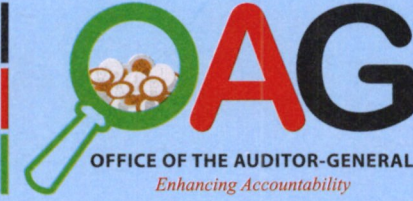


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

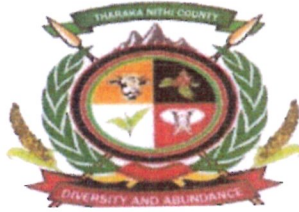
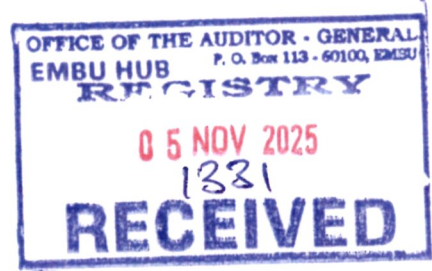
ON

**THARAKA NITHI COUNTY
BURSARY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Gen. Mubinda on behalf of Majority Leader
COMMITTEE	-
CLERK AT THE TABLE	Belinda

REPUBLIC OF KENYA



THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2025

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

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

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**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

1. Acronyms and Definition of Key Terms

(a) Acronyms

<i>CT</i>	<i>County Treasury</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>KSH</i>	<i>Kenya Shilling</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>TVETs</i>	<i>Technical and Vocational Educational Training Institutions</i>

(b) Definition of Key Terms

Fiduciary Management - The key management personnel who had financial responsibilities

Fund – Tharaka Nithi County Bursary Development Fund

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Tharaka Nithi County Bursary Development Fund is established by and derives its authority and accountability from Tharaka Nithi County Bursaries Fund Act, 2014. The Fund is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide assistance to needy and bright students in payment of school fees.

c) The Bursaries Management Board

Ref	Name	Position
1	Gibson Kithinji	Chairman
2	Dickson Kinyua Nyaga	Member
3	John Mwiricia Kiruja	Member
4	Grace Karegi	Member
5	Joseph Mutegi	Co-opted Member
6	Jonathan Mwiti Nyaga	Fund Administrator

d) Fiduciary Management

Ref	Name	Position
1	Jonathan Mwiti Nyaga	CO Education / Administrator
2	Dorothy I.K Naivasha	CEC Education and Vocational Training
3	Stephen Mitugo	Director Education
4	CPA Nduati E.K.	Director Accounting Services

e) Fiduciary Oversight Arrangement

- The Senate
- Tharaka Nithi County Assembly
- The Controller of Budget
- The Auditor General
- Internal Audit Committee

f) Registered Offices and Contacts

Tharaka Nithi County Bursary Development Fund
County Headquarters Building
Kathwana Town
P.O. Box 10-60406
KATHWANA

**Tharaka Nithi County Bursary Development Fund
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For the Year Ended 30 June, 2025**

g) Tharaka Nithi County Bursary Development Fund Contacts

Telephone: 0723 806556

E-mail treasury@tharakanithi.go.ke

Website: www.tharakanithicounty.go.ke

h) Tharaka Nithi County Bursary Development Fund Bankers

Family Bank

Chuka Branch

P.O. Box 60000 - 00400

CHUKA

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The County Attorney

County Government of Tharaka Nithi

P.O. Box 10 - 60406



KATHWANA

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

3. THE BURSARY FUND MANAGEMENT BOARD

	<p>Mr. Kithinji holds Bachelors of Education (Science) and Masters in Governance and Ethics from Mt. Kenya University. He has worked as secondary school teacher in various institution with over thirty years work experience.</p> <p>Year of Birth 1955</p>
<p>Gibson Kithinji Chairman</p>	<p>Mr. Mwiti is the County Chief Officer in charge of Education, and also the Bursary Fund Administrator He holds Bachelor of Education (Maseno University) He has over 5 years' experience in private and public sector administration having worked as NG Constituency Development Fund Manager 2018-2022</p> <p>Date of birth. 1992</p>
	<p>Rev. Kiruja holds a Certificate in Religious Studies from Nairobi University and Master's Degree in Theology (Korea) He has been serving as clergy for over forty years with Apostolic churches of Kenya</p> <p>Year of Birth 1949</p>
	<p>Mr. Nyaga holds A – Level Secondary School Certificate He has success careers with Kenya Army for serving for over twenty-five year</p> <p>Year of Birth. 1967</p>
	<p>Dickson Kinyua Nyaga Member</p>

