financial statements were approved by the Council on 12th August 2025 and signed on its behalf by:



Felicity N. Biriri
Chairperson of the Council



Lucy Komen
Ag. Chief Executive Officer

REPUBLIC OF KENYA



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REPORT OF THE AUDITOR-GENERAL ON WAREHOUSE RECEIPT SYSTEM COUNCIL FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Warehouse Receipt System Council set out on page 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Warehouse Receipt System Council as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do comply with the Warehouse Receipt System Council Act, 2019.

Basis for Qualified Opinion

Presentation and Accuracy of the Financial Statements

The statement of financial position reflects accumulated deficit of Kshs.1,460,652 while the statement of changes in net assets reflects a negative balance of Kshs.1,917,521 resulting in an unexplained variance of Kshs.456,869. Further, the statement of changes in net assets reflects negative retained earnings of Kshs.1,917,521 whereas the recomputed balances reflect a negative amount of Kshs.1,460,632 resulting to an unexplained variance of Kshs.456,889.

In addition, Note 18 to the financial statements on cash generated from operations reflects increase in payables of Kshs.11,004,555 instead of Kshs.8,046,076 resulting in an unexplained variance of Kshs.2,958,479. In addition, the increase should be added back and not deducted.

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

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

Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.18,433,286 for the year under review. Further, the Council's current liabilities balance of Kshs.12,565,158 (2024: Kshs.4,519,082) exceeded its current assets of Kshs.580,577 (2024: Kshs.3,721,983) resulting to a negative working capital of Kshs.11,984,581 which means the Council may not be able to meet its short-term obligations.

The financial statements have been, therefore, prepared on a going concern assumption that the Council will continue to obtain financial support from the suppliers and the National Government.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget of Kshs.25,040,000 against the actual on comparable basis amount of Kshs.36,082,556 resulting to an over-expenditure of Kshs.11,042,556 or 44% of the budget.

In the circumstances, the over-expenditure may have led to increased trade and other payables and inability of the Council to meet its obligations as and when they fall due.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which were unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page iv to xxxv which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.12,565,158 as disclosed in Note 17 to the financial statements. Included in the balance are payables of Kshs.7,091,497 which have remained outstanding for more than one year. This was contrary to Regulation 150(1) of the Public Procurement and Asset Disposal (PPAD) Regulations, 2020 which states that, subject to the availability of funds and after proper certification of the goods, services or works have been done, a procuring entity shall make prompt payments for all performed contracts including enterprises owned by youth, women or persons with disabilities and shall make payment within sixty days from the date of receipt of the invoice.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Tag Assets

Note 16 to the financial statements reflects property, plant and equipment which includes furniture and fittings, computers and computer accessories and office equipment under

custody of the Council. However, physical verification revealed that all assets were not tagged, hence they could not be identified with the Council.

In the circumstances, the effectiveness of internal controls on asset management could not be confirmed.

2. Failure to Insure Assets

Review of the records provided for audit revealed that furniture and fittings, computers and computer accessories and office equipment were not insured during the year under review. This was contrary to Section 5.7 of the Council's Asset Management Policy dated July 2022 which states that the Council shall ensure that all the assets have been insured including those under its custody.

In the circumstances, the effectiveness of risk management over assets of the Council could not be confirmed.

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

Responsibilities of the Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 October, 2025

Warehouse Receipt System Council
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For the year ended 30th June, 2025.

14. Statement of Financial Performance for the year ended 30th June 2025.

Description	Notes	2024-2025 KShs	2023-2024 KShs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	25,000,000	78,250,000
Fees	7	44,000	11,000
Other incomes		-	-
Total Revenue		25,044,000	78,261,000
Expenses			
Employee costs	8	15,767,954	18,260,446
Use of goods and services	9	16,733,571	45,969,739
Board expenses	10	3,546,570	4,375,852
Depreciation expenses	11	4,732,357	4,997,763
Amortization expenses	11	2,662,373	2,662,373
Repairs and maintenance	12	34,460	1,360,508
Total expenses		43,477,286	77,578,582
Surplus/deficit before tax		(18,433,286)	634,318
Taxation		-	-
Surplus/(deficit) for the period/year		(18,433,286)	634,318
Remission to National Treasury		-	-
Net Surplus for the year		(18,433,286)	634,318

The notes set out on pages 1 to 6 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



.....
Name: L. Komen
Accounting Officer

Date:12.08.2025



.....
Name: Patrick Best Oyeso
Head of Finance
ICPAK M/No: 34891

Date:12.08.2025



.....
Name: F. Biriri
Chairperson

Date:12.08.2025

Warehouse Receipt System Council
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15. Statement of Financial Position as at 30th June 2025

