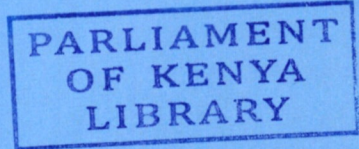
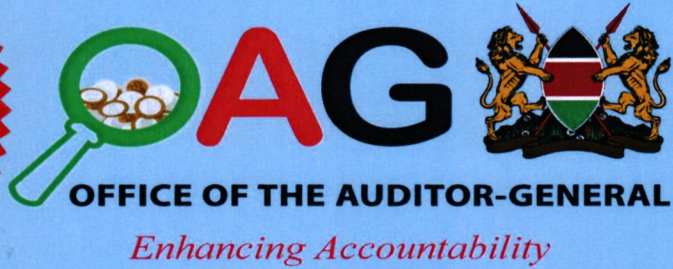


REPUBLIC OF KENYA



REPORT

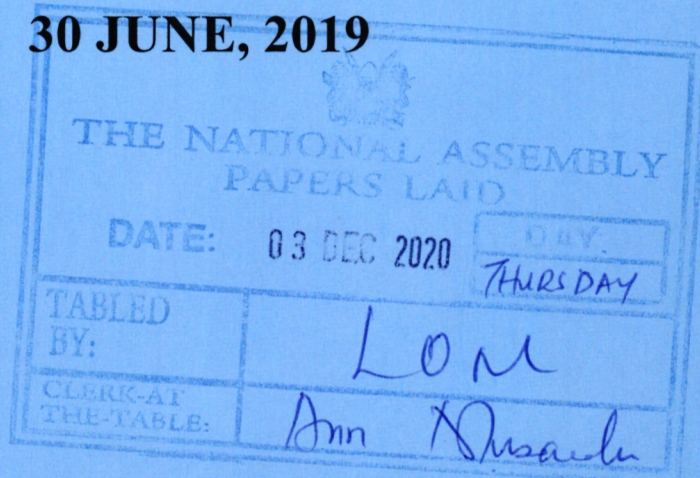
OF

THE AUDITOR-GENERAL

ON

HIGHER EDUCATION LOANS BOARD

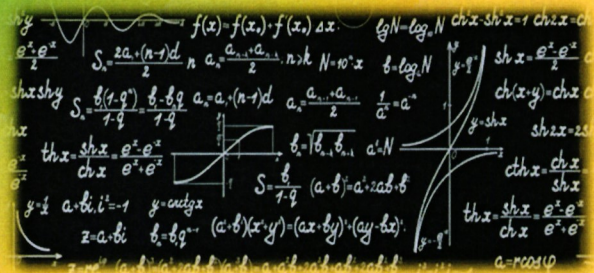
FOR THE YEAR ENDED
30 JUNE, 2019





03 JUN 2020

HIGHER EDUCATION LOANS BOARD
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 30 JUNE 2019



Contact: 0711052000, Email contactcentre@helb.co.ke Website: www.helb.co.ke

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

Empowering Dreams

HIGHER EDUCATION LOANS BOARD
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Higher Education Loans Board (HELB) is a statutory state corporation in the Ministry of Education established in July 1995 by an Act of Parliament 'Higher Education Loans Board Act' Cap 213A due to the need to create a sustainable higher education financing programme. The Board is domiciled and operates within the republic of Kenya. It is governed by Board Members and headed by the Chief Executive Officer and Board Secretary who is responsible for general policy and strategic direction of the Board and the Secretary to the Board. The aim of the Board is to provide competitive financing to all Kenyans pursuing higher education.

Mission

To provide sustainable finance to Kenyans pursuing Higher Education through mobilization & prudent management of resources

Vision

Universal financing for Kenyans pursuing higher education

Our Multi-Dimensional Purpose and Values



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(b) Principal Activities

As stipulated in the Higher Education Loans Act of 1995 the objective and the purpose for which the Board was established is “for the management of a fund to be used for granting loans to assist Kenyan students to obtain higher education at recognized institutions within and outside Kenya and for matters incidental thereto and connected there with”

The mandate of the Higher Education Loans Board as conceptualized remains:

- a) To source for funds to disburse to Kenyans pursuing Higher Education
- b) Disburse loans and bursaries to needy Kenyan students pursuing higher education
- c) Recover all outstanding university loans given to Kenyan students since 1974
- d) Establish a viable and sustainable revolving fund

Our Specific Mandates

Section six of the HELB Act states the functions of the Board as follows: -

a)	Formulate sound policies for regulating the management of the Fund;
b)	Solicit for funds and other assistance to promote the functions of the Board;
c)	Set the criteria and conditions governing the granting of loans including the rate of interest and recovery of loans;
d)	Receive any gift, donation, grants or endowments made to the Board, and to make legitimate disbursements there from;
e)	Establish and maintain links with other persons, bodies or organizations within or outside Kenya, as the Board may consider appropriate for the furtherance of its purposes for which the Board is established;
f)	Enter into contract with financial institutions for the purpose of loan disbursement and recovery;
g)	Grant loans out of the Fund either with or without security, as the Board may deem fit, to any eligible person to enable him or assist any student, to meet the cost of higher education;
h)	Determine the maximum number of eligible persons or students to be granted loans in any one particular year;
i)	Invest any surplus funds not currently required for the purpose of the Board in any investment authorized by law for investment of trust funds with power from time to time to vary or realize those investments;
j)	With the consent of the minister, to set up and expend such other funds as may from time to time be required;
k)	Receive and consider all loan applications from eligible persons or students wishing to be considered for the award of higher education loans, and to approve, withhold or reject such requests in accordance with the provisions of the Act;
l)	Borrow such monies from such sources and in such amounts as may be approved by the Minister with the concurrence of the Treasury and to secure such loans in such manner as they deem fit;
m)	Take insurance cover for risky loans such as death, incapacity or inability to pay, as the Board deems fit;
n)	Establish and award bursaries and scholarships which it may consider necessary for promotion of the objectives and functions of the Board;
o)	Perform any other functions relating to the granting of students’ loans in accordance with the provisions of the Act;
p)	Perform and exercise all other functions and powers conferred on the Board by this Act.

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(c) Key Management

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

1. Board Members
2. Chief Executive Officer
3. Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer & Board Secretary	Mr. Charles M. Ringera
2	Chief Finance Officer	Mr. Shem A. Gichimu
3	Chief Operations Officer	Mr. Geoffrey O. Monari
4	Chief Strategy and Customer Experience Officer	Mrs. Mary Wachira-Muchee
5	Chief Innovation and Technology Officer	Mr. Josphat K. Nzuki
6	Head of Human Resource & Administration	Mrs. Zipporah Onyoni
7	Head of Legal Services	Mrs. Bernadette N. Masinde
8	Head, Audit Risk Management and Compliance	Mr. Justus K. Mwangi
9	Head of Debt Management	Mr. Naftal Michira
10	Manager, Finance	Ms. Kerin Lidoroh
11	Manager, External Resources & Fund Management	Mr. James Gachari
12	Manager, Lending	Mr. Joseph Ndegwa
13	Manager, Corporate Communication & Customer	Ms. Wavinya Mung'ala
14	Asst. Manager, Procurement & Logistics	Mrs. Phyllis Kipruto

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(e) Fiduciary Oversight Arrangements

