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AUDITOR GENERAL'S
PERFORMANCE AUDIT REPORT ON
PROVISION OF BURSARIES AND SCHOLARSHIPS
TO NEEDY LEARNERS
BY THE NAIROBI CITY COUNTY GOVERNMENT

SEPTEMBER 2026

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FOREWORD

I am pleased to present this performance audit report on the Provision of Bursaries and Scholarships to Needy Learners by the Nairobi City County Government. My Office carried out the audit under the mandate conferred to me by Article 229(6) of the Constitution of Kenya, 2010, to confirm whether or not public money has been applied lawfully and in an effective way. In addition, Section 36 of the Public Audit Act, Cap.412B requires the Auditor-General to examine the economy, efficiency and effectiveness with which public money has been expended.

Performance, financial and compliance audits form the three-pillar audit assurance framework that I have established to give focus to the varied and wide scope of the audit work done by my Office. The framework is intended to provide a high level of assurance to stakeholders that public resources are not only correctly disbursed, recorded and accounted for, but that the use of the resources results in positive impacts on the lives of all Kenyans. The main goal of our performance audits is to ensure effective use of public resources and promote service delivery to Kenyans.

The Report is submitted to the Nairobi City County Assembly in accordance with Article 229(7) of the Constitution of Kenya, 2010 and Section 39(1) of the Public Audit Act, Cap.412B. I have also submitted copies of the Report to the Chief of Staff and Head of Public Service, Principal Secretary, The National Treasury, Principal Secretary, State Department for Devolution, Clerk of the Senate, Governor, Nairobi City County and the Chairperson, Council of Governors.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

14 September, 2026

Table of Contents

FOREWORD i
Table of Contents iii
List of Tables iv
List of Figures v
LIST OF ABBREVIATIONS vi
GLOSSARY OF TERMS vii
EXECUTIVE SUMMARY ix
Chapter 1: Background of the Audit 1
Introduction 1
Motivation for the Audit 2
Chapter 2: Design of the Audit 4
Objective of the Audit 4
Audit Questions 4
Audit Scope 4
Audit Criteria 5
Standards Used to Conduct the Audit 5
Methods Used to Gather Audit Evidence 6
Chapter 3: Description of the Audit Area 8
Legal and Institutional Framework for Provision of Bursaries and Scholarships 8
Bursary Committees and their Respective Roles 9
Key Actors in the Provision of Bursaries and Scholarships 9
Process Description for Issuance of Bursaries 10
Executive Scholarship Application Process 12
Funding for Nairobi City County Government Bursaries and Scholarships 14
Chapter 4: Audit Findings 15
I. Inadequate Identification of Needy Learners 15
II. Inadequate Allocation and Award of Bursaries 17
III. Multiple Allocation of Bursaries and Scholarships to the Same Beneficiaries 18
IV. Inefficient Bursary and Scholarship Data Management System 20
V. Inadequate Data on Access to Bursaries and Scholarships by Persons with Disabilities 21
VI. High Administrative Expenses 21
VII. Lack of a Structured Grievance Redress Mechanism 23
VIII. Inefficient Mode of Bursary and Scholarship Disbursement 24
IX. Inadequate Acknowledgement of Bursary and Scholarship Payments 25
X. Inadequate Monitoring of the Bursary and Scholarship Programme 26
Other Finding 27
XI. Doubt in Continued Provision of Bursaries and Scholarships to Learners in National Government Institutions 27
Chapter 5: Conclusion 29
Chapter 6: Recommendations 30
Appendices 33

List of Tables

Table 1: Audit Criteria 5
Table 2: List of Documents Reviewed 6
Table 3: List of Persons Interviewed 7
Table 4: Bursary Committees and their Respective Roles 9
Table 5: Key Actors in the Provision of Bursaries and Scholarships 10
Table 6: Allocation of the County Education Budget 14
Table 7: Missing Documentation in the Bursary Application Forms 16
Table 8: Missing Information in the Scholarship Application Forms 16
Table 9: Amount Awarded to Sampled Beneficiaries Versus the Fee Structure 17
Table 10: Number of Students with Multiple Allocation from Different Wards Within the County 18
Table 11: Number of Multiple Beneficiaries with Overpayments 19
Table 12: Number of Students Who Would Have Benefitted from the Overpayments 19
Table 13: Administrative Expenses 22
Table 14: Number of Students Who Would Have Benefited from the Extra Administrative Expenses 22
Table 15: Handling of Bursary and Scholarship Related Complaints 23
Table 16: Commissions and Unpaid Electronic Funds Transfer and Cheques 24
Table 17: Number of Students affected by Commissions and Unpaid Electronic Funds Transfer and Cheques 25
Table 18: Reasons for Lack of Formal Monitoring of Bursaries 27
Table 19: Disbursement of Funds to the Various Beneficiary Institutions During the Financial Years 2021/2022 to 2023/2024 28

List of Figures

Figure 1: Process Description for Issuance of Bursaries 11
Figure 2: Nairobi City County Scholarship Issuance Process 13

LIST OF ABBREVIATIONS

ISSAI	International Standards of Supreme Audit Institutions
OAG	Office of the Auditor-General
PWD	Persons with Disabilities

GLOSSARY OF TERMS

Term	Meaning
Administrative Expenses	Costs incurred in managing and administering the bursary and scholarship programme, excluding funds disbursed directly to beneficiaries.
Double or Multiple Allocation	The awarding of bursaries or scholarships more than once to the same beneficiary, either within the same ward, across different wards, or from multiple public providers.
Electronic Funds Transfer	A cashless method of transferring funds electronically from one bank account to another, recommended as an efficient alternative to cheque payments.
Grievance Redress Mechanism	A structured system for receiving, recording, investigating, and resolving complaints and appeals from bursary and scholarship applicants and beneficiaries.
Learning Institutions	Educational institutions to which bursary or scholarship funds are disbursed on behalf of beneficiaries, including secondary schools, universities, colleges, and vocational training centres.
Monitoring and Evaluation	The systematic tracking and assessment of programme implementation to determine effectiveness, efficiency, and achievement of intended objectives.
Overpayment	A situation where funds credited to a beneficiary exceed the actual school fee balance, often resulting from multiple allocations.
Persons with Disabilities	Individuals with physical, sensory, intellectual, or mental impairments who may face barriers to accessing education and are prioritized under Sustainable Development Goal Target 4.5.
Public Bursary Providers	Government entities that provide bursaries or scholarships, including county governments, the Ministry of Education, National Government-Constituency Development Fund, National Government

	Affirmative Action Fund, and other public funds.
Timely Disbursement	Release of bursary or scholarship funds to learning institutions on or before school opening dates to ensure uninterrupted learning.

EXECUTIVE SUMMARY

Background of the Audit

1. Bursaries and scholarships are forms of non-repayable financial aid that support students in meeting the cost of education. Bursaries aim to promote access to quality education by assisting students from financially disadvantaged backgrounds to pursue their academic goals. Scholarships on the other hand are awarded to students based on financial need, academic merit, talent, or other notable achievements.

2. Bursaries and scholarships are awarded to students from low-income families, or those who have a demonstrated need for financial assistance to cover the cost of tuition and related expenses, such as books and living expenses. Scholarships cover school fees for the entire duration of study, while bursaries are awarded on a less consistent basis and are not guaranteed.

3. The mandate for the provision of bursaries and scholarships in Nairobi City County is vested in the Executive Bursary and Scholarship Co-ordination Committee. Other role players include National Government Administrative Officers, other bursary providers (the Ministry of Education, the National Government Affirmative Action Fund, the National Government Constituencies Development Fund, the Presidential Secondary School Bursary), and The National Treasury and Economic Planning.

4. The Auditor-General authorized the audit after considering the following factors: -

    i) According to the Hansard report dated 30 April, 2024, the Senate discussed the oversight of county governments in the management of bursary and scholarship funds, highlighting instances of mismanagement and corruption across several counties. The members also underscored the need for regular monitoring and evaluation to gauge the impact of bursary and scholarship programs in improving educational access and retention for learners.

    ii) In September 2024, Members of the National Assembly discussed the need to have the various bursary and scholarship funds consolidated, to address gaps in the current education funding model. The proposed consolidation aimed to create

a more efficient system for providing bursaries and scholarships, ensuring resources are more equitably distributed and increasing access to funds for more needy learners[1].

iii) Article 53(1)(b) of the Constitution makes provision for every child's access to free and compulsory basic education. However, the results of the Pre-study indicated that the provision of bursaries and scholarships by county governments faced various set-backs that hindered the full achievement of the intended objectives. These included inadequacies in verification of applicants, late disbursement of bursary and scholarship funds and lack of coordination among various bursary and scholarship providers. In addition, there was no regular monitoring and evaluation, which hindered counties from effectively measuring the Programmes' impact and informing necessary adjustments.

iv) The provision of bursaries and scholarships is linked to the Sustainable Development Goal 4 on Quality Education. Target 4.5 focuses on ensuring equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, and eliminating gender disparities, by 2030.

Objective of the Audit

5. The main audit objective was to assess the extent to which the Nairobi City County Government had ensured access to bursaries and scholarships by needy learners.

Scope of the Audit

6. The audit focused on the activities of the Nairobi City County Government in ensuring access to bursaries and scholarships for needy learners within the Nairobi City County. These are identification of needy learners, allocation of bursaries and scholarships, and disbursements of funds. The audit covered the financial years 2021/2022 to 2024/2025, which was deemed sufficient to establish trends and provide a comprehensive assessment. The audit was conducted between September 2024 and December 2025.

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[1] The National Assembly Hansard report dated Wednesday 25 September, 2024, Page 21

Summary of Key Audit Findings

i) Inadequate Identification of Needy Learners

7. Review of sampled bursary application forms revealed that fifty-one (51) application forms, representing 35% complied while ninety-five (95) application forms, representing 65%, did not comply with the prescribed application requirements.

8. Review of a sample of one hundred and forty-eight (148) approved scholarship application forms revealed that eighty-three (83), representing 56% were properly completed and met the prescribed application requirements. However, sixty-five (65), representing 44%, did not meet the prescribed application requirements. As a result, needy and deserving students were not adequately identified and risked missing out on bursaries and scholarships, negatively impacting on the objectives of the Programme.

ii) Inadequate Allocation and Award of Bursaries

9. Review of the list of beneficiaries for the Financial Years 2021/2022 and 2023/2024 revealed that four hundred and seventy-seven (477) learners were awarded amounts that were approximately 12% of the approved annual fees and deemed too low to make any significant impact on their school fees needs.