	Notes	2024-2025	Opening Statement 1 st July 2024
		KShs	KShs
Assets			
Current Assets			
Cash and cash equivalents	13	546,577	3,563,033
Receivables	14	34,000	158,950
Total Current Assets		580,577	3,721,983
Non-Current Assets			
Property, plant and equipment	15(a)	6,416,687	11,457,011
Intangible assets	15(d)	3,650,373	6,312,746
Total Non- Current Assets		10,067,060	17,769,757
Total Assets		10,647,637	21,491,740
Liabilities			
Current Liabilities			
Trade and other payables	17	12,565,158	4,519,082
Total Current Liabilities		12,565,158	4,519,082
Non-Current Liabilities		-	-
Total Non- Current Liabilities		-	-
Total Liabilities		12,565,158	4,519,082
Net assets		(1,917,521)	16,972,654
Represented by:			
Reserves			
Accumulated surplus/deficit		(1,460,652)	16,972,654
Capital Fund			
Net Assets		(1,917,521)	16,972,654

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



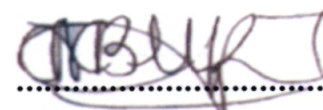
Name: L. Komen
Accounting Officer

Date: 12.08.2025



Name: Patrick Best Oyeso
Head of Finance
ICPAK M/No: 34891

Date: 12.08.2025



Name: F. Biriri
Chairperson

Date: 12.08.2025

Warehouse Receipt System Council
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16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
As at June 30, 2023	-	-	-	17,501,543	-	-	17,501,543
Surplus/ Deficit for the year	-	-	-	634,318	-	-	634,318
Capital/development grants received during the year	-	-	-	-	-	-	-
As at June 30, 2024	-	-	-	16,972,654	-	-	16,972,654
Surplus/ Deficit for the year	-	-	-	(18,433,286)	-	-	(18,433,286)
Capital/Development grants received during the year	-	-	-	-	-	-	-
As at June 30, 2025	-	-	-	(1,917,521)	-	-	(1,917,521)

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17. Statement of Cash flow for the year ended 30th June 2025

		2024-2025	2023-2024
	Notes	KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	25,000,000	78,250,000
Fees		40,000	11,000
Other incomes			
Total Receipts		25,040,000	78,261,000
Payments			
Use of goods and services		11,688,540	45,921,639
Employee costs		12,046,823	18,260,446
Board expenses		726,600	4,375,852
Repairs and maintenance		31,460	1,360,508
Total Payments		24,493,423	70,771,835
Net cash flow from operating activities		546,577	7,489,165
Cash flows from investing activities			
Purchase of property, plant, equipment		-	(8,016,720)
Purchase of intangible assets		-	-
Net cash flows from/to investing activities		-	(8,016,720)
Cash flows from financing activities			
Net cash flows from /to financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		546,577	(527,555)
Cash and cash equivalents at 1 JULY 2024		3,619,232	4,090,588
Cash and cash equivalents at 30 JUNE 2025		546,577	3,619,232

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2025

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	Kshs	Kshs	Kshs	Kshs	e=(c-d)	F=d/c*100
Government Grants	15,000,000	10,000,000	25,000,000	25,000,000	-	
Appropriation in Aid	40,000	-	40,000	44,000	4,000	110
TOTAL RECEIPTS	15,040,000	10,000,000	25,040,000	25,044,000		
EXPENSES						
Compensation of Employees	8,891,837	4,312,926	13,204,763	15,767,954	(2,563,191)	119
Board expenses	550,000	80,000	630,000	3,546,570	(2,072,000)	563
Use of goods and services	5,598,163	5,540,074	11,138,237	16,733,571	(5,595,334)	150
Office Rent	-	-	-	-		
Acquisition of Assets	-	-	-	-		
Repairs & Maintenance	-		67,000	34,460	32,540	51
TOTAL EXPENSES	15,040,000	10,000,000	25,040,000	36,082,556		
SURPLUS/DEFICIT				(11,038,556)		

Explanatory notes on budget utilization

Budget Reconciliation to the Statement of Cash Flows

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(11,038,556)
1	Payables for deductions made from the payroll	3,721,131
2	Payables for Board allowances	2,779,970
3	Payables for repairs and maintenance	3,000
4	Payables for Use of goods and services	5,085,031
	Closing Cash and Cash Equivalent as per the statement of Cash flows	546,577

Budget Notes

- I. Personnel emoluments recorded an over utilization resulting from the Council being allocated Kshs. 12 million under supplementary I Budget estimates to cater for recurrent expenditure. Despite making appeals to the State Department for Trade and the National Treasury for additional funding, the allocations provided were insufficient to fully meet the costs for compensation for the period.
- II. The Board expenses recorded an expenditure mainly resulting from sitting allowances and honorarium. The payments were non-discretionary as Board business had to be carried out as

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prescribed by the law. This over-expenditure arose from the inadequate budgetary allocation to the Council for Operations and Maintenance to fully cover these costs in line with Treasury Circular No. 2 of 2024. The Circular stipulates that Board expenditures should be capped at either 5% of the Operations expenditure or Kshs. 30 million, whichever is lower. While this directive was adhered to during the budgeting process, the actual implementation saw sitting allowances, Chairpersons Honorarium and other board expenses exceed the budgeted amount, owing to the total allocated budget which was insufficient.