**Tharaka Nithi County Bursary Development Fund
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For the Year Ended 30 June, 2025**

 <p>Cllr Grace Karegi Member</p>	<p>Councillor Karegi holds a Diploma in Computer Studies and Secondary School Certificate. She served as County Council Counsellor for three terms before retiring to her farming business.</p> <p>She is well versed with public administration matters with over twenty years in public service as elected leader Date of Birth. 1974</p>
 <p>Mr. Joseph Mutegi Member</p>	<p>Mr. Mutegi holds a Diploma in Special Education and Bachelor's Degree in Education (Arts) He has successful career as primary and secondary school teacher holding administrative positions for period spanning over thirty five years of service Date of Birth. 1968</p>

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p>Dorothy I.K Naivasha</p>	<p>Madam Dorothy is the County CEC Member for Education and Vocational Training.</p> <p>She holds a Degree in Economics from Kenyatta University and Diploma in Tax Administration from Kenya School of Revenue Administration.</p> <p>He has over 10 years experience in banking and public sector financial management.</p> <p>Date of Birth. 1988</p>
 <p>Jonathan Mwiti Nyaga</p>	<p>Mr. Mwiti is the County Chief Officer in charge of Education, and also the Bursary Fund Administrator</p> <p>He holds Bachelor of Education (Maseno University)</p> <p>He has over 5 years' experience in private and public sector administration having worked as NG Constituency Development Fund Manager 2018-2022</p> <p>Date of birth. 1992</p>
 <p>CPA, CS Nduati E.K.</p>	<p>CPA, CS Nduati (PhD) is the County Director - Accounting Services.</p> <p>He is professional Accountant and member of ICPAK (No. 6720) and Certified Secretary ICPSK (No. 2253)</p> <p>He holds Master's Degree in Finance (UoN) and B.A. Econ (UoN)</p> <p>He has over 12 years' experience working with Public Sector in Finance Management</p> <p>Date of birth 1980</p>

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

5. REPORT OF BURSARY COMMITTEE CHAIRPERSON

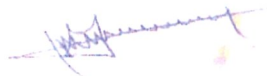
Tharaka Nithi County Bursary Development Fund is established in accordance to Tharaka Nithi County Bursary Fund, 2014 with objective of managing funds by the County Government towards support of needy and bright students in secondary and tertiary institutions.

During the year ended **30th June 2025** the Fund allocated an amount of Ksh. 32,673,289 to over Nine thousand beneficiaries. The funds allocated in the year under review related to budgetary allocation by the County during the FY 2023/24.

The County was not in position to transfer the budgetary allocation for the Financial Year 2024/2025 after the Controller of Budget issued directive for the County not to undertake national government roles of financing education. Hence, no new bursary awards were done in the current year.

I take this opportunity to thank His Excellency Governor Muthomi Njuki, Members of County Assembly, County employees and all stakeholders for the support accorded to Tharaka Nithi County Bursary Fund in its execution of its mandate.

Thank you very much and God bless Tharaka Nithi County



Gibson Kithinji
Chairman– Bursary Management Board

03rd July 2025

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

6. REPORT OF THE FUND ADMINISTRATOR

The Fund was formed pursuant to Tharaka Nithi County Bursaries Fund Act, 2014, to provide for resources to support needy and bright children in paying of school fees in secondary school and tertiary institutions.

The performance of the Fund during the period was as follows;

a. Income

Description	Budget Ksh	Actual Ksh.	Variance Ksh
Unspent Balance Brought Forward	200,253	200,253	-
Grant from County Government	64,000,000	34,000,000	(30,000,000)
Total Income	64,200,253	34,200,253	(30,000,000)


b. Expenditure

Particulars	Budget Ksh.	Actual Ksh.	Variance Ksh
School Bursaries	62,300,253	32,673,289	(29,626,964)
Use of Goods and Services	1,900,000	1,060,431	(839,569)
Total	64,200,253	33,733,720	(30,476,533)

The Fund proposes to supplement grant from the County Government by approaching several stakeholders such as business community, financial institutions and civil society to extend financial support in order to enable the Fund offer more financial support to more-needy cases.