10. The inadequate allocation and award of bursaries was attributed to inadequate needs assessment by the Ward Bursary Committees and an effort to spread the funds so as to cover as many beneficiaries as possible for political gain. In addition, the County Executive Bursary and Scholarship Committee had not established guidelines to standardize awards in relation to applicants' level of need or approved fee charges. Consequently, the bursary funds were distributed thinly across numerous beneficiaries, reducing the value of the awards granted to individual learners.

iii) Multiple Allocation of Bursaries and Scholarships to the Same Beneficiaries

11. The audit established that for the Financial Years 2021/2022 to 2023/2024, there were 4,919 beneficiaries who had multiple allocation from different Wards within the County.

In addition, for the 2023 and 2024 academic year there were forty (40) bursary and scholarship beneficiaries who received multiple allocations from various bursary providers, resulting in fee overpayments totalling Kshs.179,086. This excess expenditure of Kshs.179,086 represented a lost opportunity to cover additional needy students under the Programme.

12. Multiple allocations of bursaries and scholarships were attributed to lack of a coordination framework among the various bursary and scholarship providers in the public sector, lack of an information system to integrate beneficiary data across the various Wards, and lack of independence in the vetting process, where informal social networks exerted undue influence over the selection..

iv) Inefficient Bursary and Scholarship Data Management System

13. The audit revealed that eight (8) out of the thirteen (13) sampled Ward Bursary Committees were hosted within the offices of Members of the County Assembly, and shared same office equipment with staff members domiciled at the office. This interrupted timely processing of bursary applications by hindering efficient access to computers used for data in-put, and retrieval of applicant data.

14. The inefficiency in data management was attributed to failure by the Committees to prioritize adoption of a digital management information system for capturing, storing, and managing data electronically.

15. Inefficient data management compromised data accuracy, transparency and accountability, as well as timeliness in the bursary awards, resulting in exclusion of deserving applicants and multiple allocations. It also made information retrieval challenging and created a risk of permanent information loss.

v) Lack of Data on Access to Bursaries and Scholarships by Persons with Disabilities

16. Review of the beneficiary list during the audit period revealed lack of data on awards to learners with disabilities. Records across the eighty-five (85) wards revealed that they did not capture information on the disability status of the applicants. Further, the

audit noted that there were no established initiatives to reach out, identify, and vet applicants with cognitive or developmental disabilities, and the focus was on learners with visible physical disabilities.

17. Lack of data on bursary beneficiaries living with disabilities was attributed to failure by the County Executive Bursary and Scholarship Coordination Committee to prioritise establishment of adequate mechanisms to promote access of bursaries and scholarships by learners with disabilities.

vi) High Administrative Expenses

18. Analysis of financial records established that during the period under review, the administrative expenses exceeded the statutory 3% limit of the total allocation for both scholarships and bursaries by Kshs.31,354,351.

19. The excess administrative expenditure was attributed to high bank charges resulting from a high number of unsuccessful or unpaid Electronic Fund Transfer transactions, the printing of bursary application forms and payment voucher booklets, conference costs, and expenses related to the launch of bursaries and scholarships. This excess expenditure represented a lost opportunity to cover additional needy students under the Programme.

vii) Lack of a Structured Grievance Redress Mechanism

20. Interviews with members of the Executive Bursary and Scholarship Co-ordination Committee and Ward Bursary Committees indicated that there was limited evidence to support the reporting and resolution of grievances.

21. Lack of a structured grievance redress mechanism was attributed to the absence of a formal policy or operational guideline by the Executive Committee defining the procedures for handling and documenting complaints. As a result, transparency and accountability were undermined in the administration of bursary and scholarship funds, as there was limited verifiable record of how complaints were handled or resolved.

viii) Inefficient Mode of Bursary and Scholarship Disbursement

22. Review of sampled bank statements for the four (4) financial years under review revealed unpaid Electronic Fund Transfers, unpaid cheques and additional costs relating to the unpaid cheque transactions totalling Kshs.203,741,907.

23. The inefficiencies in funds disbursement through EFT were attributed to errors occurring during voucher processing. Further, cheques were deposited with insufficient funds in the bursary or scholarship accounts, resulting in missed payments and resultant bank charges. This represented a collective opportunity cost of that would have been channelled to support other needy students.

ix) Inadequate Acknowledgement of Bursary and Scholarship Payments

24. Review of financial records for the Financial Years 2022/2023 and 2023/2024 revealed that the County disbursed bursaries and scholarships totalling to Kshs.714,050,000 and Kshs.956,250,000, respectively. However, only Kshs.36,415,901, representing 4% of the total funds disbursed, was acknowledged by the learning institutions.

25. Inadequate acknowledgement was attributed to inadequate monitoring and a failure by the Fund Management to follow up with learning institutions.

x) Inadequate Monitoring of the Bursary and Scholarship Programme

26. Review of the Executive Bursary and Scholarship Coordination Committee's monitoring visits established that, while the exercise was intended to verify beneficiaries and confirm receipt of funds, there was no evidence that the resulting recommendations were implemented. At the Ward level, eight (8) of the thirteen (13) sampled Ward Bursary Committees did not conduct any such exercises, citing lack of guidelines and inadequate facilitation. This was attributed to the absence of a standardized framework guiding monitoring, follow-up, and reporting on the Programme's implementation at both levels.

27. The inadequate monitoring and evaluation hindered the Committees' ability to enhance Programme effectiveness, preventing the timely identification of gaps and the prompt implementation of corrective measures.

xi) Doubt in Continued Provision of Bursaries and Scholarships to Learners in National Government Institutions

28. The audit revealed that the Nairobi City County Government disbursed bursaries and scholarships to secondary schools, universities and colleges, which was outside their mandate. The allocation to secondary schools ranged between 87% and 93% while the allocation to vocational institutions ranged between 0.43% and 0.97% of the total funds over the same period, despite these institutions being the responsibility of the City County Government.

29. The County has not prioritised the needs of learners in institutions that fall under the devolved functions such as pre-primary education centres, village polytechnics, homecraft centres, and childcare facilities.The continued provision of bursaries and scholarships to learners in institutions under the National Government is threatened by lack of an intergovernmental partnership agreement that meets the prescribed legal and procedural requirements. Consequently, the sustainability of the bursary programme is doubtful.

Conclusion

30. The Nairobi City County Government has made efforts to implement the Bursary and Scholarship Programme to support needy and vulnerable learners in accessing education. However, the audit identified gaps that affected the effectiveness, efficiency, economy, and equity of the Programme.

31. The County Government has not ensured adequate allocation of bursaries and scholarships to needy learners, as awards were made without assessment of applicants' financial needs and vulnerability. Weak data management and expenditure control systems, inadequate collaboration and co-ordination with other bursary providers, and unstructured grievance handling mechanisms, undermined evidence-based decision-making, equity, accountability and transparency in the bursary and scholarship application and award.

32. Nairobi City County Government has not ensured timely disbursement of bursary and scholarship funds as there were inefficiencies in the disbursement processes and

weaknesses in monitoring and evaluation to ensure timely submission of acknowledgements of receipt of funds by the learning institutions. In addition, delay in execution of an Intergovernmental Partnership Agreement between the County Government and the National Government undermined accountability and reduced the efficiency of programme implementation.

Recommendations

33. To ensure adequate allocation of bursaries and scholarships, the Nairobi City County Executive Bursary and Scholarship Co-ordination Committee should:

    a) Strengthen its oversight of Ward-level verification of application forms, vetting of applicants and implement regular reporting mechanisms by the Ward Committees;
    b) Collaborate with the Ward Bursary Committees, to develop a formal Needs Assessment Tool that assigns points based on specific, verifiable criteria such as family status, household income, and special circumstances; and
    c) Set bursary and scholarship award limits or a percentage of the fee balance to eliminate inconsistencies in decision-making across the Wards, minimize instances of spreading the funds thinly and ensure alignment with the fee structures approved by the State Department for Basic Education.

34. To prevent multiple allocation of bursaries and scholarships to beneficiaries, the Nairobi City County Executive Bursary and Scholarship Co-ordination Committee should:

    a) Develop and implement a comprehensive system capable of integrating all beneficiary data, establish a framework to enhance information sharing and joint planning with other public bursary and scholarship providers, and promote collaboration between Ward Bursary Committees, through information and data sharing during administration of the bursaries and scholarships funds and;
    b) In collaboration with the Ministry of Education, and Parliament develop a multi-agency collaboration framework for public bursary providers and consider establishing a centralized bursary issuance and administration system for all bursary providers.

35. To address inefficiencies in data management, the Executive Bursary and Scholarship Co-ordination Committee should explore adoption of Information and Communication Technology by investing in appropriate systems to automate bursary and scholarship processes. In addition, the Executive Committee should develop specific guidelines for the allocation of bursary and scholarship funds to learners with special needs to ensure inclusivity.

36. To reduce the high administrative expenses, the City County should strengthen oversight and fully transition to using Electronic Funds Transfer (EFT) for funds disbursement.

37. To ensure a structured grievance redress mechanism, the Executive Bursary and Scholarship Co-ordination Committee, should develop and implement a grievance redress policy and accompanying Standard Operating Procedures to guide the receipt, handling, documentation, and resolution of complaints. In addition, the Executive Committee should conduct public awareness outreach so that beneficiaries and applicants are informed of available grievance channels.

38. To ensure efficiency in the mode of disbursement of funds to learning institutions, the Executive Committee should explore adoption of technology-enabled solutions that facilitate the electronic transfer of beneficiary funds directly to institutions by leveraging existing platforms like the Kenya Education Management Information System (KEMIS), and the Integrated Financial Management Information System (IFMIS).

39. To ensure adequate monitoring and acknowledgement of disbursements, the Executive Bursary and Scholarship Co-ordination Committee should facilitate procurement of an integrated bursary and scholarship management system, featuring a monitoring interface for enhanced oversight. In addition, the Executive Committee must proactively conduct continuous follow-ups with learning institutions to verify funds receipt. Finally, the Executive Committee should leverage technology by utilizing email, SharePoint or other digital platforms for efficient transmission and storage of acknowledgment letters and receipts from learning institutions.

40. To legally undertake the bursary and scholarship programme to learners in institutions under the National Government, the Executive Committee should design and complete a formal intergovernmental transfer process and secure approval through gazettement by both the National Assembly and the County Assembly.

Chapter 1: Background of the Audit

Introduction

1.1 Bursaries and scholarships are forms of non-repayable financial aid that support students in meeting the cost of education. Bursaries aim to promote access to quality education by assisting students from financially disadvantaged backgrounds to pursue their academic goals. Scholarships on the other hand are awarded to students based on financial need, academic merit, talent, or other notable achievements.