- III. The Council was not allocated funds to cater for Operations and maintenance (O&M) under Supplementary Budget estimates I for the period under review. An additional reallocation was received at a total of Kshs. 13 million to cater for non- discretionary expenses. This still did not cater for all the operations and maintenance costs for the Council.
- IV. The Council did not conduct motor vehicle inspections and maintenance during the period resulting to the budget underutilization.
- V. The Council received a budget revision under Supplementary I of the FY 2024/25 of Kshs. 12 million and a further reallocation of Kshs. 3 million from the State Department for Trade with a projection of Kshs. 40,000 under AIA to have its original budget at Kshs. 15,040,000. Additionally, the Council received another additional Kshs. 10 million under Supplementary II to have the final budget at Kshs. 25 million.

19. Notes to The Financial Statements

1. General Information

The Warehouse Receipt System Council is established by and derives its authority and accountability from Section 3 of the Warehouse Receipt System Act No. 8 of 2019. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Council's principal activity is to facilitate the establishment, maintenance and development of the Warehouse Receipt System for agricultural commodities produced in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows for the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Council. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Warehouse Receipt System Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

The entity did not early-adopt any new and amended standards and interpretations in issue but not yet effective in the period ended 30th June 2025. These were IPSAS

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

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ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025**

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

Fees

The Council recognizes revenues from fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, income is recognized instead of revenue.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

b) Budget information - IPSAS 24

The original budget for the Current FY was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of the budget following the governing body's approval.

The Council's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented in these financial statements.

c) Taxes

The Council is a regulatory State Corporation categorized as Schedule 3 under Public Finance Management Regulations 211(4) and therefore exempt from tax in accordance with Section 219(3) of the Public Finance Management Regulations, 2015. It is funded from government grants and

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does not have other significant sources of income and registered for PAYE, Income taxes.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The Council used the approved depreciation rates as follows on a straight-line basis:

Asset	Depreciation Rate	Useful Life
Buildings	2.50%	40yrs
Plant & Equipment	12.50%	8yrs
Automobiles	25.00%	4yrs
Computers	33.30%	3yrs
Office and Communication Equipment	12.50%	8yrs
Furniture, Fixtures & Fittings	12.50%	8yrs

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

Intangible assets (ERP System) acquired by the Council during the year have been amortized at the rate of 20% with a useful life of 5 years, on straight-line basis. However, the WRS system is still a work in progress and thus recognized at cost with no amortization in the financial year.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the bank. Bank account balances include amounts held at the Councils commercial bank at the end of the financial year. For the

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purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to staff which were not surrendered or accounted for at the end of the financial year.

g) Comparative figures

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

h) Subsequent events

There were no subsequent events that would warrant amendment to the last audited financial statements of the prior period FY2023/24.

i) Contingent Liabilities

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

j) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

k) Accounting Policies, Changes in Accounting Estimates and Errors - IPSAS

3

The Council shall apply IPSAS 3 in selecting and applying accounting policies, and accounting for changes in accounting policies, changes in accounting estimates and corrections of prior period errors. WRSC shall correct (where practicable) material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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6. Transfers from Ministries, Departments Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund.	Total transfers 2024/25	Total transfers 2023/24
	KShs	KShs	KShs	KShs	KShs
State Department for Trade	25,000,000.00	-	-	25,000,000	78,250,000
Total	25,000,000	-	-	25,000,000	78,250,000

7. Fees

	2024-2025	2023-2024
		KShs
Collateral Manager Certification Fees	30,000	11,000
Warehouse operator Certification Fees	10,000	
Warehouse Receipt Registration Fees	4,000	-
Total	44,000	11,000

8. Employee Costs

	2024-2025	2023-2024
	KShs	KShs
Salaries and allowances	15,120,384	17,636,530
Employer contributions	647,570	623,916
Total	15,767,954	18,260,446

9. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Training and Capacity Building	165,975	2,037,628
Inspection & Compliance	239,439	948,340
Publicity and promotional items	151,400	2,319,078
Stakeholder Sensitization	1,022,475	2,946,898
Development & Implementation of S. P	-	3,763,210
Performance Contracting	699,400	3,433,750
Softwares and Licenses	2,556,000	3,946,011
Internet	534,000	728,000
Computer Accessories	342,200	879,720
Emails	276,000	-
Staff Welfare	452,496	2,191,373
Fuel expenses	391,410	2,822,090
Newspapers, Periodicals, Journals	-	95,304
Bank Charges	42,173	269,476
Local Travelling Expenses	1,868,895	4,327,625
Staff training	55,860	3,368,129
Medical, WIBA/GPA, insurance cover	6,244,151	6,094,603
Taxi expenses	738,445	1,486,555
Airtime expenses	267,910	1,224,232

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Common user items	41,150	676,853
Telephone and postage	85,593	34,520
Internal audit expenses	-	486,144
Audit fees	558,600	556,800
Corporation Sec & Legal expenses	-	1,333,400
TOTAL	16,733,571	45,969,739

10. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowances	2,140,000	1,820,000
Chairpersons' honorarium	960,000	960,000
Board retreats	-	976,953
Other board expenses	446,570	618,899
Total	3,546,570	4,375,852

11. Depreciation expenses and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	4,732,358	4,997,763
Intangible assets	2,662,373	2,662,373
Total depreciation and amortization	7,394,731	7,660,136

12. Repairs and Maintenance

	2024-2025	2023-2024
	KShs	KShs
Automobiles	24,460	1,014,773
Computer and Electronic Equipment	-	42,500
Furniture and fittings	10,000	303,235
Total	34,460	1,360,508

13. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current Account	546,577	3,619,232
Total	546,577	3,619,232

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Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
National Bank of Kenya	001020228283900	546,577	3,619,232
Grand Total		546,577	3,619,232

14. Receivables from Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Receivables				
Warehouse Receipt Registration Fees		4,000		-
Un Surrendered petty cash advance		30,000		-
Total Current Receivables		34,000		-
Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	34,000	100	0	-
Total	34,000		0	

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15. a) Property, Plant and Equipment (PPE)

	Furniture and Fittings	Computers	Office Equipment	Motor Vehicle	Total
Cost	KShs	KShs	KShs	KShs	KShs
As at 30th June 2022	3,288,276	4,860,274	2,474,852	7,370,443	17,993,845
Additions	358,320	-	-	-	358,320
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
As at 30th June 2023	3,646,596	4,860,274	2,474,852	7,370,443	18,352,165
Additions	489,320	2,177,400	-	5,350,000	8,016,720
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
As at 30th June 2024	4,135,916	7,037,674	2,474,852	12,720,443	26,368,885
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
As at 30th June 2025	4,135,916	7,037,674	2,474,852	12,720,443	26,368,885
Depreciation and impairment					
As at 30th June 2022	(723,629)	(2,666,625)	(453,525)	(1,842,611)	(5,686,390)
Depreciation	(455,825)	(1,619,929)	(309,357)	(1,842,611)	(4,227,721)
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
As at 30th June 2023	(1,179,454)	(4,286,554)	(762,882)	(3,685,222)	(9,914,111)
Depreciation	(516,990)	(991,306)	(309,357)	(3,180,111)	(4,997,763)
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
As at 30th June 2024	(1,696,443)	(5,277,861)	(1,072,238)	(6,865,332)	(14,911,874)
Depreciation	(516,990)	(725,900)	(309,357)	(3,180,111)	(4,732,358)
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
As at 30th June 2025	(2,213,433)	(6,003,761)	(1,381,595)	(10,045,443)	(19,644,232)
Net Book Value as at 30th June 2023	2,467,143	573,720	1,711,970	3,685,222	8,438,279
Net Book Value as at 30th June 2024	2,439,473	1,759,814	1,402,614	5,855,111	11,457,011
Net Book Value as at 30th June 2025	1,922,484	725,945	1,093,258	2,675,000	6,416,687

b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	NBV
PPE	KShs	KShs	
Motor Vehicles	12,720,442.99	(10,045,442)	2,675,000
Computers and related Equipment	7,037,674	(6,311,729)	725,945
Office & Comm Equipment	2,474,852	(1,381,594)	1,093,258
Furniture and Fittings	4,135,916	(2,213,432)	1,922,484
Total PPE	26,368,885	(19,952,197)	6,416,687

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c) Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Computers and Related Equipment	4,860,274.40	1,622,853.22
Motor Vehicle	7,370,443	1,842,610.75
Total	12,230,707.40	3,465,463.97

d) Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	13,311,865	13,311,865
Additions	-	-
At end of the year	13,311,865	13,311,865
Additions–internal development	-	-
At end of the year	13,311,865	13,311,865
Amortization and impairment		
At beginning of the year	(6,999,119)	(4,336,746)
Amortization	(2,662,373)	(2,662,373)
At end of the year	(9,661,492)	(6,999,119)
Impairment loss	-	-
At end of the year	(9,661,492)	(6,999,119)
NBV	3,650,373	6,312,746

e) Intangible Assets at cost

	Cost	Amortization 2024-25	Amortization 2023-24	NBV
	KShs	KShs	KShs	KShs
ERP System	8,371,865	(1,674,373)	(5,023,119)	1,674,373
E-WRS	4,940,000	(988,000)	(1,976,000)	1,976,000
Total intangible	13,311,865	(2,662,373)	(6,999,119)	3,650,373

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17. Trade and Other Payables