Following directive by the Controller of Budget for Counties to enter into participation agreement with Ministry of Education. The directive adversely affected disbursement of additional fund by the County executive and hence no allocation has been made from current year's budget.

I take this opportunity to appreciate H.E. The Governor, Members of County Assembly, Bursary Fund Committee, Management Team and ward committees for your commitment and immense support accorded to the fund.

Signed: 
Jonathan Mwiti Nyaga
Bursary Fund Administrator

03rd July 2025

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

7. STATEMENT OF PERFORMANCE AGAINST THE FUND'S PREDETERMINED OBJECTIVES

During the previous financial year 2023/2024, the Tharaka Nithi County Government had allocated amount of Ksh. 34,000,000 (Thirty Million) as grants to Tharaka Nithi County Bursary Development Fund. The funds were transferred on 04th July 2024. In addition, the county has allocated further Ksh. 30,000,000 transferable in the current financial year 2024/2025.

The Fund is developing a strategy to support more-needy students in the coming years. The proposal is to move from bursary system but provide full scholarship for needy students both at secondary and university level.

To Fund has ensured the process of application, evaluation and award of bursaries is done in an open and transparent manner that gives all needy students equal opportunity, without any discrimination. The amount awarded is determined by availability of funds and student's school fees balance.

The Fund intends to collaborate with other religious based and Non-governmental organization to support the effort by the county government on supporting the huge number of needy cases that are not adequately catered for by the Fund.

During the period under review, total number of 9,261 students benefited from Ksh. 32,673,289 bursaries paid by the Fund. The Fund targets to support at least 15,000 bright and needy students in both secondary in future.

The County was not in position to transfer the budgetary allocation for the Financial Year 2024/2025 after the Controller of Budget issued directive for the County not to undertake national government roles of financing education. Hence, no new bursary awards were done in the current year.

Program	Objective	Outcome	Indicator	Performance
Provision of school bursary to need and bright students	Ensure the needy students are not denied right to education	Number of beneficiary students	% of successful applicants	During FY 2024/25 total of 9,261 students benefitted

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

8. STATEMENT OF CORPORATE GOVERNANCE

The Fund strategic leadership led by Bursaries Management Board established in accordance to Tharaka Nithi County Bursaries Act, 2014 Section 7, while the Management Team helps in coordinating the activities of the Fund.

The Bursaries Management Board consist of the following persons appointed by the Governor with the approval of the County Assembly-

- Chairman;
- Administrator / Chief Officer; and
- such other persons not more than three

The members of the Board other than the Secretary and persons appointed under subsection 1(c) members shall hold office for a period of three consecutive Periods and may be eligible for re-appointment for another term.

Meetings of the Board

The Chairman shall preside at all the meetings of the Board unless he is absent from a particular meeting in which case the members present shall elect one of themselves to preside at that particular meeting or part thereof.

The Board shall meet at least, three times per Period but the Chairman shall, upon requisition in writing by at least four members, convene a special meeting of the Board at any time. During the year ended 30th June 2025 the board held three (3) meetings with all members present.

Establishment of Committees

There is established Ward Bursaries Committee in each Ward

Members of the Committee

The Committee shall consist of-

- Ward Administrator who shall be the Chairperson;
- A person representing religious community;
- Additional three members of the community, bearing into consideration gender balance, representation of the youth and persons with disability.

The persons under subsection (1) (b) –(d) shall be appointed by the Governor and with the approval of the County Assembly.

The members of the Committee shall hold office for a period of three consecutive year and may be eligible for re-appointment for another one term.

Application for Bursaries

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

Every student wishing to be considered for the grant of bursary shall make an application to the Committee in a prescribed form to be prepared by the Bursaries Management Board.

The Committee may accept or reject any application for a bursary. If the Committee accepts the application, it shall recommend to the Board to grant bursary to the eligible student.