Board Committee Functions




Loans Disbursement and Recovery Committee	Finance, Staff & General-Purpose Committee	Audit, Risk Management and Compliance Committee
Functions	Functions	Functions
To formulate policies for sound management of loan disbursement and loan recovery processes;	To review and recommend approval of policies and conditions for sound management of the financial processes and operations;	Assist the Chief Executive Officer (CEO) in enhancing internal controls in order to improve efficiency, transparency and accountability in the management of HELB's resources;
To formulate policies for sound management of the scholarship facility.	To review and report to the Board on the annual audited accounts;	Examine internal and external audit reports and recommendations after management response to ensure action is taken;
To formulate and recommend for approval the criteria to be used in loan allocation/award;	To review and recommend approval of policies and conditions for sound management of HELB's property and financial investments;	Follow up to ensure positive action is taken to resolve unsettled and unimplemented Public Accounts and Public Investment Committees' (PAC/PIC) recommendations.
To formulate policies and conditions to guide the process of loan waivers.	To formulate policies and conditions for sound management of the HELB Human Resources;	Provide oversight on HELB risk management processes;
To submit to the Board quarterly reports on the activities of the Committee with regard to disbursement and recovery performance;	To formulate policies and conditions for sound management of the HELB Funds;	Enhance communication between Management, Internal and External Audit and fostering an effective internal audit function;
To review the Credit management and scholarship policy on a regular basis;	To formulate policies and conditions for sound management of the HELB ICT systems;	Any other duties set out in the Audit committee charter.
To hold meetings on a quarterly basis or as may need demands;	To submit to the Board quarterly reports on the activities of the Committee	
Provide oversight of the risk management framework for controlling credit risks arising from ongoing lending activities in both the undergraduate and postgraduate loan;		
Monitor the loan portfolio quality and, in particular arrears performance		
Perform any other function assigned by the Board		

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(f) HELB Headquarters and Registered Office

18th Floor, Anniversary Towers, University Way
P.O. Box 69489-00400
NAIROBI – KENYA

(g) HELB Contacts

Telephone: (020) 2278000
Cisco: 0711052000 Email: contactcentre@helb.co.ke
Website: www.helb.co.ke
 [Twitter.com/HELBpage](https://twitter.com/HELBpage)
 [Facebook.com/HELBpage](https://facebook.com/HELBpage)
 [Linkedin.com/higher-education-loans-board](https://linkedin.com/higher-education-loans-board)

(h) HELB Bankers

	BANK	BRANCH
1	Central Bank of Kenya	Haile Selassie Avenue
2	KCB Bank Limited	University Way Branch, Nairobi
3	Equity Bank Limited	Equity Centre Branch, Upperhill, Nairobi
4	Citi Bank N A Kenya Limited	Upperhill Branch, Nairobi
5	Standard Chartered Bank Kenya Limited	Koinange Street Branch, Nairobi
6	Co-operative Bank of Kenya Limited	University Way Branch, Nairobi
7	Barclays Bank of Kenya Limited	Business Centre, Barclays Plaza, Nairobi
8	Housing Finance Group	Koinange Street Branch, Nairobi
9	Family Bank Limited	Family Bank Towers Branch, Nairobi
10	SBM Bank (Kenya) Limited	Delta Branch, Westlands, Nairobi
11	Jamii Bora Bank Limited	Koinange Street Branch, Nairobi
12	NIC Bank Limited	Upperhill Branch, Nairobi
13	National Bank Limited	Harambee Branch, Nairobi

(i) Independent Auditors




Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
NAIROBI, KENYA

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112- 00200
NAIROBI, KENYA

HIGHER EDUCATION LOANS BOARD
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THE BOARD MEMBERS

Board Member	Key Qualifications and Experience
 <p>RHT Hon. Ekwee Ethuro Chairman of the Board</p>	<p>RHT Hon. Senator Ekwee Ethuro holds an MSc in Agriculture and Economics and a Bachelor of Science in Agriculture from the University of Nairobi. He is former Speaker of the Senate having been elected to this position on 28th March 2013. He served for three terms as a Member of Parliament for Turkana Central Constituency in 1997, 2002 and 2007. Senator Ethuro was the Chairman of the Constituency Development Fund Committee. He also served as an Assistant Minister in the Ministry of Planning and National Development from 2005 to 2007 and an Assistant Minister in the Ministry of Labour and Human Resource Development from 1998 to 2002.</p> <p>Appointed on 20th September 2018</p>
 <p>CPA Charles Ringera CEO- HELB</p>	<p>CPA Charles Ringera is the Chief Executive Officer of Higher Education Loans Board. He is a seasoned banker with over 23 years' experience gained at the Central Bank of Kenya, Kenya Deposit Insurance Corporation (KDIC), Cooperative Bank and KCB Group Plc specializing in Strategy, Risk Management, Governance, Compliance, Audit, Internal Controls, Corporate strategy formulation and Board dynamics. He holds a Bachelor of Science (Hons) Degree in Applied Accounting and an MBA in Strategic Management. He is a professional accountant, a member of ICPAK and a Fellow of the Association of Certified Chartered Accountants (FCCA) in good standing. He also holds an Advanced Diploma in Risk Management in Banking/Finance by KPMG Sweden.</p>
 <p>Prof. Mumo Kisau, Board Member</p>	<p>Prof. Mumo Kisau is the Vice-Chancellor of Scott Christian University. He was appointed to the Board on March 13, 2017 for a period of three years. Prof. Kisau has gained wide experience in leadership and management, having served in various positions including as a senior adviser at World Vision East Africa. He has also served as an Assistant Professor/Deputy Principal at Africa Leadership University. He holds a Doctor of Philosophy in Divinity (Aberdeen University) and Master of Divinity from Africa International University.</p> <p>Appointed on 20th September 2018 to represent the Kenya Association of Private Universities (KAPU)</p>

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Mrs. Jacqueline A. Mugo, Board Member

Jacqueline Mugo, EBS, MBS, OGW is the Executive Director and Chief Executive Officer of the Federation of Kenya Employers. She plays a strong leadership role in the continent and represents employers and the private sector at the regional and international level including the Governing Body of the International Labour Organization (ILO) and the International Organization of Employers (IOE), both based in Geneva, Switzerland, The ACP-EU Follow-up Committee in Brussels and several public sector boards in Kenya. She is an advocate of the High Court of Kenya. She holds a Bachelor of Laws (LLB, Hons) degree, from the University of Nairobi and a Higher Diploma in Human Resource Management from the Institute of Personnel Management and is also a graduate of Kenya School of Law. She has over 30 years' experience acquired from serving in the public and private sector covering legal, human resource management, governance, advocacy and leadership

Appointed on 15th February 2016.



Mr. Ezra Magati, Board Member
Alternate to the Permanent Secretary, State
Department of University Education and
Research

Mr. Ezra Magati is currently the Alternate to the Permanent Secretary, State Department of University Education and Research. He holds a Bachelor of Commerce, and Master of Commerce, Business Administration from Mohan Lal Sukhadia, India. He worked as a senior finance officer in the former Local Government Ministry for 15 years until 2006 and later in the EAC, Commerce and Tourism, Trade Ministries. He is currently in the Ministry of Education, state department for university education.



Mr. Charles Onami Maranga, Board Member

Mr. Charles Maranga holds BA (Hons) Sociology and Government (University of Nairobi) Kenya and MSC Business Studies – HR Option (University of Salford) United Kingdom. Charles has over 25 years' experience in Human Resource Management. He has worked as Director HR in KCB and CBK; Head of Human Resources Barclays and Kenya Airways and is currently the CEO/Managing Partner-Human Capital Consultancy LTD (HCMC).

Appointed on 15th February 2016 as an independent board member.