Payee	2024-2025	2023-2024		
Jiunge Cloud Ltd	336,000	168,000		
East Africa Grain Council	45,000	-		
Jubilee Insurance	1,966,389	-		
Staff claims	510,350	-		
Office of Auditor General	1,117,200	556,800		
Kenatco taxis	688,796	150,522		
Embcomm Networks	124,105	-		
Statutory deductions	3,788,432	567,096		
Malia General	133,607	22,530		
Federation of Kenya Employers	38,250	-		
Safaricom	8,997	-		
Bigman Travel and Holidays	29,070	-		
Silver Africa Tours and Safaris	42,200	-		
Persam Office Solutions	130,500	130,500		
Winmark Printers Limited	-	775,000		
Kaylan tours and travel	43,500	64,700		
Premier Safaris (K) Limited	20,800	-		
Longrock Tours and Travel Ltd	37,000	-		
Seo Hotel	120,900	-		
Kenya National Farmers' Federation (KENAFF)	26,750	-		
Marketing Society of Kenya	5,000	-		
Law Society of Kenya	20,360	-		
Fly High Agency Limited	28,300	-		
Africa's Talking (K) Limited	34,100	-		
SMTP GO Inc	21,000	-		
The blunch	29,000	234,150		
Vanten East Africa Ltd	-	270,000		
Granite Travel	86,370	-		
Kenya Tea Packers Ltd	15,302.02	-		
Mirage Supplies Ltd	-	350,000		
Jacmat Tecnology and Engineering Ltd	-	213,105		
Charnostar Enterprises	-	42,400		
Triple Edge Media	-	116,000		
Oak Leaf Agencies Limited	-	32,470		
Hotel Hylise	49,500	130,500		
Honeywell Ltd	-	221,500		
Blue media	200,000	200,000		
Fordways	-	25,000		
Board expenses	2,574,570	-		
Meru ATC	153,000	153,000		
Mountain Breeze	37,500	37,500		
KALRO Dairy Research Institute	58,310	58,310		
TOTAL	12,565,158	4,519,082		
Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	11,350,848	90	4,270,272	94
1-2 years	965,800	8	-	-
2-3 years	-	-	248,810	6
Over 3 years	248,810	2	-	-
Total	12,565,158		4,519,082	

**Warehouse Receipt System Council
Annual Report and Financial Statements
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18. Cash Generated from Operations

		2024-2025	2023-2024
	Notes	KShs	KShs
Surplus /Deficit for the year before tax		(18,433,286)	634,318
Adjusted for:			
Depreciation		4,732,358	4,997,763
Amortization		2,662,373	2,662,373
Working Capital adjustments			
Increase in inventory			
Increase in receivables		34,000	1,054,682
Increase in deferred income			
Increase/Decrease in payables		(11,004,555)	(1,859,972)
Increase in payments received in advance			
Net cash flow from operating activities		546,577	7,489,165

19. Contingent Assets and Contingent Liabilities

Contingent Liabilities

Description	FY 2024-25	FY 2023-24
	Kshs	Kshs
Contingent Liabilities		
Office Rent	13,131,430	-
Total	13,131,430	-

The Council did not recognize rental expenses in the financial statements despite receiving a backdated invoice from the Tea Board of Kenya for the same as there was no budgetary provision for this cost. The premises which were initially under custody of Agriculture and Food Authority, were transferred back to Tea Board of Kenya, following the enactment of Tea Act. The Council is therefore yet to sign a tenancy agreement, which should be preceded with an allocation of budgetary provisions for rent expenses. The Council, however, plans to formalize this arrangement by establishing an agreement during the FY2025/26, subject to budget provisions.

20. Financial Risk Management

The Councils activities expose it to a variety of financial risks including liquidity risks and effects of changes in foreign currency. Its overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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21. Ultimate and Holding Entity

The Council is a State Corporation under the Ministry of Investments, Trade and Industry under Executive order No. 1 of 2023. Its ultimate parent is the Government of Kenya.