If the Committee rejects the application, it shall notify the applicant such rejection in writing and the reasons thereof within two weeks upon making the decision.

Appeal to the Board

Any applicant aggrieved by the decision of the Committee may appeal to the Board within thirty days of the Committee's decision and the Board shall deliver a determination on the same within twenty one (21) days.

Board remuneration

Board members serve on are paid allowances as per stipulated rates set by Salaries and Remuneration Commission for their governance role and this maintains independence, avoids conflicts of interest and upholds public trust. Board members are only given a reimbursement of expenses like transport that have proper documentation.

Conflict of Interest

All board members are required to disclose any real or perceived conflicts of interest at the beginning of each meeting. The Bursary Fund has a conflict of interest policy that guides how such matters are managed to protect the integrity of board decisions. Members abstain from discussions or decisions where conflicts exist.

Induction and Training

New Board members undergo a structured induction program to familiarize them with the Funds operations, governance framework and their responsibilities. Continuous training is provided through workshops, seminars and conferences to enhance governance effectiveness.

Board and Member Performance.

Bursary Fund conducts annual evaluations of the Board's collective performance as well as individual member contributions. These assessments inform improvement strategies and personal development plans, ensuring the Board remains dynamic and results – driven.

Ethics and Conduct

The board subscribes to a strict code of ethics that promotes professionalism, accountability and integrity. Members are expected to uphold the highest ethical standards in all dealings, both within and outside the institution.

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Fund was formed pursuant to Tharaka Nithi County Bursaries Fund Act, 2014, to provide for resources to support needy and bright children in paying of school fees in secondary school and tertiary institutions.

The Fund has received 20,290 applications for bursary funds support through the ward administration offices. The application was subjected to vetting process and 9,261 applications were considered for award.

Due to high number of needy and bright students who had applied for bursary, the Fund approved and awarded bursary to secondary school students only.

The fund targets to offer financial support to all those coming from poor families in line with national government policy of 100% transition from primary to secondary education.

The County was not in position to transfer the budgetary allocation for the Financial Year 2024/2025 after the Controller of Budget issued directive for the County not to undertake national government roles of financing education. Hence, no new bursary awards were done in the current year.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Tharaka Nithi County Bursary Development Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, supporting needy students, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The Fund management has put plans for fund sustainability through support of needy and bright student in paying of school fees

2. Environmental Performance

To ensure environmental sustainability, the fund has endeavoured to apply eco-friendly operations that minimise harmful effect on the environment. The Fund has in its policy to conserve the environment through use of electronic documents rather than printed copies.

3. Employee Welfare

The Fund has not hired its own staff but obtain necessary human resources from the County Executive. The Fund has ensured the employees seconded by the County Executive are adequately facilitated and provided with conducive working environment.

4. Market Place Practices-

The Fund being a Public funded entity is governed by The Public Procurement and Disposal Act, 2015. The Fund has endeavoured to adhere to the requirement of the law in the process of procurement of goods and services.

The Fund does not condone any unethical and corrupt practices in dealing with its suppliers. The highest level of integrity is mandatory among its employees. The supplies are paid within stipulated time including the remittance of tax to Kenya Revenue Authority.

The advertisement for supply of goods and services is done through public notices and widely circulated local newspaper. All bidders are given equal opportunity whereas certain category of goods and services is reserved for Youth, Women and People with Disabilities.

5. Community Engagements-

The Fund has a robust engagement with the community through offering of school bursaries to needy and bright students.

The Fund in its entirety has its principal objective of providing school bursary to needy and bright students. Over 10,000 students have benefited from the Fund.

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

11. REPORT OF THE BURSARY FUND MANAGEMENT COMMITTEE

The Bursaries Management Committee hereby submit annual Report and Financial Statements for the year ended **30th June 2025**

11.1 Principal activities

The principal activity/mission/ mandate of the Fund is to provide assistance to needy and bright students in payment of school tuition fees

11.2 Performance

The results of the Fund for the year ended **30th June 2025** are set out on pages 1-5 of the Financial Statements.

11.3 Trustees

The members of the Bursaries Management Committee who served during the Period are shown on page iv. There were no changes in the Committee during the period under review.