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**Ms. Cheryl Majiwa, Board Member
Alternate to the Permanent Secretary, The
National Treasury**

Ms. Cheryl Majiwa is the Alternate to the PS, National Treasury. She is currently working as a Chief Investment Officer in the Directorate of Public Investments and Portfolio Management at The National Treasury & Planning. She holds a Bachelor of Commerce (Accounting & Finance) from Strathmore University and Master of Business Administration (Strategic Management) from the University of Nairobi. She represents the Cabinet Secretary, National Treasury in selected Boards of State Corporations and in Public Accounts and Public Investments Committees of Parliament. She previously worked as Head of accounting unit and administration of an advertising company for 6 years. She is a member of the Institute of the Certified Accountants of Kenya. An associate member of the Institute of Certified Investments/Financial Analyst and member of the secretariat of the Public Accounting Standards Board



Dr. Habil O. Olaka, Board Member

Dr. Habil Olaka is the Chief Executive Officer of the Kenya Bankers Association since October 2010. Previously he was the Director of Operations of the East African Development Bank (EADB) based in Kampala after serving as the Resident Manager in Kenya. He earlier served the bank as the Head of Risk Management and as the Chief Internal Auditor. Before joining the EADB, he had been with Banque Indosuez (now Bank of Africa) as the Internal Auditor. He started his career at PricewaterhouseCoopers, Nairobi in the Audit and Business Advisory Services Division. He holds a Doctor of Business Administration from USIU-Africa, a First-Class Honours BSc degree in Electrical Engineering from the University of Nairobi, and an MBA in Finance from the Manchester Business School in the UK. He is a member of ICPAK and a seasoned banker.



Prof. Mwenda Ntarangwi, Board Member

Prof. Mwenda Ntarangwi has been the CEO and Commission Secretary for Commission for University Education (CUE) since September 2017. He holds a B.Ed. (Language Education) and MA (Swahili Cultural Studies) from Kenyatta University and a MA and PhD (Cultural Anthropology) from the University of Illinois. Before his appointment at the CUE, Prof. Ntarangwi served as Vice President at Theological Book Network; as the Executive Director IAPCHE and Associate Director Office of Off-Campus Programs at Calvin College; and as the Director, African and African Diaspora Studies (AADS) at Calvin College, in Michigan, USA. He also served as Director and Assistant Professor St Lawrence University - Kenya Semester Program, Assistant Director Academic Program and Students - St Lawrence University - Kenya Semester Program.

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Prof. Francis W. O. Aduol, Board Member

Prof. Francis Aduol is the Vice-Chancellor of Technical University of Kenya. He graduated with Bachelor of Science in Engineering (Surveying and Photogrammetry) and MSc degree in Surveying from the University of Nairobi. He holds a PhD (Doctor of Engineering) from the University of Stuttgart, Germany, and an M.A. degree in Economic Policy Management from the University of Nairobi. He has served in national taskforces that reviewed various laws governing university education and technical training.

Appointed on 20th September 2018 to represent Vice Chancellors' Committee, Public Universities



Mrs. Wambui Kosgey, Board Member

Mrs. Wambui Kosgey is a strategic and creative commercial legal adviser with over 20 years' experience in legal, compliance, risk, governance, commercial and corporate advisory roles in various sectors. Has advised on some of Africa's largest transactions and corporate restructurings in size and complexity including the recent investment by Diageo plc on its Kes15bn investment in Kenya Breweries Limited. Has practiced with and held senior executive positions in some of the largest global companies, law practices and financial institutions, including Diageo, Africa Legal Network and Standard Bank. Has local knowledge, global outlook and regional experience as Associate Director Corporate Finance, at CFC Bank Ltd and the Senior Regional Vice President for Advisory, Investment Banking Division, East Africa at Standard Bank and most recently Regional Legal Director for East Africa at Diageo, plc and Holds a Bachelor of Laws degree from the Cardiff University, an MBA from Strathmore Business School and a graduate of the SBS Women Directors Leadership Program. Key result areas: Strategic and Creative Initiatives – currently undertaking various entrepreneurial activities and holds positions in various Boards and Board Committees. Compliance, Risk & Governance – a key adviser to various companies on legal, compliance and risk. Operational Oversight & Change Management - has led large multi-disciplinary teams providing technical and operational advice and support, delivering projects or undertaking transformative change initiatives. Culture, Talent & People Management - a graduate of the Diageo Leadership Performance Program and voted as The Most Inspirational Senior Woman Executive Leader at EABL. Delivery & Performance – nominated by Legal 500 (a global ranking agency) as one of the Most Influential Lawyers in the Business Sector and included in the General Counsel Power list for Africa 2017.

Appointed on 20th September 2018

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MANAGEMENT TEAM



CPA Charles Ringera
Chief Executive Officer
/Board Secretary

CPA Charles Ringera is the Chief Executive Officer of Higher Education Loans Board. He is a seasoned banker with over 23 years' experience gained at the Central Bank of Kenya, Co-operative Bank and KCB Group PLC. He holds a BSc. degree in Applied Accounting and an MBA in Strategic Management. He is a professional accountant, holding CPA (K), and a Fellow of the Association of Certified Chartered Accountants (FCCA) with membership in both ICPAK and ACCA in good standing. He also holds an Advanced Diploma in Risk Management in Banking/Finance by KPMG Sweden.



CPA Mary Wachira-Muchee
Chief Strategy & Customer Experience
Officer

CPA Mary Muchee has over 20 years of experience in the field of Finance. She joined HELB at inception in 1996 as an Accountant in charge of Operations. Before joining HELB, she worked in National Housing Corporation from 1990-1996 in various positions up to Senior Accountant (Cost & Management section). She holds a Bachelor of Commerce degree (Accounting option) from the University of Nairobi and an MBA (Finance) from the same University. In addition, she is a Certified Public Accountant of Kenya (CPA-K), a Certified Investment and Security Analyst as well as a member of Institute of Investment Professionals of East Africa (formerly Certified Financial Analyst of East Africa).

Appointed Acting Chief Finance Officer on 1st October, 2019



CPA Shem Andrew Gichimu
Chief Finance Officer

CPA Shem Gichimu has over 30 years' experience in the field of finance. He previously worked for the Credit Reference Bureau Africa Limited as the Group Finance Manager. He holds a B. Com [Accounting] from University of Nairobi and an MBA [Strategic Management] from the same University. In addition, he is a Certified Public Accountant of Kenya [CPA-K].

Resigned on 27th September, 2019

HIGHER EDUCATION LOANS BOARD
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Mr. Geoffrey O. Monari
Chief Operations Officer

Mr. Geoffrey Monari has served the Board in various capacities as an Assistant Loans Officer, Loans Officer and Senior Loans Officer from 1997 when he joined the Board. He has 20 years working experience in various positions at the Board. Geoffrey has been the team leader of the Operations Division which oversees the Documentation, Lending, Institutional Relations and Debt Management departments since March 2016. He is the patron of HELB Sacco and a trustee of HELB Staff Retirement Scheme. He is a member of the Institute of Directors of Kenya and a Non-Executive Director at the Institute of Economic Affairs. He holds a B. Com degree and Master of Business Administration degree from Jomo Kenyatta University of Agriculture and Technology.



Mr. Josphat Nzuki
Chief Innovation and Technology Officer

Mr. Josphat Nzuki has over 20 years' experience in Information Technology practice spanning key areas of Data Analysis, Systems Analysis and design, Software Development, Database Administration, policy formulation, ICT infrastructure and security Management. He joined the Board from the Bidco (K) Ltd whereas the Data and Systems Analyst he has been instrumental sustaining the growth of ICT agenda at HELB. He holds a B.Sc. Information Sciences (IT) from Moi University, Oracle DBA certifications, CCNA, WEB development and He is Currently finalizing his research for his Master of Science Information Systems degree (MIS) University of Nairobi. He is a fellow of the Computer Society of Kenya.