1.2 Bursaries and scholarships are awarded to students from low-income families, or those who have a demonstrated need for financial assistance to cover the cost of tuition and related expenses, such as books and living expenses. Scholarships cover school fees for the entire duration of study, while bursaries are awarded on a less consistent basis and are not guaranteed.

1.3 The Nairobi City County Government has established a Programme to assist students from needy groups, such as orphans, those from poor families, and those with special needs, to pursue education in learning institutions. This promotes access to secondary and tertiary education, for needy learners in the County.

1.4 The mandate for the provision of bursaries and scholarships in Nairobi City County is vested in the Executive Bursary and Scholarship Co-ordination Committee. The Committee is responsible for: receiving and processing all successful applications from the Ward Bursary Committees; receiving and considering applications for scholarship; ensuring timely processing of the Ward Bursary; and maintaining bursary data and information.

1.5 The activities involved in the provision of bursaries and scholarships fall within the Talents, Skills Development and Care Sector, under the County Executive Committee Member for Education.

Motivation for the Audit

1.6 The Auditor-General authorized the audit after considering the following factors: -

i) According to the Hansard report dated 30 April, 2024, the Senate discussed the oversight of county governments in the management of bursary funds, highlighting issues of mismanagement and corruption across several counties. The members also underscored the need for regular monitoring and evaluation to gauge the impact of bursary programs, thereby improving educational access and retention for learners.

ii) In September 2024, Members of the National Assembly discussed the need to have the various bursary and scholarship funds consolidated to address gaps in the current education funding model. The proposed consolidation aimed to create a more efficient system for providing bursaries and scholarships, ensuring resources are more equitably distributed and increasing access to funds for more needy learners[2].

iii) The Nairobi City County cumulatively spent a total of Kshs.2.06 billion from the financial year 2021/2022 to 2024/2025 on bursaries and scholarships.

iv) Article 53(1)(b) of the Constitution makes provision for every child's access to free and compulsory basic education. However, the results of the Pre-study indicated that the provision of bursaries and scholarships by county governments faced various set-backs that hindered the full achievement of the intended objectives. These included; inadequacies in verification of applicants, late disbursement of bursary and scholarship funds and lack of coordination among various bursary and scholarship providers. In addition, there was no regular monitoring and evaluation, which hindered counties from effectively measuring the Programmes' impact and informing necessary adjustments.

v) The provision of bursaries and scholarships is linked to the Sustainable Development Goal 4 on Quality Education. Target 4.5 focuses on ensuring

[2] The National Assembly Hansard report dated Wednesday 25 September, 2024, Page 21

equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, and eliminating gender disparities, by 2030.

1.7 Given the above factors, an audit on the provision of bursaries and scholarships was necessary to assess the progress made by the Nairobi City County in eliminating barriers to access to education by needy learners. It is essential to assess the efficiency and effectiveness with which the County has utilized and disbursed bursary and scholarship funds to beneficiaries.

Chapter 2: Design of the Audit

Objective of the Audit

2.1 The main objective of the audit was **"To assess the extent to which the Nairobi City County Government has ensured access to bursaries and scholarships by needy learners."**

The specific sub-objectives were to assess whether the Nairobi City County Government ensured:

i. Adequate allocation of bursaries and scholarship funds; and
ii. Timely disbursement of bursaries and scholarships to needy learners.

Audit Questions

2.2 The main audit question that guided the team in carrying out the audit was **"Has the Nairobi City County Government ensured access to bursaries and scholarships by needy learners?"**

The audit sub-questions that guided the team in achieving the audit objective were:

i. Has the Nairobi City County Government ensured adequate allocation of bursaries and scholarships?
ii. Has the Nairobi City County Government ensured timely disbursement of bursaries and scholarships?

Audit Scope

2.3 The audit focused on the activities of the Nairobi City County in ensuring access to bursaries and scholarships for needy learners within the County. These are; identification of needy learners, allocation of bursaries and scholarships, and disbursements of funds. The audit covered the financial years 2021/2022 to 2024/2025, which were deemed sufficient to establish trends and provide a comprehensive assessment. The audit was conducted between September 2024 and December, 2025.

Audit Criteria

2.4 The criteria used to assess the extent to which the Nairobi City County Government ensured access to bursary and scholarship funds to needy learners are presented in **Table 1**. The detailed criteria are provided in the findings chapter.

Table 1: Audit Criteria

Audit Sub-Objective	Audit Criteria	Source of Criteria
To assess the extent to which the Nairobi City County has ensured adequate allocation of bursaries and scholarships funds.	The Nairobi City County Bursary and Executive Scholarship Management Programme is dedicated to provide a Bursary and Scholarship programme for financial assistance to indigent students.	Section 4 of the Nairobi City County Bursary and Scholarship Programme Guidelines, November 2021. Regulation 197 (1) (d) of the Public Finance Management (County Governments) Regulations, 2015
To determine the extent to which the Nairobi City County has ensured timely disbursement of bursaries and scholarships to needy students.	The Nairobi City County Executive Bursary and Scholarship Co-ordination Committee is expected to ensure timely processing of the Ward Bursary.	Section 23 (c) of the Nairobi City County Bursary and Scholarship Programme Guidelines, November 2021. Section 129(1) of the Public Finance Management regulation (County Government)
	To ensure smooth uninterrupted learning of students under the bursary and scholarship program, it is expected that bursary and scholarship funds should be disbursed on or before school opening dates.	Best Practice

Source: OAG compilation.

Standards Used to Conduct the Audit

2.5 The audit was conducted in accordance with the Performance Audit Standard, ISSAI 3000, issued by the International Organization of Supreme Audit Institutions. The

Standard requires that the audit is planned and performed to obtain sufficient and appropriate audit evidence. The Standard also requires that the audit should provide a reasonable basis for the findings, conclusion, and recommendations, based on the audit objectives.

Methods Used to Gather Audit Evidence

Document Review

2.6 The key documents reviewed are as indicated in **Table 2**. These documents provided insights into the management of bursaries and scholarships in the City County and facilitated the corroboration of data necessary to achieve the audit objective.

Table 2: List of Documents Reviewed

Document	Purpose of the Review
The Public Finance Management-Nairobi City County Bursary and Scholarship Guidelines, November 2021	• To obtain information on the legal framework and guidelines for the provision of bursaries and scholarships which formed part of the assessment criteria.
Approved County Budgets	• To obtain evidence on annual strategies, deliverables and budget allocations on bursaries and scholarships.
County financial reports, expenditure schedules, bank statements, bank reconciliation statements, Electronic Funds Transfer records, and cheque registers	• To ascertain the extent of resource allocation and expenditure towards bursaries and scholarships. • To ascertain the efficiency in the mode of bursaries and scholarships disbursement.
Disbursement reports and schedules	• To gather evidence on disbursement amounts and timelines. • To obtain evidence on receipt of funds by institutions. • To ascertain the extent of acknowledgement of bursaries and scholarships. • To ascertain the extent of monitoring and coordination of bursaries and scholarships by the County Government.
Beneficiary fee structure and statements	
Acknowledgement reports by schools	
Monitoring reports	
Correspondences between bursary and scholarships providers	
Application forms and support documents	• To obtain evidence on the number of applicants and beneficiaries. • To obtain evidence on adequacy of awarded bursary and identification. • To obtain evidence on criteria and process for awarding bursaries and scholarships.
Beneficiary lists	
Vetting committee minutes	
Complaints/ Grievance registers and grievance resolution reports	• To obtain evidence on existence and effectiveness of grievance redress mechanisms.

Source: OAG compilation

Interviews

2.7 in order to gather evidence on access to bursaries and scholarships, Interviews were held with various key personnel in the Nairobi City County Government, Ward

Bursary Committee representatives, Sub County officials in charge of education and heads of learning institutions, and other key role players, as detailed in **Table 3.**

Table 3: List of Persons Interviewed

Interviewee	Purpose of the Interview
County Executive Committee Member, Education and Chief Officer	• To obtain evidence on the bursary application process, eligibility criteria, number of applicants and challenges in disbursement.
Executive Bursary and Scholarship Co-ordination Committee	• To obtain evidence on the legal framework and structure, budgeting and expenditure, application and vetting process, monitoring and evaluation, and programme successes and challenges.
Ward Bursary Committees	• To obtain evidence on composition and tenure, application and eligibility criteria, number of applicants, monitoring and evaluation, successes, challenges, and recommendations
National Governments Administrative Officers	• To obtain evidence on the role of chiefs and assistant chief in identification of needy learners, eligibility criteria, challenges faced.
Principals and Heads of Finance (Sampled Institutions)	• To gather evidence on the role of learning institutions in bursary administration, accountability for received funds, sufficiency of allocations and disbursement challenges.
Controller of Budget	• To gather evidence on timeliness of funds disbursement.

Source: OAG compilation

Sampling and Sample Size

2.8 Thirteen (13), out of eighty-five (85) Ward Bursary Committees in the City County were sampled for the audit. These include the Komarock, Kiamaiko, Umoja 1, Kariobangi South, Huruma, Kasarani, Kayole, Zimmerman, Mathare North, Harambee, Ruai, Moi Airbase and Kangemi Ward Bursary Committees. The basis for their selection was sub-county representation and the level of absorption of funds through provision of bursaries and scholarships. Further, one hundred and forty-six (146) bursary application forms and one hundred and forty-eight (148) scholarship application forms submitted during the period under review were sampled.

2.9 In addition, twelve (12) learning institutions were sampled based on the number of beneficiaries of the Programme. These included Ngara Girls High School, Dagoretti Mixed Secondary School, Upper Hill Secondary School, Aquinas High School, Precious Blood Riruta Secondary School, Muhuri Muchiri High School, Ruaraka High School, Ofafa Jericho High School, Ndururuno Secondary School, Ruai Boys High School, as well as Greenlight Dandora Vocational Training Centre and Kangemi Vocational Training Centre.

Chapter 3: Description of the Audit Area

Legal and Institutional Framework for Provision of Bursaries and Scholarships

3.1 The Constitution of Kenya, 2010 provides the framework for the State to ensure that education is accessible to all citizens. Articles 43(1)(f) and 53(1)(b) recognize that every child in Kenya, regardless of their background, has the right to access quality education and that they should attend school until they complete their basic education. Schedule 4 Part 2 (9) of the Constitution specifically lists village polytechnics as one of the functions that have been devolved to county governments.

3.2 The Basic Education Act, Cap.211, in its guiding principles under Section 4(a) and (b), establishes that every child has the right to free and compulsory basic education. The Act also provides that youth have equitable access to basic education and equal access to educational institutions.