11.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Gibson Kithinji
Chairman– Bursary Management Committee

Date: **03rd July 2025**

**Tharaka Nithi County Bursary Development Fund
Annual Report and Financial Statements
For the Year Ended 30 June, 2025**

12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167(1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Constitution, an Act of Parliament or County Legislation shall prepare annual report and financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board

The Administrator of Tharaka Nithi County Bursary Development Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at end of year ended **30th June, 2025**. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Tharaka Nithi County Bursary Development Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Tharaka Nithi County Bursary Development Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the year ended **30th June 2025**, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of Tharaka Nithi County Bursary Development Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Bursary Fund's financial statements were approved by the Committee on **03rd July, 2025** and signed on its behalf by:



**Jonathan Mwiti Nyaga
Fund Administrator**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THARAKA NITHI COUNTY BURSARY FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Tharaka Nithi County Bursary Fund set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tharaka Nithi County Bursary Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tharaka-Nithi County Bursaries Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matters

1. Underfunding of County Bursary Fund

As previously reported, the County Government failed to allocate funds to the County Bursary Development Fund during the year under review. The students' bursaries disbursed were in respect of the allocation made in the previous year.

Audit verification confirmed that the County Assembly appropriated an amount of Kshs.5,230,391,193 from ordinary revenue and transfers from the National Government. In accordance with the relevant County Bursary Fund legislation, 1.5% of this funding, equivalent to Kshs.78,455,868, ought to have been allocated to the Fund. However, no allocation was made in the year under review.

In the circumstances, the County Government was in breach of the law and the objective of ensuring sustainable and equitable financing of students' bursaries was not achieved.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.64,200,253 and Kshs.34,200,253 respectively resulting to an under-funding of Kshs.30,000,000 or 47% of the budget. Similarly, the Fund spent Kshs.33,729,720 against actual receipts of Kshs.34,200,253 resulting to an under-utilization of Kshs.470,553 or 1% of the actual receipts.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Prior Year Audit Matters

Review of the progress on follow up on prior year auditor's recommendations reveal that, an issue on underfunding of the Bursary Fund was raised under Lawfulness and Effectiveness in Use of Public Resources but remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding. However, the matter has recurred and has been reiterated as a substantial matter in the report under review.

Other Information

The Management is responsible for the Other Information set out on page i to xvi which comprise of Key Entity Information and Management, The Bursary Fund Management Board, Management Team, Report of Bursary Committee Chairperson, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Bursary Fund Management Committee, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregularities in Award of Bursaries

The Statement of Financial Performance reflects Students' Bursary amounting to Kshs.32,673,289 as disclosed in Note 11 to the financial statements. However, audit review revealed that an amount of Kshs.2,261,500 was awarded by the County Bursary Board to students in twenty-five (25) tertiary institutions within the County, contrary to Section 16. (b) of Tharaka Nithi County Bursary Fund Act, 2014 which states that ward bursary committee recommends to the board the grant and award of bursaries to eligible students the County Bursary Fund legislation.

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

2. Irregular Appointment and Composition of County Bursary Board

Review of the County Bursary Board documentation revealed that seven (7) Members were appointed as Members of the Board. However, two (2) of these Members were appointed as required by Section 8. (1) of Tharaka Nithi County Bursary Fund Act, 2014 by the County Executive Committee Member in charge of Finance and Economic Planning through a letter dated 4 May, 2023, Reference No. TCNCG/FIN/BUR/EDU/VOL1/1, instead of the Governor who is the Appointing Authority. Further, the total Board Membership was seven (7), which exceeded the stipulated five (5) Members provided for in the County legislation.