22. Currency

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

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23. Appendices

Appendix I: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	The audit issues that formed the basis for Qualified Opinion			
a)	<p>Variations in the Financial Statements: The statement of changes in net assets reflects the balance of Kshs. 16,972,654 as at 30th June 2024 which includes brought forward balance of Kshs. 16,951,346. However, the FY2022-2023 financial statement reflects a balance of Kshs. 17,501,543 resulting in an unexplained variance of Kshs. 550,197.</p> <p>In the circumstances, the accuracy and completeness of the net assets of KShs. 16,972,654 could not be confirmed.</p>	<p>The Management notes the external auditor's concern and acknowledges the amount of Kshs. 16,951,346 statements of Changes in Net Assets for FY2023/24 is incorrect.</p> <p>The correct balance is Kshs. 17,501,543 as stated in the Statement of Financial Position for FY2022/23.</p> <p>However, this has no financial implication for the Council as the Statement of Changes in Net Assets contains extracts of information from the Statement of Financial Performance and Statement of Financial Position.</p>	Resolved.	
b)	<p>Unsupported Airtime Expenditure: The statement</p>	The Ag. CEO was facilitated with airtime in line with the provisions of the circular	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>consultant, Ksh. 164,100 paid to Public Sector Accounting Standards Board (PSASB) officers and Ksh. 197,000 unsupported payments to board members all totaling Ksh. 385,000.</p> <p>In the circumstances, the accuracy and completeness of Board expenses of Kshs 385,100 could not be confirmed.</p>	<p>payment schedule was provided.</p> <ul style="list-style-type: none"> • Kshs 164,100 had been paid to the officers from the Public Sector Accounting Standards Board (PSASB) who were invited by the Council to sensitize the newly reconstituted Board, and a signed payment schedule was provided. • Payments of Kshs 385,000 to Council members were paid but there was no attendance or a signed payment sheet and therefore was unsupported. 		
d)	<p>Payment of Services not fully received – Asset Tagging Services:</p> <p>The Council engaged and fully paid a Company for the provision of asset tagging services an amount of Ksh. 270,000. However, the physical verification in October 2024 revealed that the asset tagging had not been completed.</p> <p>In the circumstances, the accuracy and completeness of Kshs. 270,000 for asset tagging</p>	<p>During the procurement process for tagging assets in FY2023/24, the number of tags were as per the items in the asset register. All the items earmarked for tagging were tagged except for a few assets (computers, and laptops) which were provided to Officers. The tags associated with these assets are still in the store awaiting the tagging of the remaining assets.</p> <p>However, the Council procured services for tagging assets without the related software for linking the assets to the</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	services could not be confirmed.	ERP system. This required an additional budgetary allocation to acquire the scanner and software. Currently, the asset tag numbers have been entered manually in the asset register and asset numbers are linked to each asset and asset holder.		
e)	<p>Low Uptake of Warehouse Receipting System: During the year under review, the Council certified six (6) warehouses. However, only two (2) warehouses had commodities deposited in them. It was noted that there were no commodities deposited in the warehouses by farmers or farmer groups who are the target group for the warehouses. The slow or no uptake of the receipt system may impact negatively on the operations of the Council.</p>	The Council has, at April 2025, certified seven (7) Warehouse Operators in six (6) Counties namely: Nakuru NCPB Depot, Eldoret NCPB Depot, Kitale NCPB Depot, AgriBora, United E.A Warehouses Ltd in Mauka, Moi's Bridge NCPB Depot and Sagana NCPB Depot. Currently, the total number of maize bags in the stores is 5,680.		
2.	The audit issues that formed the basis for conclusion on the Lawfulness and Effectiveness in use of Public Resources.			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
a)	<p>Warehouse Inspection, Licensing and Gazettement: The Council had five (5) officers appointed as inspectors of warehouses or performing work of inspectors. However, details of their qualifications and procedure for appointment were not provided for verification. Further, the Management did not gazette the inspectors appointed as required by Section 25(2) of the WRS Act 2019 which states the Council shall appoint by notice in the Gazette inspectors who shall exercise such powers in accordance with regulations made under this Act.</p> <p>The Council had seven (7) licensed warehouses out of which four (4) had been in place from the previous year while three (3) were licensed in the year under audit. The applications pertaining to the licensing and renewal of licenses was not provided for</p>	<p>The management states that the Warehouse Receipt System (Amendment) Bill 2025 is in the legislative process. Once enacted, the WRS Regulations on appointment of Inspectors will be developed and this will give guidelines to the appointment and gazette of inspectors.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>audit. The Council licensed eight (8) warehouses but failed to gazette them contrary to section 17(7) of the WRS Act, 2019. Which states that the Council shall annually publish the names of licensed warehouses in the Gazette and in at least one daily newspaper of nationwide circularization. In addition, the Council revoked two (2) warehouses but failed to gazette them contrary to Section 21(8) of the WRS Act, 2019 which states that the Council shall publish the names of a warehouse whose license has been revoked in the Gazette and in at least one daily newspaper of nationwide circularization. In the circumstances, the management was in breach of the law.</p>			
b)	<p>Failure to Prepare Separate Statements on Recurrent and Development Budgets: The statement of financial Performance reflects transfers</p>	<p>At inception, the WRS started as a project under the Ministry for Agriculture and Livestock Development and was only allocated development funding to achieve its mandate of establishing, maintaining</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>from other Government entities under note 6 to the financial statements of KShs. 78,250,000 comprising of KShs. 50,000,000 for development and KShs. 22,250,000 for recurrent funds. However, the management did not prepare separate statements on the budget for recurrent and development. Further, no development activity was undertaken despite receiving funds for development.</p> <p>In the circumstances, the credibility of the statement of comparison of budget and actual amounts could not be confirmed and Management has not adhered to Public Sector Accounting Standards Board reporting template.</p>	<p>and developing a warehouse receipt system in Kenya. For four years since, this has been the only funding received by the Council to operationalise the institution until FY2024/2025. Therefore, implementing WRS is the main project.</p>		
c)	<p>Failure to Comply with the Approved Staff Establishment</p> <p>The Council has an approved establishment of eighty-nine (89). However, only thirty-two (32) staff were in post resulting</p>	<p>This is due to lack of budgetary allocation.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>in an understaffing of fifty-seven (57) officers. In the circumstances, the effectiveness of service delivery to the public could not be confirmed.</p>			
3.	The audit issues that formed the basis for conclusion on the Effectiveness of Internal Controls, Risk Management and Governance.			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
a)	<p>Lack of Segregation of Duties: The Council lacked segregation of duties as officers in charge as well as interns were given various duties and key roles within the organization. The situation posed as a risk to the Council as the employees were privy to the Council's confidential information and documentation. In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.</p>	Inadequate staff strength.		