3.3 Section 116 of the Public Finance Management Act, Cap.412A, gives power to counties to establish other public funds. The Section also provides that allocations to the Fund should be within the established legal structures and also clarifies the roles and responsibilities of different government entities involved in the management of bursary funds. This aims to ensure that the County Government adheres to financial regulations and accountability principles in the management of the Fund.

3.4 The Nairobi City County Bursary and Scholarship Programme Guidelines, 2021, established an Executive Bursary and Scholarship Co-ordination Committee and Ward Bursary Committees which are responsible for the administration of the bursary and scholarship programmes. In addition, the guidelines provide mechanisms for monitoring and also set standards for transparency and accountability in the management of the Programme.

Bursary Committees and their Respective Roles

3.5 The composition of the Executive Bursary and Scholarship Co-ordination Committee and the Ward Bursary Committees for the Nairobi City County Government, with their respective roles is indicated in **Table 4.**

Table 4: Bursary Committees and their Respective Roles

Committee	Roles of the Committee
County Executive Bursary and Scholarship Coordination Committee	• Receive all successful applications from the Ward Bursary Committee for further processing through the technical team identified; • Receive and consider applications for Scholarship; • Ensure timely processing of the Ward Bursary; • Maintain relevant Bursary data and documentation in both soft and hardcopies; • Prepare and submit reports on the Programme to the Executive Committee Member for Education for onward submission to the Controller of Budget on a quarterly basis; • Advise the Executive Committee Member for Education on all Bursary matters; and • Ensure that the Guidelines are complied with.
Ward Bursary Committees	• Apply the Programme in accordance with its object and purpose; • Ensure that the Bursary forms are available to every needy student in the ward; • Receive and consider applications for bursaries; • Process the Bursary applications and maintain relevant data and documentation of the applicant in soft and/or hard copies; • Distribute payment cheques to successful applicants; • Undertake such other activities as may be assigned by the Executive Committee Member for Education for the effective application of the Programme; and • To recall any payment cheques issued in the event of incorrect information given by an applicant.

Source: Nairobi City County Bursary and Scholarship Programme Guidelines, November 2021

Key Actors in the Provision of Bursaries and Scholarships

3.6 The key actors involved in provision of bursaries and scholarships, are summarised in **Table 5.**

Table 5: Key Actors in the Provision of Bursaries and Scholarships

Institution	Role
National Governments Administrative Officers	The Officers are responsible for the coordination of National Government functions in their respective jurisdictions; Chiefs and assistant chiefs assist in identification of potential beneficiaries by vetting the applicants and recommending the applications for onward processing by the County Bursary Committee
Other Bursary Providers (Ministry of Education (MoE), National Government Affirmative Action Fund, National Government-Constituency Development Fund and Presidential Secondary School Bursary	Providing bursaries and scholarships to needy learners. The Nairobi City County is therefore, expected to liase with these entities to avoid duplications in allocation of bursaries and scholarships to learners within the County.
The National Treasury and Economic Planning	Disbursement of bursary and scholarship funds to the County Government.

Source: OAG review of legal frameworks on key actors

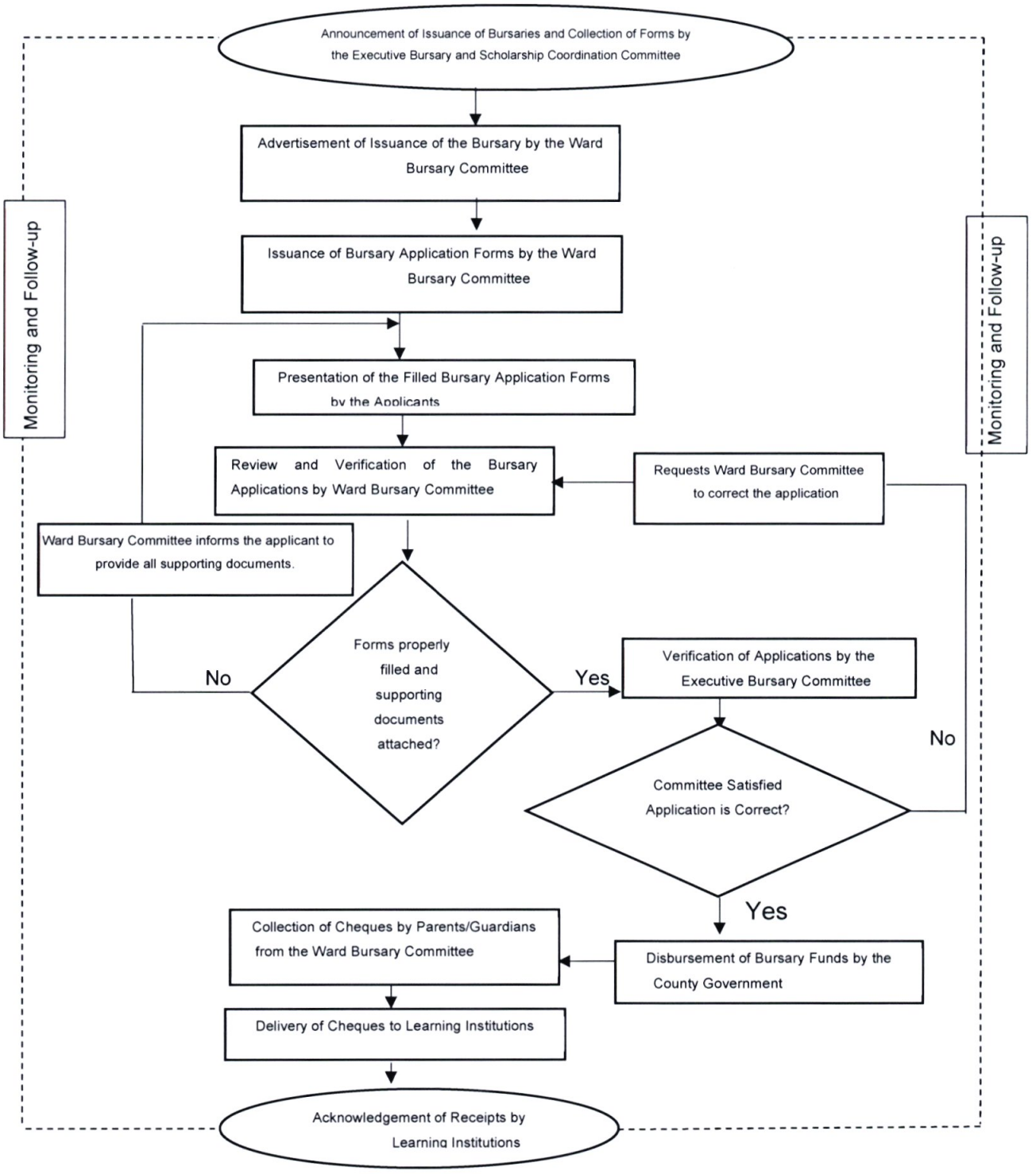
Process Description for Issuance of Bursaries

3.7 The Nairobi City County Government announces bursary availability through the Executive Bursary and Scholarship Coordination Committee, followed by an advertisement by Ward Bursary Committees. These advertisements detail requirements and collection points for application forms, which are then issued to the applicants.

3.8 Applicants are required to submit filled forms with supporting documents to the Ward Bursary Committees for initial review and verification, after which successful applications are forwarded to the Executive Bursary and Scholarship Coordination Committee for further verification and approval. The Committee is then expected to prepare disbursement schedules and issue cheques to Ward Bursary Committees in the name of institutions with beneficiary lists. Parents/guardians are required to collect these cheques from the Ward Bursary Committees to present to the relevant learning institutions.

3.9 Finally, the Executive Bursary and Scholarship Coordination Committee and Ward Bursary Committees are expected to monitor the progress of beneficiaries and ensure acknowledgment of funds by the learning institutions. **Figure 1** depicts the process involved in the provision of bursaries by the Nairobi City County Government.

Figure 1: Process Description for Issuance of Bursaries



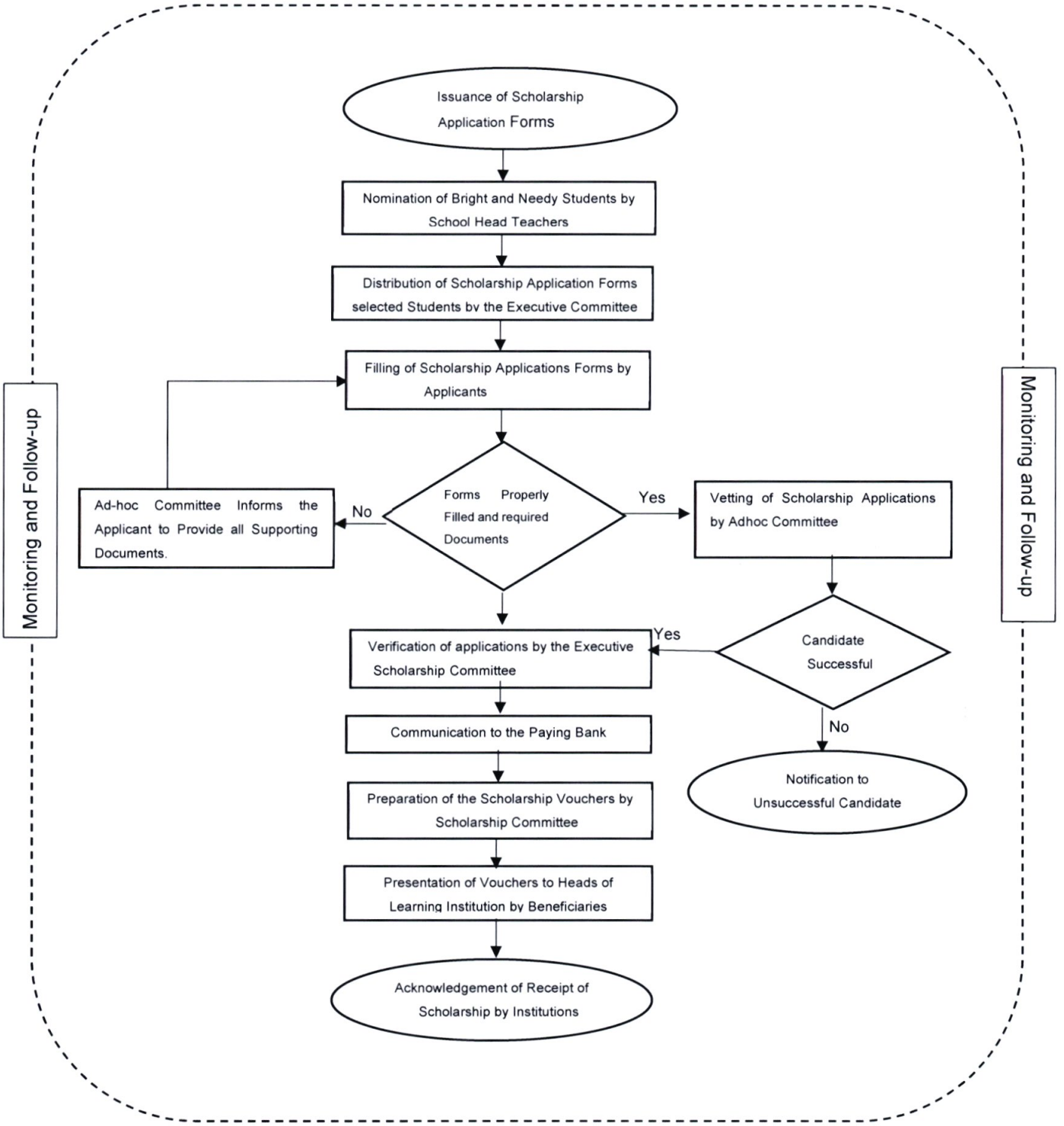
Source: OAG review of County Bursary and Scholarship Guidelines and interviews