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

3. Failure to Develop Regulations for the Fund

As previously reported, the Board did not developed Regulations in respect to the fund. This is contrary to section 10 of Tharaka Nithi County Bursaries Fund Act, 2014 on functions of the Board.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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

Responsibilities of the Management and Fund Administrative Committee

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

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

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

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

Fund Administrative Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 November, 2025


**Tharaka Nithi County Bursary Development Fund
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**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th
JUNE, 2025**

	Note	2024/2025	2023/2024
		Ksh	Ksh
Revenue from Non-Exchange Transactions			
Transfers from the County Government	10	-	34,000,000
Total Revenue		-	34,000,000
Expenses			
School Bursaries	11	32,673,289	330,000
Use of Goods and Services	12	1,056,431	75,562
Total Expenses		33,729,720	405,562
Surplus/(Deficit) for the Year		(33,729,720)	33,594,438

The Notes to the financial statements set out on page 6 - 19 form an integral part of the financial statements. The Tharaka Nithi County Bursary Development Fund Financial Statements were approved on 03rd July 2025 and signed by:


Jonathan Mwitinyaga
Fund Administrator



CPA Nduati E.K
Director Accounting Services
ICPAK No. 6720


**Tharaka Nithi County Bursary Development Fund
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14. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE, 2025

	Note	2024/2025	2023/2024
		Ksh	Ksh
Assets:			
Current Assets			
Cash and Cash Equivalents	13	470,533	200,253
Account Receivable	14	-	34,000,000
Total Current Assets		470,533	34,200,253
Net Assets		470,533	34,200,253
Financing			
Accumulated Surplus and Reserves		34,200,253	605,815
Surplus / (Deficit) for the Year		(33,729,720)	33,594,438
Total Net Assets and Liabilities		470,533	34,200,253

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tharaka Nithi County Bursary Development Fund Financial Statements were approved on 03rd July 2025 and signed by:


Jonathan Mwiti Nyaga
Fund Administrator


CPA Nduati E.K
Director Accounting Services
ICPAK No. 6720

**Tharaka Nithi County Bursary Development Fund
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15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th JUNE, 2025

	Accumulated Surplus	Total
	Ksh.	Ksh.
Balance as at 01st July 2023	605,815	605,815
Surplus/(deficit) for the Year	33,594,438	33,594,438
Balance as at 30th June 2024	34,200,253	34,200,253
Balance as at 01st July 2024	34,200,253	34,200,253
Surplus / (deficit) for the Year	(33,729,720)	(33,729,720)
Balance as at 30th June 2025	470,533	470,533

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2025

	Note	2024/2025	2023/2024
		Ksh	Ksh
Cash Flows from Operating Activities			
Receipts			
Transfers from the County Government	10	0	34,000,000
Total Receipts		0	34,000,000
Payments			
Scholarship and Bursaries	11	32,673,289	330,000
Use of Goods and Services	12	1,056,431	75,562
Total Payments		33,729,720	405,562
Adjusted for:			
Decrease / (Increase) in Accounts Receivable	14	34,000,000	(34,000,000)
Increase / (Decrease) in Accounts Payable		-	-
Total Adjustment		34,000,000	(34,000,000)
Net Cash Flows from Operating Activities		270,280	(405,562)
Net Increase / (Decrease) in Cash and Cash Equivalents		270,280	(405,562)
Cash and Cash Equivalents at Beginning of the Year		200,253	605,815
Cash and Cash Equivalents at the End of Year	13	470,533	200,253

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2025

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% utilisation
	Ksh	Ksh	Ksh	Ksh	Ksh	
Revenue						
Unspent Balance Brought Forward	200,253	-	200,253	200,253	-	100%
Transfers from County Govt.	64,000,000	-	64,000,000	34,000,000	(30,000,000)	53%
Total Income	64,200,253	0	64,200,253	34,200,253	(30,000,000)	53%
Expenses						
School Bursaries	62,300,253	-	62,300,253	32,673,289	(29,626,964)	52%
Use of Goods and Services	1,900,000	-	1,900,000	1,056,431	(843,569)	56%
Total Expenditure	64,200,253	-	64,200,253	33,729,720	(30,470,533)	53%
Surplus / (Deficit)	0	-	-	470,533	470,533	

**Tharaka Nithi County Bursary Development Fund
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18. NOTES TO THE FINANCIAL STATEMENTS

Significant Accounting Policies

1. General Information

Tharaka Nithi County Bursary Development Fund is established by and derives its authority and accountability from Tharaka Nithi County Bursary Fund Act, 2014. The Fund is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya. The Fund's principal activity is to provide scholarship and bursary to bright and needy students

2. Statement of compliance and basis of preparation

The Bursary Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the Periods presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

Standard	Effective date and impact:
IPSAS 43 Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>Not relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>Not Relevant</i>
IPSAS 45- Property Plant	<i>Applicable 1st January 2025</i>

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Standard	Effective date and impact:
and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>Not Relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>Not Relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>Not Relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

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Standard	Effective date and impact:
	<i>Not Relevant</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>Not Relevant</i>

(i) Early adoption of standards

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

4. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each financial year.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue

5. Budget Information

The original budget for FY 2024/2025 was approved by the County Assembly on 18th June 2024. The was one budget revision to the approved budget in accordance with specific approvals from the appropriate authorities.