Mrs. Zipporah Onyoni
Head of Human Resource & Administration

Mrs. Zipporah Onyoni is a human resource practitioner specialized in Human Resource Management and Administration for over fifteen (15) years. She holds a Master of Science in Human Resources Management [MSc-HRM] and a bachelor's degree in Human Resources & Administration [BBA]. She previously worked in Non-Governmental Organizations, banking sector, airline industry, private as well as government sector. She is specialized in policy formulation, recruitment and selection, performance management, strategy formulation, corporate governance, training and development, staff retention, talent management, compensation and benefits, industrial relations, mentorship and coaching, administrative functions, staff welfare, Performance Contracting among others. She is an accredited and practicing member of the Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM)

HIGHER EDUCATION LOANS BOARD
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Mrs. Bernadette N. Masinde
Head of Legal Services & Corporation
Secretary

Mrs. Bernadette Masinde holds an LLB (Hons) from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is currently pursuing LLM (Commercial Law option). She is a Certified Public Secretary (K). She is a member of the Law Society of Kenya and the Law Society of East Africa. She has post qualification experience of over 20 years. Prior to joining HELB, she worked with FIDA and ICJ before joining private law practice. She joined HELB as a Legal officer and progressed to the current post of Head of Legal Services. She has spearheaded and manages the legal function of the Board.



CPA Justus K. Mwangi
Head of Internal Audit, Risk
Management and Compliance

CPA Justus Mwangi is an audit and risk practitioner with over 14 years' progressive experience in external and internal auditing of finance, operations and ICT systems and also risk management.

He joined the Board from the National Gender & Equality Commission where he was the Head of Internal Audit and Risk. He also worked as an Internal Auditor with the Ethics & Anti-Corruption Commission (EACC) and Financial and Information Systems Auditor with the Kenya National Audit Office (KENAO). He holds MBA Finance (UoN), BA AGBM [Egerton University], CPA (K), CISA and a Certified Audit Quality Assessor. Justus is an active member of ICPAK and ISACA.



CPA James Maina Gachari
Manager, External Resources & Fund
Management

CPA James Gachari joined the Board from CPF (formally Local Authorities Pension Trust (LAPTRUST)) where he was Investment Manager specializing in Investment Accounting and Management. He also worked as Accountant – Pensions & Life with Madison Insurance Company Limited and Investment Officer with Madison Asset Management Services Limited. He joins the board with a wealth of experience in Fund Management. He holds MBA Finance [USIU - Africa], BA Economics [UoN] and CPA (K). James is an active member of ICPAK and is currently pursuing post graduate degree in Entrepreneurship at Jomo Kenyatta University of Agriculture and Technology [JKUAT].

HIGHER EDUCATION LOANS BOARD
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Mr. Naftal Michira
Head of Debt Management

Mr. Naftal Michira has served the Board in various capacities as an Assistant Loans Officer, Loans Officer and Senior Loans Officer from 1998 when he joined the Board. He has 20 years working experience in various positions at the Board. He has attended several courses on Credit/Debt Management both locally and internationally, prosecution/investigation among other trainings key to the delivery of his current position. He holds a Bachelor of Education degree (Moi University) and Master of Education degree from Catholic University of Eastern Africa and currently pursuing PhD. in Educational Management, Maasai Mara University. He is a member of the Institute Economic Affairs.



CPA Kerin Lidoroh
Manager, Finance

CPA Kerin Lidoroh has over 20 years' experience in the field of Finance and Accountancy. She is a Certified Public Accountant of Kenya [CPAK] and a member of ICPAK. She holds a Master's Degree in Business Administration (Finance) from University of Nairobi and a Bachelors degree in Commerce (Accounting Option) from Catholic University of Eastern Africa. She has served the Board in various capacities since 1998 when she joined the Board. She previously worked in the hospitality industry.



Mrs. Phyllis J. Kipruto
Asst. Manager Procurement and Logistics

Mrs. Phyllis Kipruto joined HELB from the Postal Corporation of Kenya where she worked as Assistant Manager Procurement. She holds a Bachelor of Science degree from Egerton University and a Diploma in Purchasing & Supplies Management from the Kenya Institute of Management (KIM). She is a licensed supplies practitioner and a member in good standing of the Kenya Institute of Supplies Management (KISM). She has a post qualification experience of 27 years in Procurement, Stores and Disposal management and has spearheaded and manages the Procurement, Stores and Disposal functions

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Ms. Wavinya Mung'ala
Manager, Corporate Communication
& Customer Experience

Ms. Wavinya Mung'ala joined the Board from KCB where she worked as a Customer Service Manager, Brand Marketing Manager for differentiated products as well as the Retail Service Experience Manager focusing on customer experience in KCB Kenya Branches. She also worked as an Account Manager and Assistant General Manager with the Marriott hotels. She therefore joins the Board with solid experience in customer experience and communication. She holds a MSc. Management [Friends University, Wichita KS USA] and a BSc Hotel Management [USIU-A]. She is also an active member in the Institute of Customer Service [ICS] – Kenya



Mr . Joseph Kingori Ndegwa
Manager, Lending

Mr. Joseph Ndegwa has over 20 years' experience in the field of credit administration and project management. He joined the Board from G4S Kenya where he was a District Manager. At the Board, he has risen through the ranks from a Loans Inspector, Senior Loans Inspector, Assistant Manager -Loan disbursement to Project Manager and currently Manager, lending. He has attended several professional courses in various fields locally and internationally. He holds a B.A degree from the Kenyatta University and currently pursuing an MSc in Entrepreneurship from the same university.

HIGHER EDUCATION LOANS BOARD
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CHAIRMAN'S STATEMENT

Overview



HELB plays a critical role in Kenya as it endeavours to ensure that all post-secondary Kenyan students continue with their education as underpinned by article 43 (f) of the Kenyan constitution and SDG 4 on Lifelong learning. HELB's financial interventions is support to students in universities both private and public and those in technical and vocational training institutions to ensure all necessary and required skills to grow our economy are available. We continue to play a key role in providing our youth with safe spaces through skills acquisition.

Board Achievements

The financial year 2018/2019 was a turning point in the calendar of HELB in that it marked the end of the 2013-2018 and the beginning of the 2019-2023 strategic plans.

2013 - 2018 Strategic Plan



During year under review the 2013 - 2018 came to an end with admirable achievement level of more than 90% despite a challenging macro-economic environment. We foresee a positive trajectory in growth going forward; buoyed by our focus in the Big Four Agenda. The board's increased focus on internal controls and risk management that led to the setup of Self Protection and Risk Management and Compliance units during the period. And with the strengthening of

the External Resource Division, stakeholder value is greatly enhanced.

We are now well positioned to support the expected exponential expansion in Technical and Vocational Training (TVET) to over 150 institutions with an extra student population of 120,000 joining the HELB funding programme in 2019.

The Board acknowledges the enormous support from all our stakeholders including but not limited to; parent Ministry of Education, students, higher education community, our staff and the esteemed sponsors and partners. Their encouragement and support have enabled us to:

- Support an increased student base and empower dreams.
- Fully comply with the performance standards envisaged of us.
- Continue to employ over 250 members of staff.
- Walk towards attaining our vision of universal financing for Kenyans pursuing higher education in a sustainable and prudent manner.