Executive Scholarship Application Process

3.10 The scholarship process begins with the issuance of application forms to head teachers of public primary schools, who then nominate bright and needy students. Selected students receive and submit filled forms with the required documents. These include admission letter, fee structure, birth certificate, Kenya Certificate of Primary Education results, head teacher recommendation, and leaving certificate. An ad-hoc committee vets the applications, and the Executive Bursary and Scholarship Coordination Committee further verifies the application, preparing a spreadsheet of successful applicants with institutional and student details.

3.11 The approved beneficiary information is shared with the paying bank to facilitate electronic fund transfers. Scholarship vouchers containing the student's and learning institution's details are then prepared and issued to beneficiaries, who present them to their school heads as evidence of fee payment. In addition, the Executive Committee provides each learning institution with a payment schedule detailing the beneficiaries and the amounts paid. **Figure 2** shows the process involved in the provision of scholarships.

Figure 2: Nairobi City County Scholarship Issuance Process



Source: OAG review of County Bursary and Scholarship Guidelines and interviews

Funding for Nairobi City County Government Bursaries and Scholarships

3.12 Bursary and scholarship activities at the Nairobi City County Government are mainly funded by the Government through the Exchequer. Review of financial records indicated that the allocation of funds for the Bursaries and Scholarships Programme during the period under review was between 27% to 38% of the total County education budget, as indicated in **Table 6.**

Table 6: Allocation of the County Education Budget

Financial Year		Total Education Budget (Kshs)	Pre-Primary Education		Bursaries and Scholarships		Other Allocations (Kshs)
			Budget Allocation (Kshs)	% of Total Education Budget (Kshs)	Budget Allocation (Kshs)	% of Total Education Budget (Kshs)	
2021/2022		1,460,926,346	382,500,000	26%	332,500,000	23%	745,926,346
2022/2023		2,087,582,233	449,861,331	22%	640,000,000	31%	997,720,902
2023/2024		2,028,203,229	230,950,000	11%	765,300,000	38%	1,031,953,229
2024/2025		2,452,301,919	610,000,000	25%	663,429,213	27%	1,178,872,706
	Average allocation of the total Education Budget			**19%**	**2,068,729,213**	**32%**	

Source: OAG Analysis of the Nairobi City County Government financial documents

Chapter 4: Audit Findings

4.1 The Nairobi City County Executive Bursary and Scholarship Co-ordination Committee has made progress in the provision of bursaries and scholarships in the City County. Review of the beneficiary lists revealed that the County cumulatively issued bursaries and scholarships to 211,337 students between the financial years 2021/2022 and 2023/2024, across the eighty-five (85) Wards. However, the County did not disburse bursary and scholarship funds during the financial year 2024/2025 following a decision by the Controller of Budget to suspend approvals of requests for withdrawals of bursary and scholarship funds by County Governments.

4.2 Despite the success, there were weaknesses that hindered the full realization of the intended objectives, as discussed below: -

I. Inadequate Identification of Needy Learners

4.3 Section 9 of the Public Finance Management (Nairobi City County Bursary and Scholarship) Guidelines, November 2021 provides that in determining whether the applicant is eligible for scholarship or bursary, the Executive Bursary and Scholarship Co-ordination Committee and Ward Bursary Committee shall consider the applicant's need and vulnerability. This includes whether the applicant is: a total or partial orphan; a child of a single parent; a child/parent with disability; or has demonstrated strong academic performance. Further, Section 34 of the Guidelines requires Ward Bursary Committees to receive duly completed application forms accompanied by school fee structures, report forms, and admission letters where applicable.

4.4 Review of one hundred and forty-six (146) sampled bursary application forms revealed that fifty-one (51) application forms, representing 35% were fully completed, with all mandatory fields accurately filled, indicating compliance with the prescribed application requirements. However ,ninety-five (95) application form, representing 65%, lacked essential documents as indicated in **Table 7.**

Table 7: Missing Documentation in the Bursary Application Forms

Required Documents	Number Missing Documentation in 95 Application Forms	Percentage
1. Birth certificate	83	87%
2. Parent's ID	35	37%
3. Fee statement	18	19%
4. Report form	10	11%
5. Fee structure	1	1%

Source: OAG analysis of sampled bursary application forms

4.5 Review of the sampled one hundred and forty-eight (148) approved scholarship application forms revealed that eighty-three (83), representing 56% were properly completed and met the prescribed application requirements. However, sixty-five (65), representing 44%, had missing information in critical sections used to assess applicants' eligibility and financial need, as detailed in **Table 8**.

Table 8: Missing Information in the Scholarship Application Forms

Required Information	Number Missing Information in 65 Forms	Percentage
1. Outstanding balance	21	32%
2. Guardian declaration	20	31%
3. Family information	19	29%
4. Orphan status	12	18%
5. Disability status	12	18%
6. School contact	10	15%
7. Parent's declaration	9	14%
8. Parent signature	7	11%
9. Outstanding fee balance	6	9%
10. Guardian's name and contact	4	6%
11. School bank details	2	3%
12. Parent's contact	3	5%
13. Admission number	1	2%
14. Mother's name	1	2%

Source: OAG analysis of sampled scholarship application forms

4.6 The inadequate identification of needy learners was attributed to failure by the Bursary Executive Committee to oversee the vetting activities of the Ward Bursary Committees. For instance, none of the one hundred and forty-six (146) sampled bursary application forms had been approved by the Bursary Executive Committee. Further, learning institutions were not involved in the identification of needy learners.

4.7 Consequently, needy and deserving students were not adequately identified and faced the risk of missing out on bursaries and scholarships, negatively impacting on the objectives of the Programme.

II. Inadequate Allocation and Award of Bursaries

4.8 Among the key documents the applicants are required to submit is the school fee statement, which provides evidence of the applicant's current fee balance and therefore, assists in determining the extent of financial need. The State Department for Basic Education has set a standard fee of Kshs.53,554 for National Schools, Kshs.40,535 for Extra-County and County Schools, and Kshs.22,244 for Day Schools.

4.9 Review of the list of beneficiaries for the financial years 2023/2024 and 2024/2025 revealed that four hundred and seventy-seven (477) learners were awarded amounts that were lower than the approved annual fees. The average allocation was approximately 12%, which was deemed too low to make any significant impact on their school fees needs, as indicated in **Table 9.**

Table 9: Amount Awarded to Sampled Beneficiaries Versus the Fee Structure

Financial year	Secondary School	Number of Students	Standard Fee as per the Fee Structure	Amount Awarded per Student	Percentage (%)
2023/2024	Aquinas High School	170	40,535	5,000	12
	Precious Blood Riruta	32		5,000	12
	Muhuri Muchiri Boys Secondary School	88		5,000	12
	Muhuri Muchiri Boys Secondary School	6		4,000	10
2024/2025	Aquinas High School	99		5,000	12
	Precious Blood Riruta	43		5000	12
	Muhuri Muchiri Boys Secondary School	39		5,000	12
	Total number of students	**477**			
	Average award per student				**12%**

Source: OAG analysis of list of beneficiaries and the standard fee structure

4.10 The inadequate allocation and award of bursaries was attributed to the County Executive Bursary and Scholarship Committee not establishing guidelines to standardize awards in relation to applicants' level of need or approved fee charges;

instead, these decisions were left to the discretion of the Ward Committees. Further, the limited allocation was attributed to an effort to spread the funds so as to cover as many beneficiaries as possible for political gain.

4.11 Consequently, the funds were allocated thinly across a large number of applicants thereby, reducing the impact of the bursaries to the needy and vulnerable learners. The objective of the County Bursary Programme was therefore, undermined as needy students with significant fee arrears faced the risk of school discontinuation, while students who did not meet the eligibility criteria benefitted from the Programme.

III. Multiple Allocation of Bursaries and Scholarships to the Same Beneficiaries

4.12 Good practice requires that bursaries and scholarships must be allocated equitably in order to maximize their impact and ensure fairness. The support should reach a wider range of deserving individuals and explicitly prevent multiple awards to the same applicant. Review of the list of beneficiaries for the financial years 2021/2022 to 2023/2024 revealed that 4,919 beneficiaries had multiple allocation from different Wards within the County, as detailed in **Table 10.**

Table 10: Number of Students with Multiple Allocation from Different Wards Within the County

Financial Year	Number of Awards	No of Students	Amount Range (Kshs.)
2023/2024	2	1,344	10,000 - 30,000
	3	82	15000 - 25,000
	4	16	20,000 - 25,000
	5	2	25,000
	7	2	35,000
	9	1	45,000
2022/2023	2	1,196	10,000-30,000
	3	55	15,000-22,000
	4	11	20,000-40,000
	5	4	25,000
2021/2022	2	2,102	8,000-80,000
	3	86	12,000-55,000
	4	14	18,000-80,000
	5	4	25,000-45,000
	Grand Total	**4,919**	

Source: OAG analysis of list of beneficiaries

4.13 Further, review of fee statements in two (2) sampled schools for the 2023 and 2024 academic year revealed that forty (40) bursary and scholarship beneficiaries received multiple allocations from various bursary providers, resulting in fee overpayments totalling Kshs.179,086, as summarized in **Table 11** and detailed in **Appendix 1.**

Table 11: Number of Multiple Beneficiaries with Overpayments

Number of Multiple Awards	Number of Beneficiaries	Total Overpayment (Kshs)
2	32	134,886
3	6	25,200
4	2	19,000
Total	**40**	**179,086**

Source: OAG analysis of list of beneficiaries

4.14 Based on the annual tuition fees approved by the State Department for Basic Education, the overpayments of Kshs.179,086 could have fully paid school fees for learners in various categories of Schools, in one (1) academic year, as indicated in **Table 12**.