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The Bursary Fund budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

6. Property, Plant and Equipment

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

Intangible Assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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Notes to the Financial Statements (Continued)

Financial Instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Fund's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

7. Financial assets

Classification of Financial Assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method

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Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

8. Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

a) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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Notes to the Financial Statements (Continued)

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

b) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

c) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

d) Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**Tharaka Nithi County Bursary Development Fund
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Notes to the Financial Statements (Continued)

e) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements.

f) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

h) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

i) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

j) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

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Notes to the Financial Statements (Continued)

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

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

9. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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Notes to the Financial Statements (Continued)

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

10. Transfers from County Government

Description	2024/2025	2023/2024
	Ksh	Ksh
Grant Transfers from County Government	-	34,000,000
Total	-	34,000,000

11. School Bursaries and Scholarship

Description	2024/2025	2023/2024
	Ksh	Ksh
Student Bursaries	32,673,289	330,000
Total	32,673,289	330,000

12. Use of Goods and Services

Description	2024/2025	2023/2024
	Ksh	Ksh
Committee Allowances	964,450	-
Courier Services	55,050	54,340
Bank Charges	36,931	21,222
Total	1,056,431	75,562

13. Cash and Cash Equivalents

Description	Account Number	2024/2025	2023/2024
		Ksh	Ksh
Tharaka Nithi County Bursary Fund A/c	054000007524	470,533	200,253
Total cash and cash equivalents		470,533	200,253

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Notes to the Financial Statement (Continued)

14. Account Receivable

Description	2024/2025	2023/2024
	Ksh	Ksh
Transfer from County Government	-	34,000,000
Total	-	34,000,000

15. Cash Generated from Operations

	2024/2025	2023/2024
	Ksh	Ksh
Surplus/ (deficit) for the Year	(33,729,720)	33,594,438
Adjusted for:		
Working Capital adjustments	-	-
Increase in Account Receivables	34,000,000	(34,000,000)
Increase in Account Payables	-	-
Net cash flow from Operating Activities	270,280	(405,562)

16. Related Party Balances

a) Nature of related party relationships

Entities and other parties related to the Bursary Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government of Tharaka Nithi
- b) The County Government Ministry of Education, Sports, Youth and Culture
- c) Key management;
- d) Board of Trustees

b) Related party transactions

	2024/2025	2023/2024
	Ksh.	Ksh.
Transfers from County Government of Tharaka Nithi	-	34,000,000
Total Amount	-	34,000,000

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Notes to the Financial Statement (Continued)

17. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has no exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Tharaka Nithi County Bursary Fund's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Tharaka Nithi County Bursary Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Ksh.	Fully performing Ksh.	Past due Ksh.	Impaired Ksh.
At 30th June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	200,253	200,253	-	-
Total	200,253	200,253		
At 30th June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	470,533	470,533	-	-
Total	470,533	470,533	-	-

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Notes to the Financial Statement (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Tharaka Nithi County Bursary Development Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Tharaka Nithi County Bursary Development Fund has no significant concentration of credit risk.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Tharaka Nithi County Bursary Fund's short, medium and long-term funding and liquidity management requirements. The Tharaka Nithi County Bursary Development Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Ksh.	Ksh.	Ksh.	Ksh.
At 30th June 2024				
Account Payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Total	-	-	-	-
At 30th June 2025				
Account Payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Total	-	-	-	-

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Tharaka Nithi County Bursary Fund's exposure to market risks or the manner in which it manages and measures the risk.