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	<p>The over-expenditure of Kshs. 10,141,435 without approval is against the budgetary control requirement that the over/under-expenditure of 10%.</p>			
<p>2.</p>	<p>The audit issues that formed the basis for conclusion on the Lawfulness and Effectiveness in use of Public Resources.</p>			
<p>a)</p>	<p>Irregular Payment of Entertainment and Responsibility Allowances:</p> <p>The statement of financial performance and Note 11 to the financial statement reflects employee costs of Kshs. 16,423,233 which includes entertainment allowance and responsibility allowance of Kshs. 1,080,000 and sShs. 1,038,000 respectively. The amounts were paid to staff as part of their salary during the period under review. However, the Management did not provide an approval or explanation to the paid allowances which were not included in the employees' contractual terms. This was in contravention of PFM Regulation Section 105(1).</p> <p>In the circumstances, the Council was in contravention of the law.</p>	<p>The Human Resource and Governance Committee approved payment of responsibility allowance of Kshs. 9,000 per month and entertainment allowance of Kshs. 10,000 per month to staff assigned to head departments and the CEO. Payment of the allowances was approved by the Full Council in their 2nd meeting held on 30th September 2020.</p> <p>The officers have appointment letters showing their positions and duties allocated.</p>		

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b)	<p>Inactive Central Registry System:</p> <p>Section 12 of the Warehouse Receipt System Act, 2019 requires the Council to establish a registry system. The Council leased a system from East African Grain Council. However, the system has not integrated a clearing and settlement system as required by the Act.</p> <p>Further, the Act required the system to be supported by a disaster recovery and business continuity plans which were not provided for audit review.</p> <p>In the circumstances, the Council is in breach of the law.</p>	<p>The delay in the development of central registry was occasioned by inadequate funding. The Council has however partnered with Trademark East Africa and initiatives aimed at establishing a Central Registry have commenced.</p> <p>To start with the Council in FY2023/24 conducted a business process mapping, that will guide the development and implementation, which is modular.</p> <p>A disaster recovery and business continuity plans are yet to be developed due to financial constraints.</p>		
c)	<p>Lack of Appointment of Inspectors:</p> <p>Section 32 of the Warehouse Receipt System Act, 2019 requires the Council to appoint qualified persons by name or office to carry out the inspection of the warehouse operators' premises and business for the purposes of the Act and these regulations. However, the Council has not yet appointed these inspectors.</p> <p>In the circumstances, the Council is in breach of the law.</p>	<p>The Council's institutional structure was approved by SRC in 2022, but the same has not been funded by the National Treasury. The inspectors require to be recruited, appointed and gazetted. This process could not be undertaken without funding to support.</p>		
3.	<p>The audit issues that formed the basis for conclusion on the Effectiveness of Internal Controls, Risk Management and Governance.</p>			


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a)	<p>Under-staffing of the Council</p> <p>The staff establishment of the council provides for Eighty-nine (89) employees. However, review of the council payroll revealed that the council has twenty-four (24) employees out of these fourteen (14) were on contract and ten (10) are deployed from other Government Agencies. Thus, the Council has not substantially filled all the posts.</p> <p>In the circumstances, the council may fail to achieve its mandate due to understaffing and is in breach of the established requirements.</p>	<p>The Council has approved structure but not funded to allow recruitment of substantive adequate staff. Requests and reminders have been made to the National Treasury to allocate recurrent expenditure to the Council. Recruitment will be done upon receipt of recurrent funding.</p>		
b)	<p>Low uptake of Warehouse Receiving System</p> <p>Field verification to licensed warehouses and Cooperatives in Uasin Gishu, Trans-Nzoia, Kakamega and Bungoma Counties in the month of December, 2023 revealed that there were no any commodities deposited in the warehouses by farmers or farmer groups. In addition, an interview with the farmers revealed the following challenges;</p> <ul style="list-style-type: none"> i. Farmers were turned away with maize that did not meet specified grades. ii. Middlemen are readily offering 	<p>Uptake of the Warehouse Receipt System requires intensive;</p> <ul style="list-style-type: none"> (i) Awareness creation and sensitization of the value chain actors. (ii) Training of farmers on postharvest management. <p>However, this is yet to be achieved due to financial constraints.</p> <ul style="list-style-type: none"> (iii) The certification and licensing of warehouse operators is at two government levels (National and County). However, the council is undertaking a legal review and this concern has been addressed under the 		