Table 12: Number of Students Who Would Have Benefitted from the Overpayments

Category of School	Total Overpayment from Bursary and Scholarship Beneficiaries (Kshs.)	Approved Standard Fees (Kshs.)	Number of Students Who Would Have Benefited from the Overpayment (Kshs.)
National Schools	179,086.00	53,554	3
County Schools	179,086.00	40,535	4
Day Schools	179,086.00	22,244	8

Source: OAG analysis State Department for Basic Education approved fee structure and fee statements

4.15 Multiple allocations of bursaries and scholarships were attributed to lack of a coordination framework among the various bursary and scholarship providers in the public sector. The County Executive Bursary and Scholarship Committee had also not established an information system to integrate beneficiary data across the various Wards. Further, spreading of funds too thinly resulted in significantly low awards, prompting learners to apply to multiple providers in the hope of securing sufficient funds to cover their school fees. The audit also linked multiple allocations

to beneficiaries within Wards to a lack of independence in the vetting process, where informal social networks exerted undue influence over the selection.

IV. Inefficient Bursary and Scholarship Data Management System

4.16 Section 149(2) of the Public Finance Management Act, Cap.412A requires that all financial and accounting records that the entity keeps in any form, including in electronic form, are adequately protected, and backed up. Good practice also requires that county governments develop and operate a records management system that provides for safe custody and ensures efficient retrieval of information.

4.17 Interview with the Executive Bursary and Scholarship Coordination Committee established that, bursaries and scholarship data was managed through physical records, and supplemented by electronic backups requiring significant physical space and security arrangements. Seven (7) Ward Bursary Committees used personal computers and flash disks to store information. Further, eight (8) out of the thirteen (13) sampled Ward Bursary Committees were hosted within the offices of Members of the County Assembly, hindering the efficient retrieval of and access to records as and when required. This interrupted timely processing of bursary applications by limiting access to computers used for data in-put, retrieval of applicant data.

4.18 The inefficiency in bursary data management was attributed to failure by the Committees to prioritize adoption of a digital management information system for capturing, storing, and managing data. In addition, the Committees lacked designated permanent record storage facilities at the Ward level.

4.19 Inefficient data management compromised data accuracy, transparency and accountability as well as timeliness in the bursary awards, resulting in exclusion of deserving applicants and multiple awards. It also made information retrieval and access difficult and created a risk of permanent information loss.

V. Inadequate Data on Access to Bursaries and Scholarships by Persons with Disabilities

4.20 Target 4.5 of the Sustainable Development Goal 4 requires the Government to ensure equal access to all levels of education and vocational training for Persons with Disability (PWDs) by 2030. Interviews with the Executive Bursary and Scholarship Coordination Committee and the eight (8) out of the thirteen (13) sampled Ward Bursary Committees indicated that they had established mechanisms to identify and award bursaries to learners living with disabilities. All the committees had a person with disability representative as a member, and prioritized persons with disabilities when awarding bursaries and scholarships.

4.21 However, review of the records revealed that bursary and scholarship beneficiary list did not capture the disability status of the applicants in all the eighty-five (85) wards in the County. In addition, interviews with eight (8) out of the thirteen (13) sampled Ward Bursary Committees revealed that there were no established initiatives to reach out, identify and vet applicants with cognitive or developmental disabilities but the focus was only on learners with visible physical disabilities.

4.22 Lack of data on bursary beneficiaries living with disabilities was attributed to failure by the County Executive Bursary and Scholarship Coordination Committee to prioritise establishment of adequate mechanisms to promote access of bursaries and scholarships by learners with disabilities. As a result, the audit was unable to assess the extent to which the program ensured access to basic education by learners with disabilities

VI. High Administrative Expenses

4.23 Regulation 197 (1) (d) of the Public Finance Management (County Governments) Regulations, 2015, stipulates that administration costs of a Fund shall be a maximum of 3% of the approved budget. Analysis of financial records established that in 2021/2022 and 2022/2023 financial years, the scholarships administrative expenses exceeded the 3% limit by Kshs.12,313,351, while in 2022/2023 and

2023/2024 financial years, the bursaries administrative expenses exceeded the limit by Kshs.19,041,000 as detailed in **Table 13**.

Table 13: Administrative Expenses

Category	Financial year	Approved Budget Allocation in (Kshs.)	3% Threshold	Actual Administrative Expenditure (Kshs.)	Amount by which the 3% Threshold was Exceeded
Scholarship	2021/2022	382,500,000	11,475,000	10,288,574	(1,186,426)
	2022/2023	382,500,000	11,475,000	24,974,777	13,499,777
	Sub-Total	**765,000,000**	**22,950,000**	**35,263,351**	**12,313,351**
Bursaries	2022/2023	257,500,000	7,725,000	12,750,000	5,025,000
	2023/2024	170,300,000	5,109,000	19,125,000	14,016,000
	Sub-Total	**427,800,000**	**12,834,000**	**31,875,000**	**19,041,000**
Grand Total		**1,192,800,000**	**35,784,000**	**67,138,351**	**31,354,351**

Source: Nairobi City County budgets & Nairobi ward bursary and scholarship beneficiary list

4.24 The Executive Bursary and Scholarship Coordination Committee did not provide data on bursaries administrative expenditures for the financial year 2023/2024, and the audit established that no disbursements were made in the financial year 2024/2025. The excess administrative expenditures were mostly attributed to high bank charges, printing of bursary application forms and payment voucher booklets, conference costs, and expenses related to the launch of bursaries and scholarships.

4.25 Based on the annual tuition fees approved by the State Department for Basic Education, the excess of expenditure of Kshs.31,354,351 could have paid full year school fees for learners in the three categories of Schools, as shown in **Table 14**.

Table 14: Number of Students Who Would Have Benefited from the Extra Administrative Expenses

Category of School	Standard Fee Approved Ministry of Education	Total Extra Administrative Expenses from 2021/2022-2024/2025 in (Kshs.)	Number of Students Who Would Have Benefited from the Extra Administrative Funds
National Schools	53,554	31,354,351	585
County Schools	40,535	31,354,351	774
Day Schools	22,244	31,354,351	1,411

Source: OAG analysis of the extra administrative expenses based on approved fee structure

VII. Lack of a Structured Grievance Redress Mechanism

4.26 The Public Sector Complaints Handling Guide, 2016 states that a complaint handling mechanism should be established in every public institution to ensure that complaints are accorded the necessary attention, to improve the delivery of services. Even where complaints are integrated into the service delivery process, there should be a designated section, office, or unit that bears the primary responsibility for the handling of complaints in the institution. It also underscores the need for all public institutions to establish delineated complaint-handling mechanisms that are part and parcel of service provision to the public.

4.27 However, while interviews with members of the Executive Bursary and Scholarship Co-ordination Committee and Ward Bursary Committees indicated that complaints from dissatisfied applicants were resolved, there was limited evidence to support the reporting and resolution of grievances. For instance, only the Huruma Ward Bursary Committee, out of the thirteen (13) sampled Ward Committees, and the Executive Committee provided documentary evidence of lodged and resolved complaints. The Ward Committees' responses regarding complaint handling are summarized in **Table 15.**

Table 15: Handling of Bursary and Scholarship Related Complaints

Ward	Response Provided by the Ward Bursary Committees
Umoja 1, Kariobangi South, Huruma, Kasarani and Zimmerman and Komarock	Received and recorded complaints but did not have records to show what resolutions were made.
Kayole and Kiamaiko	Received and addressed complaints informally. Did not document complaints.

Source: OAG analysis of interview minutes

4.28 Lack of a structured grievance redress mechanism was attributed to the absence of a formal policy or operational guideline by the Executive Committee defining the procedures for handling and documenting complaints. As a result, transparency and accountability were undermined in the administration of bursary and scholarship funds, as there was limited verifiable record of how complaints were handled or resolved.

VIII. Inefficient Mode of Bursary and Scholarship Disbursement

4.29 Section 45 of the Public Finance Management – Nairobi City County Bursary and Scholarship Guidelines (November 2021) requires Ward Bursary Committees to examine and verify all cheques issued by the programme administrator to ensure accuracy, completeness, and compliance with established procedures. In addition, best practice requires that Bursary payments shall be remitted directly to the respective education institutions through efficient means.

4.30 Interviews conducted with the Executive Bursary and Scholarship Coordination Committee members indicated that the County had opted for the Electronic Funds Transfer as the preferred mode of payment, citing its efficiency, reduced administrative burden, and lower risks associated with manual cheque handling. However, analysis of banks statements for the period under review established that cheque payments continued to be used as a mode of payment.

4.31 Review of sampled bank statements for the four (4) financial years under review (2021/2022 to 2024/2025) revealed unpaid Electronic Fund Transfers and cheques amounting to Kshs.2,269,585 and Kshs.1,475,000, respectively, during the financial year 2021/2022. In addition, the Fund incurred additional costs of Kshs.800,000 related to the unpaid cheque transactions, as shown in **Table 16[3].**

Table 16: Commissions and Unpaid Electronic Funds Transfer and Cheques

Item	Amount (Kshs.)
Financial year	**2021–2022**
Total Amount of Unpaid Electronic Fund Transfer	2,269,585
Total Amount of Unpaid Cheques	1,475,000
Total Amount of Commissions on Unpaid Cheques	800,000
Total	**4,544,585.00**

Source: OAG analysis of Nairobi City County Bank Statement for Financial year 2021/2022

4.32 The inefficiencies in funds disbursement through Electronic Funds Transfer were attributed to errors occurring during voucher processing. Further, cheques were deposited with insufficient funds in the bursary or scholarship accounts, resulting in missed payments and resultant bank charges.

[3] The detailed list is bulky and can be availed in soft copy upon request

4.33 Based on the annual tuition fees approved by the State Department for Basic Education, the delayed remittance could have affected learning for learners in National schools, County schools, or in Day Secondary Schools, in one (1) academic year, as shown in **Table 17**.