Future Outlook

The board remains confident that with the resources in its realm, it will be able to harness more and grow the higher education sector in general and the field of higher education student financing in particular.

We project the following broad strategies to augment the buoyancy;

Business Continuity

The board adopts a two-pronged approach towards sustainability of higher education student funding; one, is by having enhanced internal controls and two, a strong risk oversight for better contingency planning and redundancies. In supporting these initiatives, sustainability will be realized through prudent management of available resources. Risk Management will be central in all key decisions

HIGHER EDUCATION LOANS BOARD
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made by the board; be it projects, resource allocation or open up of new delivery channels.

Expanded Revenue Streams

A bigger outreach to expand the revenue streams and channels will be adopted by the board through enhanced relationships with sponsors, partners and well-wishers; HELB foresees a surge in financial sources outside the mainstream exchequer.

Corporate Governance

During the year, as the Chairman of the Board I was ably supported by Board members; Dr. Habil Olaka, Mr. Charles Maranga, Mrs Jacqueline Mugo, Prof. Mumo Kisau, Ms. Cheryl Majiwa, Mr. Ezra Magati, Prof. Francis W. O. Aduol, Prof. Mwenda Ntarangwi & Mrs. Wambui Kosgey. There were over 25 Board and Committee meetings that guided the organization on strategy and policy formulation. The composite Board performance index was rated at over 98%.

The CEO's term of office was also renewed for another term beginning March 2019 provided valuable leadership by working closely with the

Board to ensure good performance of the Board.



The government sharp focus on manufacturing, affordable housing; food security and universal healthcare will help the board align the available resources towards courses promoting these knowledge and skills

On behalf of the board I take this opportunity to thank the Government of Kenya, fellow Board Members, customers, our funding partners and all stakeholders for their support during the year under review. I thank the Staff and management of the board for their dedicated commitment to our purpose of empowering dreams.

The Board is optimistic of another great year and shall remain committed to transforming the lives of Kenyans by providing universal financing to Kenyans pursuing higher education as a key weapon to confront the challenges of poverty.

A blue ink handwritten signature, appearing to read 'EKWEE ETHURO'.

HON. EKWEE ETHURO
CHAIRMAN OF THE BOARD

**HIGHER EDUCATION LOANS BOARD
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REPORT FROM THE CHIEF EXECUTIVE OFFICER



Supported by significant political, structural and economic reforms that have largely driven sustained economic growth, social development and political gains over the past decade culminating

to yet another strong economic growth in 2018/19 fiscal year. Real GDP growth stood at 5.6 percent, reflecting a stronger than expected performance of agriculture and a resilient services sector, particularly information and communication, accommodation and restaurants, and transport and storage. Leading indicators of economic activity point to stronger growth in 2018/2019 compared to the previous year.

The banking sector remained stable and resilient throughout the year with no incidents of financial institutions going into distress. Average commercial banks' liquidity and capital adequacy

ratios stood at 50.6 percent and 18.2 percent, respectively, as at June 2019. The ratio of gross non-performing loans (NPLs) to gross loans stood at 12.7 percent as at June 2019. NPLs decreased in key economic sectors of manufacturing, building and construction, financial services and electricity and water sectors. Banks have continued with mitigation measures against NPLs, including enhanced recovery efforts.

Looking ahead near-term gross domestic product growth (GDP) is expected to rise to 5.8% in 2019 underpinned by recovery in agriculture, better business sentiment, and easing of political uncertainty. Medium-term GDP growth should rebound to 5.8% in 2019 and 6.0% in 2020 respectively dependent on growth in private sector credit, continued strong remittance flows, management of public debt and expenditure and global oil prices. However, the Economy's key development risks remain youth unemployment, poverty, inequality, climate change and the vulnerability of the economy to internal and external shocks.

Our Promise to the Customer to Empower Dreams

A preview of the previous year good performance was propelled by a new business model the *HELB Agenda 2019-2023* adapted to rev-up student funding, supported by a highly skilled and motivated staff, an energized-visionary board, coupled by supportive communities and stakeholders.

The new business model envisages a reformed, bolder, agile, client focused, FINTECH enabled and Risk Intelligent organization which accords our Employees a great place to work; the Board will anchor its compelling drivers to a 4 point National, Continental and Global development agendas' namely;

- (i) Vision 2030;
- (ii) The Big 4;
- (iii) The 17 Sustainable Development Goals (SDGs) &
- (iv) Africa Union (AU) Agenda 2063.



SUSTAINABLE
DEVELOPMENT
GOALS




KENYA
VISION
2030

BIG
4
AGENDA

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Inclusive Sustainable Student Financing

The number of students under the HELB Funding programme from very humble economic background grew by 32% from 227,399 in 2018 to 301,518 by end of June 2019. Strong growth was registered in TVET students under HELB funding growth registering a 73% from 43,541 students in 2018 to 60,000 by June 2019.



1 NO POVERTY

Based on 2016 estimates, only 45 per cent of the world's population was effectively covered by at least one social protection cash benefit. Under Universal Financing initiative, HELB supports vulnerable groups who could otherwise have been left behind to access higher education, increase their productivity and to be self-reliant in future. Bursaries, Scholarships and special funds for the marginalized areas and vulnerable. Equally, we provide self-insurance services that help improve the quality of the book.

This is consistent with Government priority on enablers of Big4 Agenda and also enabling youth to acquire skills to increase their employability and economic productivity.



Business Performance

Revenues

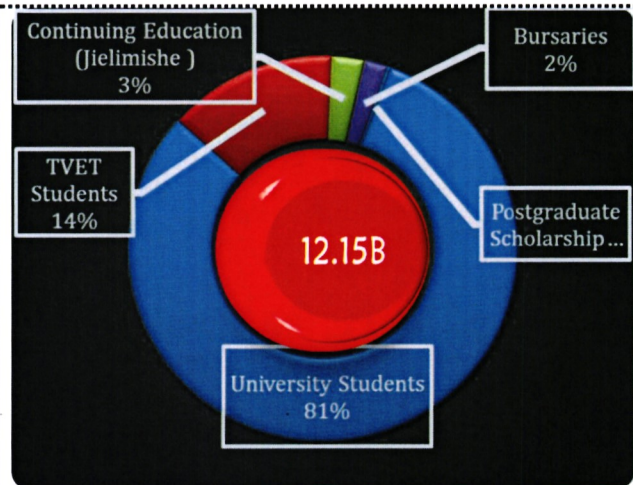
During the year under review total revenues generated from various sources amounted to Kshs. 12.472B as compared to Kshs. 13B in 2018. The 4% reduction was largely

attributed to reduction in Government Exchequer support by 2% and subdued loan recovery given the macro-economic environment.

Loans, Bursaries and Scholarship Disbursements



Targets to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Pursuant to this goal, a total of Kshs. 12.1B was disbursed to 301,518 students by June 2019 as compared to 227,399 financed at a cost of Kshs. 11.4B in 2018; an increase of 6%. The Disbursements were in the form of various products – Loans, Bursaries and Scholarships.