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Notes to the Financial Statement (Continued)

c) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Tharaka Nithi County Bursary Development Fund capital structure comprises of the following funds:

	2024/2025	2023/2024
	Ksh.	Ksh.
Revolving Fund	-	-
Accumulated Surplus	470,533	34,200,253
Total Funds	470,533	34,200,253
Total Borrowings	-	-
Less: Cash And Bank Balances	470,533	200,253
Net Debt (Excess of Cash and Cash Equivalents)	-	-
Gearing	0%	0%

18. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

The entity is a County Public Fund established by Tharaka Nithi County Bursary Development Fund Act, 2014 under the docket of Education. Its ultimate parent is the County Government of Tharaka Nithi.

19. Currency

The financial statements are presented in Kenya Shilling (Ksh)

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20. APPENDICES


I. PROGRESS ON FOLLOW UP OF PRIO YEAR AUDITOR'S RECOMMENDATION

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved as per the Auditor General Report FY 2023/2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Underfunding of Bursary Fund	Audit Examination revealed that the county government allocated Ksh. 34,000,000 to the bursary fund during the financial year which was contrary to Section 5(1) of Tharaka Nithi County Bursaries Fund Act, 2014 which states that funds appropriated by the County Assembly to the Bursary Fund shall not be less than 1.5% of the county's ordinary revenue and transfers received from the National Government, in accordance with Article 202(1) and Article 203(2) of the Constitution. The audit confirmed that out of 1.5% of the county's ordinary revenue of Ksh. 4,180,107,685 a disbursement of Ksh. 62,701,615 ought to have been set aside for Bursary Fund. However, only an amount of Ksh. 34,000,000 was allocated to the bursary fund resulting in underfunding by Ksh. 28,701,615. Management has not	The Management takes note of the audit finding and admit on under-funding of the Bursary Fund. The low allocation of funds is due to inadequacy of resources available to the County that are hardly sufficient to adequately finance key essential services such provision of medical care and early childhood education. In addition, the County allocates grants to village polytechnics and construction of early Childhood Development Education (ECDE) classes which actually are the devolved function. The payment of bursary is only meant to supplement the	Not Resolved	30 th June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	explained why the balance was not disbursed to the Fund.	national government effort in ensuring the bright and needy students are not denied the right to education		
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.0 Failure to Develop Regulations in respect to the Fund	As previously reported, the Board did not develop regulations in respect to the Fund. This is contrary to Section 10 of the Tharaka Nithi County Bursaries Fund Act, 2014 which states that the functions of the Board shall include formulating sound policies for regulating the Management of the Fund, raising and soliciting for funds and other assistance to promote the functions of the Board and to set the criteria and conditions governing the granting of bursaries. In the circumstances, the management was in the breach of the law.	The Management takes note of the audit finding and wish to clarify that, the Act as enacted by the County is sufficient to adequately manage the Fund and therefore there has not been a need to develop a regulation. However, if in the event there are Sections of the Act, that might require provisions of a Regulations, then the Board will take necessary actions to enact the same	Not Resolved	30 th June 2025

Sign: 
 Tharaka Nithi Bursary Development Fund Administrator
 Date: 03rd July 2025

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I. INTER – FUNDS CONFIRMATION LETTER

Tharaka Nithi County Bursary Development Fund
P.O Box 10 – 60404
KATHWANA


The County Executive of Tharaka Nithi wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

CONFIRMATION OF AMOUNTS RECEIVED BY THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND AS AT 30TH JUNE 2025					
No.	Reference Number	Date Disbursed	Bursary Grant	Amount Received by Bursary Fund Ksh	Variance
1	FT24190VBJVH	04 th July 2024	10,000,000	10,000,000	Nil
2	FT24190CRWZP	04 th July 2024	10,000,000	10,000,000	Nil
3	FT24190WF777	08 th July 2024	14,000,000	14,000,000	Nil
Total			34,000,000	34,000,000	

The above amounts have been communicated to and reconciled with the County Government of Tharaka Nithi

Sign: 
Jonathan Mwiti Nyaga
Fund Administrator
Bursary Fund

Date: 03rd July 2025

Sign: 
Humphrey Gitonga Kinyua
Director Finance
County Government of Tharaka Nithi

Date: 03rd July 2025