Table 17: Number of Students affected by Commissions and Unpaid Electronic Funds Transfer and Cheques

Category of School	Standard Fee Charged as Per Ministry of Education (Kshs.)	Total Commission Bank Charges, and Unpaid EFTs and Cheques (Kshs.)	Number of Affected Students from Commissions, Bank Charges and Unpaid EFTs and Cheques (Kshs.)
National Schools	53,554	4,544,585	85
County Schools	40,535	4,544,585	112
Day Schools	22,244	4,544,585	204

Source: OAG analysis of total bank charges based on approved fee structure

IX. Inadequate Acknowledgement of Bursary and Scholarship Payments

4.34 Best practice requires the Executive Bursary and Scholarship Coordination Committee to receive confirmation of the school fee amounts paid to beneficiary institutions to ensure proper accountability of the funds. Review of financial records for the financial years 2022/2023 and 2023/2024 revealed that the County disbursed bursaries and scholarships totalling to Kshs.714,050,000 and Kshs.956,250,000 respectively. However, only Kshs.36,415,901, representing 4% of the total funds disbursed, was acknowledged by the learning institutions. It was also noted that some learning institutions that had acknowledged receipt of funds did not indicate the amount received.

4.35 Inadequate acknowledgement was attributed to inadequate monitoring and a failure by the Executive Bursary and Scholarship Coordination Committee to follow up with learning institutions. The accountability over bursary and scholarship disbursements was undermined, increasing the risk of diversion and misappropriation of funds. Consequently, the intended beneficiaries may not have fully benefited from the bursary allocations as learners could have been incorrectly recorded as having fee arrears despite bursary payments having been made on their behalf, exposing them to penalties such as exclusion from classes, or other school activities.

X. Inadequate Monitoring of the Bursary and Scholarship Programme

4.36 Section 129(1) of the Public Finance Management (County Governments) regulation requires the County Executive Committee Member responsible for matters relating to planning to prescribe a framework for monitoring and reporting on non-financial performance for use by accounting officers in evaluation of programmes and projects by measuring the financial indicators that capture expenditures on the implementation of programmes and projects, and outputs indicators which measure what is directly supplied through the implementation of the programmes and projects; and outcome or results indicators of the programme or projects which capture the expected effects on intended beneficiaries of the programme or project.

4.37 Review of records established that the Executive Bursary and Scholarship Coordination Committee conducted monitoring and evaluation visits to beneficiaries in selected learning institutions spread across forty-two (42) counties between 10 and 14 August, 2023. The objective of the exercise was to verify the physical existence of scholarship beneficiaries and to confirm receipt of funds.

4.38 During the exercise, several gaps were identified, including: delays in the collection of scholarship vouchers by parents or guardians; funds disbursed to schools without learner details (such as admission numbers and names); parents paying fees despite learners being entitled to the scholarships; multiple allocations to beneficiaries; delays in fund disbursement; and difficulties in accessing schools due to harsh terrain. However, the implementation of the recommendations from the exercise did not seem to have been enforced as no data was provided for review.

4.39 Further, interviews with members of the Ward Bursary Committees in eight (8) out of the thirteen (13) sampled wards revealed that they did not conduct monitoring and evaluation exercises for various reasons, including lack of guidelines for monitoring bursaries and lack of facilitation to conduct the exercises, as indicated in **Table 18.**

Table 18: Reasons for Lack of Formal Monitoring of Bursaries

Ward Bursary Committee	Reasons Provided
Komarock, Umoja 1, Kayole, Zimmerman	The guidelines did not provide for monitoring of bursaries.
Komarock, Umoja 1, Kariobangi South, Kayole Kiamaiko, Huruma, Kasarani, Zimmerman	The Committees were not facilitated to conduct monitoring.
Kariobangi South	Long distance involved in covering beneficiaries' schools for monitoring purpose.
Kasarani	The Ward Committee was not aware of its responsibility to monitor disbursed bursaries.

Source: OAG analysis of interview minutes

4.40 Inadequate monitoring was attributed to lack of a standardized framework for monitoring, follow-up and reporting on the implementation of the Programme at the Ward levels. In addition, the existing bursary guidelines did not provide a framework for monitoring and evaluation of the bursaries and scholarships.

4.41 The inadequate monitoring and evaluation hindered the Committee's ability to enhance Programme effectiveness, preventing the timely identification of gaps and the prompt implementation of corrective measures.

Other Finding

XI. Doubt in Continued Provision of Bursaries and Scholarships to Learners in National Government Institutions

4.42 The Fourth Schedule of the Constitution of Kenya on distribution of functions between the National Government and the county governments gives the counties the powers and functions for pre-primary education, village polytechnics, homecraft centres and childcare facilities. Further, Section 26 of the Intergovernmental Relations Act, Cap.265F requires that transfers or delegation of powers, functions, or competencies between National and County Governments to be by a written agreement.

4.43 The audit revealed that Nairobi City County Government disbursed bursaries and scholarships to secondary schools, universities, and colleges, which were outside their mandate. Analysis of lists of beneficiaries revealed that the highest allocation was to secondary schools at 88.26%, 93.82%, and 87.42% from financial years 2021/2022, 22/2023 and 2023/2024 respectively. Learners in vocational institutions were only awarded 0.49%, 0.43%, and 0.97% over the same period, as shown in **Table 19.**

Table 19: Disbursement of Funds to the Various Beneficiary Institutions During the Financial Years 2021/2022 to 2023/2024

Financial year	Category of Institution	Amount (Kshs.)	Number of Students	Percentage Disbursement Per Institution
2021-2022	Secondary Schools	369,408,631	58,890	88.26%
	Universities	615,000	53	0.15%
	Colleges	8,722,000	1178	2.10%
	Vocational Training Centres	2,030,500	218	0.49%
	Others	37,728,300	5164	9.00%
Total		**418,504,431**	**65,503**	
2022-2023	Secondary Schools	471,775,951	67,292	93.82%
	Universities	175,000	28	0.03%
	Colleges	13,188,000	2015	2.62%
	Vocational Training Centres	2,203,000	241	0.43%
	Others	15,478,000	2688	3.10%
Total		**502,819,951**	**72,264**	
2023/2024	Secondary Schools	316,765,500	60,386	87.42%
	Universities	383,000	49	0.11%
	Colleges	8,170,000	1,219	2.25%
	Vocational Training Centres	3,532,200	331	0.97%
	Others	33,490,500	5862	9.24%
Total		**362,341,200**	**67,847**	

Source: OAG analysis of list of beneficiaries

4.44 The provision of bursaries and scholarships to learners in National Government institutions was threatened by lack of an intergovernmental partnership agreement that meets the prescribed legal and procedural requirements. This led to suspension of approvals of requests for withdrawals of bursary and scholarship funds from Nairobi City County Government by the Controller of Budget in the Financial Year 2024/2025. Consequently, review of seventeen (17) sampled scholarship beneficiaries fee statements from Aquinas High School and Muhuri Muchiri Secondary School revealed accumulation of fee balances equivalent to more than annual school fees. The particulars of the beneficiaries are detailed in **Appendix 2.**

4.45 In addition, the City County resources were misapplied at the expense of learners in institutions that fall under devolved functions, such as pre-primary education, village polytechnics, homecraft centres, and childcare facilities.

Chapter 5: Conclusion

5.1 The Nairobi City County Government made efforts to implement the Bursary and Scholarship Programme to support learners in accessing education. However, the audit identified gaps that affected the effectiveness, efficiency, economy and equity of the Programme. The Programme has not ensured adequate allocation of bursaries and scholarships, as awards were made without assessment of applicants' financial needs and vulnerability. Weak data management and expenditure control systems, inadequate collaboration and co-ordination with other bursary providers, and unstructured grievance handling mechanisms, hindered evidence-based decision-making, equity, accountability and transparency in the bursary and scholarship application and award.

5.2 Nairobi City County Government has not ensured timely disbursement of bursary and scholarship funds as there were inefficiencies in the disbursement processes, weaknesses in monitoring and evaluation to ensure timely submission of acknowledgements of receipt of funds by the learning institutions. In addition, delay in execution of an Intergovernmental Partnership Agreement between the City County and the National Government undermined accountability and reduced the efficiency of programme implementation.

Chapter 6: Recommendations

6.1 Based on the findings and conclusion of the audit, the following recommendations are proposed for implementation by the Nairobi City County and key stakeholders, to improve the provision of bursaries and scholarships to needy learners: -

6.2 To ensure adequate allocation of bursaries and scholarships, the Nairobi City County Executive Bursary and Scholarship Co-ordination Committee should:

a) Strengthen its oversight of Ward-level verification of application forms, vetting of applicants, and implement regular reporting mechanisms by the Ward Committees;
b) In collaboration with the Ward Bursary Committees, develop a formal Needs Assessment Tool that assigns points based on specific, verifiable criteria such as family status, household income, and special circumstances;
c) Set bursary and scholarship award limits or a percentage of the fee balance to eliminate inconsistencies in decision-making across the Wards, minimize instances of spreading the funds thinly and ensure alignment with the fee structures approved by the State Department for Basic Education.

6.3 To prevent multiple allocation of bursaries and scholarships to single beneficiaries, the Nairobi City County Executive Bursary and Scholarship Co-ordination Committee should:

a) Develop and implement a comprehensive system capable of integrating all beneficiary data, establish a co-ordination framework to enhance information sharing and joint planning with other public bursary and scholarship providers, and promote collaboration between Ward Bursary Committees, through information and data sharing during administration of the bursaries and scholarships funds.
b) In collaboration with the Ministry of Education, and Parliament, develop a multi-agency collaboration framework for public bursary providers and consider establishing a centralized bursary issuance and administration system for all bursary providers.

6.4 To address inefficiencies in data management, the Nairobi City County Executive Bursary and Scholarship Co-ordination Committee should explore adoption of Information and Communication Technology by investing in appropriate systems to automate the bursary and scholarship processes. In addition, the Executive Committee should develop specific guidelines for the allocation of bursary and scholarship funds to learners with special needs to ensure inclusivity.

6.5 To reduce the high administrative expenses, the City County should strengthen oversight and fully transition to using Electronic Funds Transfer for funds disbursement.

6.6 To ensure a structured grievance redress mechanism, the City County Executive Bursary and Scholarship Co-ordination Committee should develop and implement a grievance redress policy and accompanying Standard Operating Procedures to guide the receipt, handling, documentation, and resolution of complaints. Further, the Executive Committee should conduct public awareness outreach so that beneficiaries and applicants are informed of available grievance channels.

6.7 To ensure efficiency in the mode of disbursement of funds to the learning institutions, the Executive Committee should explore adoption of technology to integrate electronic transfer of beneficiary funds to learning institutions by leveraging existing platforms like the Kenya Education Management Information System, and the Integrated Financial Management Information System.