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	<p>lucrative prices for maize therefore farmers have no need for storing their produce.</p> <p>iii. The lengthy process of certifying and licensing warehouses has discouraged farmers from depositing grains at their local stores.</p>	Warehouse Receipt System Bill 2024.		
	<p>iv. There's high transportation cost to the licensed warehouses.</p> <p>v. Farmers have stores at home therefore may not adopt the initiative.</p> <p>vi. High cost of maintaining warehouse operations compared to the yields.</p> <p>vii. Lack of WRSC staff in the counties may hinder engagement.</p> <p>Further, only two (2) warehouses operators were licensed, and they operate six (6) warehouses in the entire country, over the three years that the Council has been in operation. This signals slow uptake of the receipt system or lack of aggressive sensitization and implementation of the system.</p> <p>In the circumstances, effectiveness and sustainability of the Council services is doubtful.</p>	<p>The Council also has no regional office/officers/branches. However, Agriculture and Trade functions were devolved under the 2010 constitution and therefore the Council partners with the County officers to promote warehouse receipting within the county government, as stipulated under the WRS Act, 2019.</p>		

**Warehouse Receipt System Council
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Ag. CEO/Registrar

Date:

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Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department For Trade	30/08/24	Recurrent	3,000,000	3,000,000	-	-	-	-	3,000,000
State Department For Trade	06/11/24	Recurrent	6,000,000	6,000,000	-	-	-	-	6,000,000
State Department For Trade	17/01/25	Recurrent	3,000,000	3,000,000	-	-	-	-	3,000,000
State Department For Trade	02/04/25	Recurrent	10,000,000	10,000,000	-	-	-	-	10,000,000
State Department For Trade	05/05/25	Recurrent	3,000,000	3,000,000	-	-	-	-	3,000,000
Total			25,000,000	25,000,000					25,000,000

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Appendix III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Tree Planting	Planting trees	Tree planting in Kiambu County-Kinale Forest Station	-	61,000	-	-	Exchequer	Kenya National Farmers' Federation (KENAFF)



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21st May, 2025

The Chief Executive Officer
Warehouse Receipt System Council
Tea House, Naivasha Road, off Ngong Road
P. Box 22757 - 00505
NAIROBI

RE: CONFIRMATION OF AMOUNTS PAID IN F/Y 2024/2025

Confirmation of amounts received by/disbursed to Warehouse Receipting Authority as at 21st May, 2025

Reference Number	Date Disbursed	Amounts Disbursed to WRSC during FY 2024/2025				Amount Received by WRSC during FY 2024/2025	
		Recurrent (Kshs) (A)	Development (WRSC) (Kshs) (B)	Inter-Ministerial (Kshs) (C)	Total (Kshs) (D)=(A+B+C)	Kshs. E	Difference (Kshs) (F)=(D-E)
T24243P3VVM	30/08/2024	1,000,000.00			1,000,000.00		
T242434FVSP	30/08/2024	1,000,000.00			1,000,000.00		
T24243CWFDT	30/08/2024	1,000,000.00			1,000,000.00		
T24311GG0WF	06/11/2024	1,000,000.00			1,000,000.00		
T24311N45ZT	06/11/2024	1,000,000.00			1,000,000.00		
T243112RSVK	06/11/2024	1,000,000.00			1,000,000.00		
T24311D0P7R	06/11/2024	3,000,000.00			3,000,000.00		
T25017KN1HN	17/01/2025	1,000,000.00			1,000,000.00		
T250171HYFC	17/01/2025	1,000,000.00			1,000,000.00		
T25017LIDLWM	17/01/2025	1,000,000.00			1,000,000.00		
T251253CDYK	05/05/2025	1,000,000.00			1,000,000.00		


FT25125TNQ5X	05/05/2025	1,000,000.00			1,000,000.00		
FT251253F43W	05/05/2025	1,000,000.00			1,000,000.00		
FT25092WKOQ4	02/04/2025	10,000,000.00			10,000,000.00		
TOTAL		25,000,000.00			25,000,000.00		

I confirm that the amounts shown above are correct as of the date indicated.
 Head of Accounts Department

Name PAUL CHARLES ITAMBO

Signature 

Date 12th JUNE, 2025


 pp. Tom M. Odundo
 FOR: PRINCIPAL SECRETARY



**WAREHOUSE
RECEIPT SYSTEM
COUNCIL**

12TH AUGUST 2025

**BOARD RESOLUTION OF WAREHOUSE RECEIPT SYSTEM COUNCIL
APPROVING THE ANNUAL REPORT AND FINANCIAL STATEMENT FOR
FY 2024/2025
DULY PASSED ON 12TH AUGUST 2025**

During the 19th meeting of the Warehouse Receipt System Council (**hereinafter referred to as the Council**) on 12th August 2025 upon a motion duly made, seconded, unanimously carried and the meeting being quorate, the Council members passed the following resolution:

The Annual Report and Financial Statements for FY2024/2025

The meeting being quorate the Council members resolved as follows:

That the Annual Report and Financial Statements for FY2024/2025 as presented by management is hereby adopted and approved.

It is hereby certified by the undersigned that the foregoing resolution was duly passed by the members of the Council on **12th August 2025** in accordance with the key mandates as provided by the Warehouse Receipt System Act.

Signed this 12th day of August 2025.

**Felicity Nkirote Biriri
Chairperson**

CERTIFIED AS TRUE COPY

**Jacqueline Odundo
Corporation Secretary & Legal Services**