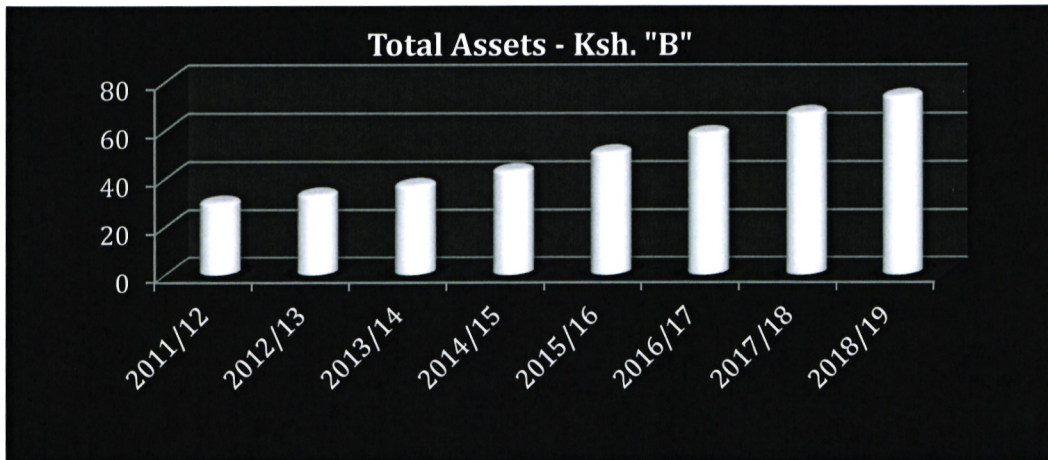


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Financial Position

The total Balance Sheet grew to Kshs.74.8B by close of June 2019 from Kshs. 67.1B in 2018 representing an 11% growth buoyed by the Kshs. 12.1B loans to students during the year under review. A continued improved efficiency in operations through automation

of the various processes and procedures whilst expanding services to 25 outlets saw the operational efficiency improve from 9.5% in June 2018 to 6.9% in June 2019. This implies that for every Shilling awarded to the student, 0.069 cents is spent on operations and capital expenses.



FINTECH and Digital Strategy



Technological analytics has been deployed to reduce social economic inequalities by giving every deserving student a chance to borrow and empower their dreams through Sustainable Financing Initiatives (SFI). This resonates well with the new Strategy of adopting FINTECH for optimal service delivery. The heavy investment Technology has led to a complete digital service delivery in Loan disbursements and repayments by putting digital first and fast customer experience. This has enabled great efficiencies in Big Data analytics that inform our loan recovery and skip tracing of loanees.

Digital transformation has had a profound impact on service delivery at HELB. Deep

Our technological growth path over the last five years has been one on the fast lane to match the growth in the asset book. The core IT system acquired 3 years ago is now fully stabilized and able to process more transactions. The advanced technology is also able to process transactions from other channels such as *M-pesa* and financial institutions.

The digital platform has integrated seamlessly with the contact centre platform and the students' portal which has been able to serve customers extremely well. The Means Testing Instrument (MTI) with a credit score has assisted in promoting equity and fairness in student allocation so that

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marginalized, students with disabilities and disadvantaged are accorded appropriate treatment. The technology available is soon to price the risk and provide the necessary self-protection to cover for loan defaults due to disability and even demise of a customer.

HELB has conceptualized a comprehensive digital media strategy with regards to our presence on social media platforms such as Twitter, Facebook, LinkedIn and Web-chat. The introduction a USSD code *642# and a HELB app in google play to ensure uninterrupted interaction with our services and products



The Board in collaboration with approved financial institutions commenced implementation of student smart card. The e-wallet card introduces a more efficient and secures method of funds disbursement and utilization of funds. Over 48 universities and 35 TVET institutions have implemented the Smart Card system. The Board is deliberately pursuing efficiency in funds disbursement that also creates a higher financial discipline among our key customers.

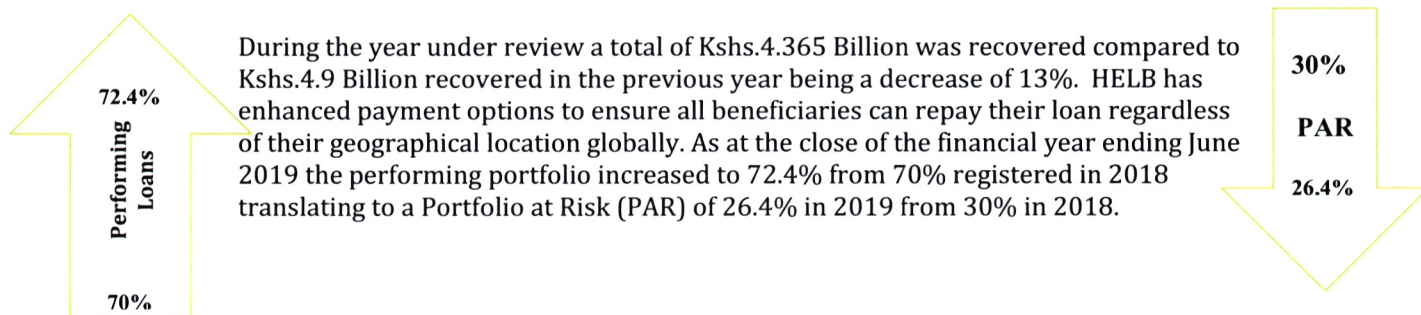


Driving Loan Repayment Culture

In its strategic posture, HELB realized from the onset that disbursements should be matched by energized and effective loan collection strategies and tactics for effective mandate delivery. Despite a challenging economic environment, HELB relationship building continues to transcend employers and loan beneficiaries of its products to honour their obligations through timely loan repayment. This is a major strategic focus within the strategic pillar which guarantees the future success and sustainability of the National Education Revolving Fund will be hinged on the ability and willingness of its loan recipients to repay their loans in order to affect the desired socio-economic dividend. The Board is building a strong emotional culture of Loanees caring for future generations through the establishment and consolidation of a consistent, reliable and dedicated loan repayment culture.

Driving Loan Repayment Culture

In its strategic posture, HELB realized from the onset that disbursements should be matched by energized and effective loan collection strategies and tactics for effective mandate delivery. Despite a challenging economic environment, HELB relationship building continues to transcend employers and loan beneficiaries of its products to honour their obligations through timely loan repayment. This is a major strategic focus within the strategic pillar which guarantees the future success and sustainability of the National Education Revolving Fund will be hinged on the ability and willingness of its loan recipients to repay their loans in order to affect the desired socio-economic dividend. The Board is building a strong emotional culture of Loanees caring for future generations through the establishment and consolidation of a consistent, reliable and dedicated loan repayment culture.



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Building Sustainable Partnerships

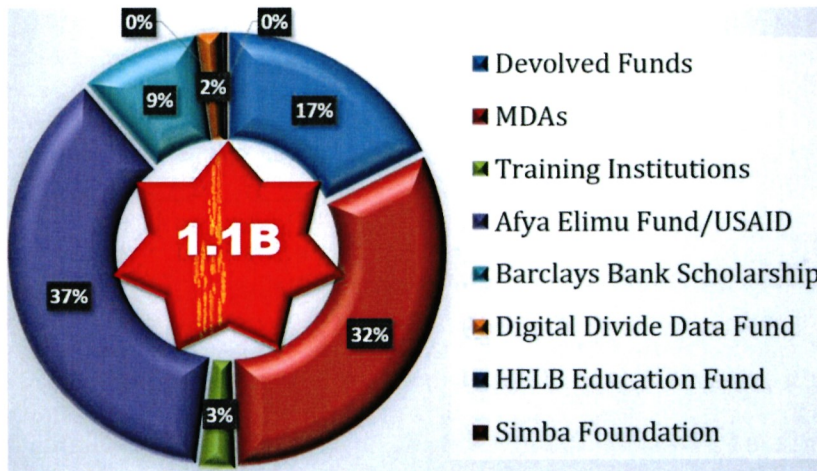
17 PARTNERSHIPS FOR THE GOALS




Goal 17 seeks to strengthen global partnerships to support and achieve the ambitious targets of the 2030 Agenda. bringing together national governments, the international community, civil society, the private sector and other actors. Our partnership with Development partners, Counties/Constituencies, Corporates and individuals in our External Resource Mobilization seeks to achieve sustainable and impactful relationships to enhance funding to youth for skills development.