6.8 To ensure adequate monitoring and acknowledgement of disbursements, the Nairobi City County Executive Bursary and Scholarship Co-ordination Committee should fast track the procurement of an integrated system, featuring a monitoring interface for enhanced oversight. In addition, the Executive Committee must proactively conduct continuous follow-ups with learning institutions to verify funds receipt. Finally, the Executive Committee should leverage technology by utilizing email, SharePoint or other digital platforms for efficient transmission and storage of acknowledgment letters and receipts from learning institutions.

6.9 To legally undertake the bursary and scholarship programme to learners in institutions under the National Government, the Executive Committee should design and complete a formal intergovernmental transfer process and secure approval through gazettement by both the National Assembly and the County Assembly.

Appendices

Appendix 1: Students Awarded Multiple Bursaries and Scholarship during the Academic Year 2023 and 2024

No.	Students Admission Number	Number of Bursaries and Scholarships Awarded	Amount of School Fees Overpayment (Kshs.)
1.	2x2x9	2	25,994
2.	8xx8	4	12,500
3.	7xx7	3	12,000
4.	7xx1	2	11,000
5.	8xx1	2	10,500
6.	7xx3	2	9,000
7.	8xx2	2	8,600
8.	8xx9	2	7,000
9.	8xx9	4	6,500
10.	7xx9	2	6,000
11.	7xx6	3	6,000
12.	8xx9	2	6,000
13.	8xx7	2	5,500
14.	7xx5	2	5,500
15.	8xx8	2	5,000
16.	8xx1	2	5,000
17.	8xx0	2	5,000
18.	8xx5	2	4,000
19.	8xx8	2	3,000
20.	8xx9	3	2,700
21.	8xx5	2	2,550
22.	8xx4	3	2,500
23.	8xx5	2	2,050
24.	8xx0	2	2,000
25.	7xx3	2	2,000
26.	8xx2	3	2,000
27.	7xx3	2	2,000
28.	8xx9	2	2,000
29.	8xx8	2	2,000
30.	7xx6	2	1,300
31.	8xx5	2	1,000
32.	8xx5	2	700
33.	2xx71	2	192
34.	2xx46	2	0
35.	2xx26	3	0
36.	2xx99	7	0

No.	Students Admission Number	Number of Bursaries and Scholarships Awarded	Amount of School Fees Overpayment (Kshs.)
37.	2xx84	2	0
38.	2xx41	5	0
39.	2xx86	6	0
40.	8xx0	2	0
41.	7xx3	2	0
42.	7xx0	2	0
43.	7xx1	2	0
	Total		**179,086**

Appendix 2: Accumulated Fee Arrears of Scholarship Beneficiaries not Funded in FY 2024/2025

No.	Student Admission Number	Amount of Scholarship Disbursed in 2024 (Kshs.)	Fee Balance as at 2025 Third Term (Kshs.)
1.	4XX2	35,000	120,147
2.	4XX5	35,000	96,729
3.	2XX95	35,000	91,108
4.	4XX2	35,000	88,729
5.	2XX26	35,000	78,102
6.	2XX87	35,000	66,538
7.	2XX73	35,000	65,121
8.	25X41	35,000	59,108
9.	2XX84	35,000	58,608
10.	2XX93	35,000	56,608
11.	4XX1	35,000	40,972
12.	2XX58	35,000	37,608
13.	4XX7	35,000	37,147
14.	2XX99	35,000	35,608
15.	2XX00	35,000	34,289
16.	2XX92	35,000	14,754
17.	2XX86	35,000	5,276

Appendix 3: Management Response on Audit Findings

No.	Audit Findings	Management Response	OAG's Comments
1.	Inadequate Identification of Needy Learners **(Paragraph 4.3-4.9)**	The Management has noted the gaps occasioned by Ward Bursary Committees that fail to flag and ensure applicants present duly filled forms. To address this, the Department will enhance the standardized beneficiary vetting framework incorporating clear socio-economic criteria, including orphanhood status, disability, household income levels, and enrolment in social protection programmes. Verification will be conducted in collaboration with Ward Administrators, Chiefs, and relevant social services officers. A structured scoring tool will be introduced to enhance objectivity and transparency in the selection process.	The Office acknowledge the response on the intended action by The Executive Bursary and Scholarship Co-ordination Committee. This will be verified through a follow up audit. The finding remains as reported.
2.	Inadequate Allocation and Award of Bursaries **(Paragraph 4.10-4.13)**	The Ward Bursary Committees have focused on equality rather than equity. This has been informed by the need to reach out to as many applicants as possible. The Management is developing new guidelines that will ensure strict selection of the neediest leaners.	The Office acknowledges the response. The Executive Committee's commitment to developing new guidelines that will ensure strict selection of the neediest leaners will be verified during a follow up audit. The finding remains as reported.
3.	Multiple Allocation of Bursaries and Scholarships to Single Beneficiaries	Double payment - Parents apply for Ward bursaries when they are under scholarship as well to cover for the excess fees charged by schools other	The Office acknowledge the response but there is no clear response on what the County

No.	Audit Findings	Management Response	OAG's Comments
	(Paragraph 4.14-4.17)	than the Government approved fees. For instance, the government approved Kshs. 53,554 fees for all National schools' and Extra County and County schools in Nairobi while there are other charges which creates a deficit to be paid by parents. Given that most of the students under scholarship come from vulnerable families, parents resort to alternative sources to cover up the fees. Example of the extra charges in most schools are; Development levies, Remedial levies, and Motivational levies. On the other hand, Ward duplicate payments arises where parents or guardians apply for bursary consideration in different Wards to meet the school fees deficit.	will do to avert multiple allocations. The finding remains as reported.
4.	Inefficient Bursary and Scholarship Data Management System **(Paragraph 4.18-4.21)**	The Management has noted this challenge and engagements with the ICT sector have commenced to carry out a feasibility study on the right data management system and the associate costs to inform the budgeting process.	The Office acknowledges the Executive Bursary and Scholarship Co-ordination Committee's commitment to establish the right data management system. The Office will verify the implementation of the system through a follow up audit. The finding remains as reported.
5.	Lack of Data on Access to Bursaries and Scholarships by Persons with Disabilities	The Management has noted this observation and measures to ensure learners with disabilities benefit	The measures put in place will be evaluated during a follow-up audit.

No.	Audit Findings	Management Response	OAG's Comments
	(Paragraph 4.22-4.25)	significantly from the Programme will be put in place.	The finding remains as reported.
6.	High Administrative Expenses **(Paragraph 4.26-4.29)**	Management notes that administrative costs were influenced by logistics, verification exercises, committee sittings, and documentation processes. To address this, the Department is working on cost-containment measures including digitization of processes, consolidation of verification activities, and rationalization of committee sittings. Administrative expenditure ceilings will be enforced in line with the Nairobi City County Bursary & Scholarship Guidelines and Public Finance Management Act.	The Office acknowledge the response. The efforts being made by the Department on cost-containment will be evaluated during a follow-up audit. The finding remains as reported.
7.	Lack of a Structured Grievance Redress Mechanism **(Paragraph 4.30-4.32)**	Management acknowledges the absence of a formalized grievance mechanism. A structured Grievance Redress Framework is being developed, including clear complaint submission channels (physical, email, and mobile phone numbers), defined timelines for resolution, and an appeals process. A complaints register will be maintained at the County Chief Education Officer's office, and periodic reviews conducted to enhance efficiency.	The Office acknowledge the response and will verify the implementation of the structured Grievance Redress Framework through a follow up audit. The finding remains as reported.
8.	Inefficient Mode of Bursary Disbursement (**Paragraph 4.33-4.37)**	Management adopted a hybrid payment system (EFTs and Cheques). Cheque disbursement method led to delays in crediting beneficiary accounts.	The Office acknowledge the response. The efforts being made by the Executive Bursary and Scholarship Co-ordination Committee will be

No.	Audit Findings	Management Response	OAG's Comments
		Going forward, efforts are being made to disburse Ward bursary directly to learning institutions through Electronic Funds Transfer (EFT), accompanied by detailed beneficiary schedules. Payment timelines will be aligned with school calendars to minimize disruption to learners. For instance, in the Financial Year 2025/2026 funds for 6 wards were directly sent to institutions through EFT. The executive scholarship is fully disbursed through EFT method.	verified during a follow up audit. The finding remains as reported.
9.	Inadequate Acknowledgement of Bursary and Scholarship Payments **(Paragraph 4.38-4.39)**	Management acknowledges weaknesses in obtaining formal confirmations of receipt particularly from the Ward bursary beneficiaries. This is owed to the fact that ward bursaries are once off exercise making it quite expensive to follow up all the beneficiaries' returns. The Department institutes mandatory acknowledgement letters and official receipts from scholarship beneficiaries' institutions as proof of payment. Reconciliation processes is usually conducted every academic term to ensure funds are properly accounted for before any further disbursement.	The Office acknowledge the response. The finding remains as reported.
10.	Inadequate Monitoring and Bursary and Scholarship Fund **(Paragraph 4.40-4.45)**	Management notes that monitoring activities were limited due to resource constraints. This is in line with the aforementioned observation on high administration cost.	The Office acknowledge the response. A documented framework was not provided.

No.	Audit Findings	Management Response	OAG's Comments
		A structured Monitoring and Evaluation (M&E) framework is in place to track beneficiary retention, progression, and completion rates for the scholarship beneficiaries. Periodic field verification visits have been done though not frequent due budgetary constraints.	The finding remains as reported.
11.	Provision of Bursaries and Scholarships to Learners in National Government Institutions **(Paragraph 4.46-4.49)**	Management acknowledges the observation. While the intention was to support vulnerable learners irrespective of institutional category, clarity in mandate alignment is necessary. Nairobi County Government signed an MOU with the MoE in May 2025 and notified the Intergovernmental Relations Technical Committee (IGRTC), Nairobi County Assembly, the National Assembly and publicized the MoU in the Kenya Gazette Notice Issue Number Vol. CXXVII – No.219 in October 2025 in compliance with the constitutional requirements to perform the function. The Department will continuously review its bursary policy to ensure alignment with the County Government's legal mandate and intergovernmental frameworks.	The Office acknowledge the signed MOU with MoE in May 2025 and notification of the Intergovernmental Relations Technical Committee (IGRTC), Nairobi County Assembly, the National Assembly and publication of the MoU in the Kenya Gazette Notice Issue Number Vol. CXXVII – No.219 in October 2025 in compliance with the constitutional requirements to perform the function. The finding covers the 2021/2022 to 2023/2024 financial years, during which an Intergovernmental Partnership Agreement had not yet been executed. The finding therefore, remains as reported.
12.	Conclusion and Recommendations	The Management concurs with the audit recommendations and commits to strengthening governance, accountability, and efficiency in the administration of bursaries and scholarships.	The conclusion and recommendations remain as reported.

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