Financial sustainability is key to the realization of this strategic plan through creation of a Self-Sustainable National revolving fund anchored on prudent financial management & stewardship, integrity & accountability, optimization of loan recoveries, resource mobilization through exchequer funding and strategic partnerships through partnerships with Counties/Constituencies, Scholarship granting organizations, Corporates, Development Partners, Individuals and sector specific funds.

Since 2016 Kshs. 1.1B had been externally mobilized from various sectors. The Resource Mobilization strategy adopted of a multi-pronged approach is slowly yielding the desired result to make financial intervention to the most vulnerable citizens.



Impacting on Communities

We believe in  through establishing and nurturing the foundation of growth for the next generation in line with our Corporate values. To this end, the Corporate Social Responsibility framework is anchored on 3 pillars – Education,

Health and Environment based on the 10 SDGs adopted by the HELB. Consequently, our Corporate Social Investment is based on 4 action points;

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Looking ahead to a promising future

We are highly optimistic of a very bright future for our customers as Government continues to enhance resources and policies to create safe spaces for our youth through skills enhancement. We thank the Government for prioritization to comprehensively fund TVET students. With the Board Members that are visionary and a highly motivated staff who have made the financial year ended June 2019 a great success, I wish to thank the, and appreciate them for what they continue to do in empowering dreams of future generations. It is our sincere hope that the shared purpose statement that defines the very existence of HELB will be maintained in the coming years.



I therefore take this opportunity to thank all the staff, customers, partners and community at large whom we have interacted physically

or through media and shared valuable experiences for the betterment of society.

**CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER**

CORPORATE GOVERNANCE STATEMENT

The Board of HELB is committed to the ensuring highest standards of Corporate Governance and business ethics. We consider this to be critical to business integrity and to maintaining stakeholders trust. The governance structure and processes in place are developed in accordance to guiding principles with clear lines of responsibility guided by the Mwongozo Code of Governance for State Corporations issued by State Corporation and Advisory Committee (SCAC) and the board members are ultimately responsible for corporate governance.

a) Responsibility of Board Members

The Board is responsible for overall conduct of HELB's business and has the powers, authority and duties vested in it by and pursuant to the Higher Education Loans Board Act and other relevant Laws of Kenya. It provides strategic direction with focus on consistent business performance in an atmosphere of transparency and accountability whilst also reviewing and monitoring proper corporate governance. Without prejudice to the general responsibilities, the Board is ultimately responsible for providing policy guideline specifically on;

- a) The Mission, Vision purpose and core values of the Board;
- b) Promoting the aims and objectives of the Board;
- c) Setting strategic directions and aligning them to the purpose and long-term goals for the Board to meet the interests and expectation of the stakeholders;
- d) Performance management of the CEO;
- e) Monitor the Boards performance and ensure sustainability
- f) Setting and monitoring board budget and planning framework, ensuring that the Board's finances are sound and taking major financial decisions;
- g) Setting and overseeing the overall strategy and approve significant policies of the Board;
- h) Ensure availability of adequate resources

b) Board structure and composition

Boards Members are appointed by the Cabinet Secretary for Education except the Chairman who is appointed by the President. As at 30 June 2019 there were 11 in number out of which 10 are independent Non-Executive Board Members including the Chairman who are in independent of the management. The Board comprises of diverse mix of skills, competencies and experiences making it fit to discharge their responsibility of overseeing the effectiveness of management conduct of the Boards affairs in delivering on the HELB strategy within the agreed framework which is to enable effective risk assessment and monitoring.

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c) Separation of role of Chairman from Chief Executive Officer

The Chairman is responsible for managing the Board and providing strategic leadership to the organization. The Chief Executive is responsible to the Board for strategically overseeing and managing the business within instructions as guided by the Board.

d) Conflict of Interest

The Board Members are under a fiduciary duty to act honestly and in the best interest of the organization. Accordingly, members ought to refrain from discussing or voting on a matter of real, perceived or potential conflict of interest and the Board maintains a conflict of interest register.

e) The membership of the board is as follows:

✓ A Chairman appointed by the President;
✓ The Secretary to the Commission for Higher Education;
✓ Permanent Secretary, Ministry of Education or his representative;
✓ Permanent Secretary, Ministry of Finance or his representative;
✓ The Chairman of the Vice-Chancellors Committee for Public Universities;
✓ A representative of the Vice-Chancellors or Principals of the Private Universities;
✓ The Executive Director of the Federation of Kenya Employers;
✓ The Chairman of the Kenya Bankers Association;
✓ Two other persons appointed by the Minister
✓ Such other persons, not more than three, as the Board may co-opt from time to time.

On appointment, the newly appointed member is facilitated to undergo induction process covering the business of the organization by availing relevant information and also structured training is also offered.

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f) The Board members as at 30 June 2019 were as follows;

Name	Role in the Board	Date of Appointment	Date of Retirement
1 Hon. Ekwee Ethuro	Chairman	20-Sep-18	19-Sep-23
2 Mrs. Jacqueline Mugo	Member	15-Feb-16	14-Feb-21
3 Dr. Habil Olaka	Member	15-Feb-16	15-Feb-21
4 Mr. Ezra Magati	Member	15-Apr-16	15-Apr-21
5 Prof. Francis W. O. Aduol	Member	20-Sep-18	19-Aug-23
6 Mr. Charles Maranga	Member	15-Feb-16	15-Feb-21
7 Prof. Mwenda Ntarangwi	Member	01-Sep-17	31-Aug-22
8 Prof. Mumo Kisau	Member	20-Sep-18	19-Sep-23
9 Mrs. Wambui Kosgey	Member	20-Sep-18	19-Sep-23
10 Ms. Cheryl Majiwa	Member	20-Sep-18	19-Sep-23
11 Mr. Charles M. Ringera	Chief Executive Officer	01-Mar-19	28-Feb-23

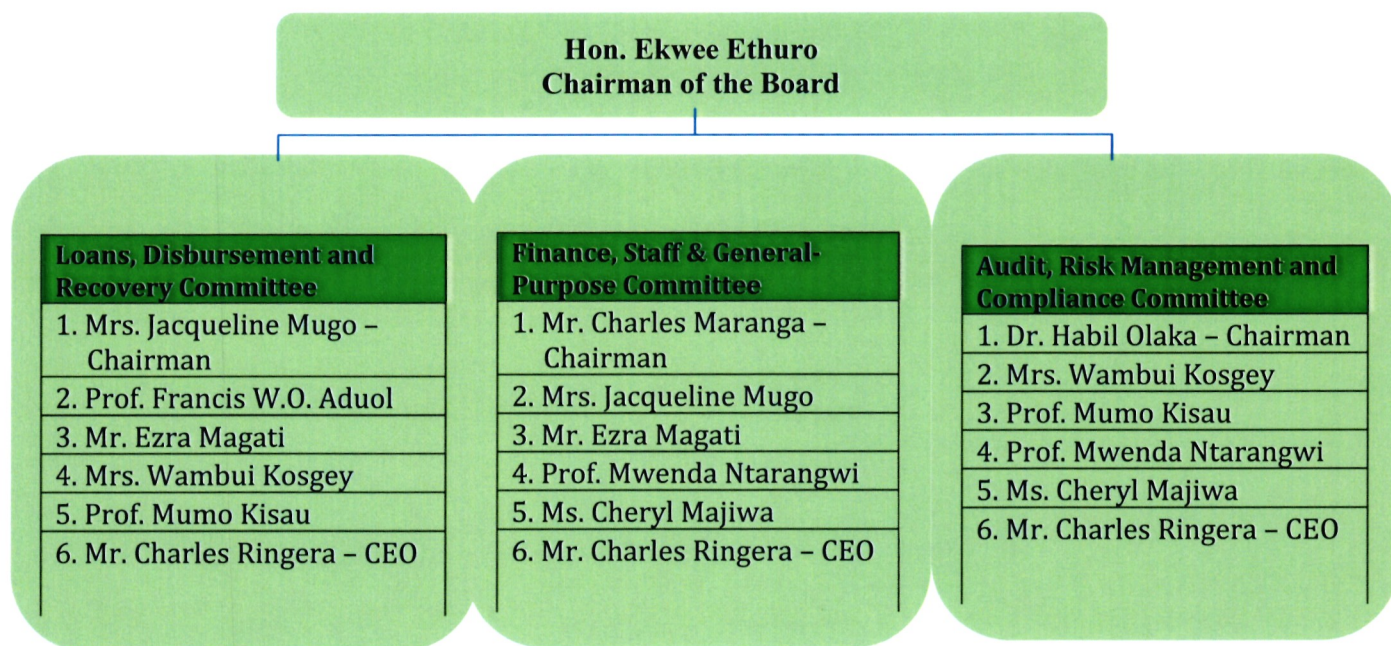
g) Board Committees & Meetings

The Chairman and the Board Secretary are to originate the annual programme and agenda for the meetings. Mwongozo Code of Governance for State Corporations has provided guidance to the effect that there is need to separate the role of the Board Secretary from that of the CEO.

The meetings of the Board are held at least once every quarter in a calendar year. The meetings are structured to allow open discussions. All agenda items have comprehensive briefing papers which are circulated seven days before the meeting. This assists the board members to maintain full and effective control over strategic, financial, operational, compliance and governance matters. In addition to the Board meetings, there are a number of other meetings that are held to address specific matters as and when need arises. In order to facilitate the smooth running of its affairs, the Board has established committees.

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The Board established three committees as below;-



h) Remuneration of Board Members

The Board Members, other than the Chief Executive Officer do not receive a salary. They are however paid sitting allowance for every meeting attended at the rate of **Kshs. 20,000** per meeting. In addition to the allowance, the Chairman of the Board receives honoraria of **Kshs. 80,000** per month.

The below is individual remuneration: -

	Name	Remuneration (Kshs)
1	Hon. Ekwee Ethuro	2,520,829
2	Mrs. Jacqueline Mugo	849,500
3	Dr. Habil Olaka	428,400
4	Mr. Ezra Magati	744,319
5	Prof. Francis W. O. Aduol	460,000
6	Mr. Charles Maranga	573,600
7	Prof. Mwenda Ntarangwi	672,300
8	Prof. Mumo Kisau	301,200
9	Mrs. Wambui Kosgey	783,500
10	Ms. Cheryl Majiwa	823,500
	Total	8,157,148

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i) Board Evaluation

In pursuit of promoting Board effectiveness, the Board undertook self-evaluation facilitated by State Corporations Advisory Committee (SCAC.) The recommendations from the evaluation are being considered with a view to implement them to enhance Board effectiveness.

j) Board and Committees Meetings Attendance 2018/2019

a. Full board meetings

Name	26 Jul 18	3 Oct 18	8 Oct 18	22 Oct 18	23 Oct 18	24 Oct 18	5 Nov 18	7 Nov 18	8 Nov 18	9 Nov 18	16 Nov 18	11 Dec 18	4 Feb 19	25 Apr 19	2 May 19	27 Jun 19
Hon. Ekwee Ethuro	N	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Charles Maranga	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Dr. Habil Olaka	√	A	√	√	√	√	A	A	A	√	√	√	√	√	√	A
Mrs. Jacqueline Mugo	√	√	√	√	√	√	A	A	A	A	√	√	√	√	√	A
Prof. Mwenda Ntarangwi	√	A	A	√	√	√	A	A	A	A	√	√	√	√	√	√
Ms. Cheryl Majiwa	√*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	A
Prof. Paul Mumo Kisau	N	√	√	√	√	√	√	A	A	A	A	√	√	√	√	√
Prof. Francis W. O. Aduol	N	A	A	√	√	√	A	A	A	A	√	√	A	A	√	√
Mrs. Wambui Kosgey	N	√	√	√	√	√	√	√	A	√	√	√	√	√	√	√
Mr. Ezra Magati	√	√	√	√	A	A	√	√	√	√	√	√	√	√	√	√

* Representing the PS National Treasury

Key: √ - Present, A - Apology, N - Was not a member of the Board

b. Loans disbursement and recovery committee

Name	10 JUL 2018	15 OCT 2018	8 JAN 2019	9 APR 2019	12 JUN 2019
Mrs. Jacqueline Mugo	√	√	√	√	A
Ms. Cheryl Majiwa	√*	A	√	A	A
Prof. Paul Mumo Kisau	N	√	√	√	A
Prof. Francis W. O. Aduol	N	√	√	√	√
Mrs. Wambui Kosgey	N	√	√	√	√
Mr. Ezra Magati	√	√	√	√	√

* Representing the PS National Treasury

Key: √ - Present, A - Apology, N - Was not a member of the Board

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c. Finance staff and general-purpose committee

Name	11 JUL 2018	16 OCT 2018	10 JAN 2019	11 APR 2019	13 JUN 2019	25 JUN 2019
Mr. Charles Maranga	√	√	√	√	√	√
Mrs. Jacqueline Mugo	√	√	√	√	A	A
Prof. Mwenda Ntarangwi	A	√	√	√	A	√
Ms. Cheryl Majiwa	N	√	A	√	√	A
Mr. Ezra Magati	√	√	√	A	√	√

Key: √- Present, A – Apology, N – Was not a member of the Board

d. Audit, Risk management and Compliance

Name	13TH JULY 2018	16TH OCT 2018	23 RD JAN 2019	15TH APR 2019	24TH JUNE 2019
Dr. Habil Olaka	√	√	√	√	A
Prof. Mwenda Ntarangwi	√	√	√	√	√
Ms. Cheryl Majiwa	√*	√	√	√	A
Prof. Paul Mumo Kisau	N	√	√	√	√
Mrs. Wambui Kosgey	N	√	√	√	√
Mr. Charles Maranga	√	N	N	N	N
Mr. Ezra Magati	√	N	N	N	N

* Representing the PS National Treasury

Key: √- Present, A – Apology, N – Was not a member of the Board

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k) The Management Team

Members of the management team are appointed by the Board. The membership consists of the Chief Executive Officer and other members as per the Board's establishment. In the year 2019 the management team was as disclosed on page (xii-xvi).

l) Risk Management

The Board is responsible for risk management. The Board conducts risk assessment on regular basis which informs the internal audit plan. The identification and management of risk is a continuous process linked to the achievement of the Board's objectives. Risk based audits are carried out by the internal audit department and reports on internal control and risk forwarded to the Board through the Audit, Risk Management and Compliance Committee.

m) Conduct of Business and Performance Reporting

The Business of HELB was conducted in accordance with a carefully formulated strategy, annual business plans and approved budget that is aligned to clear objectives. Currently HELB has a 5-year strategic plan anchored on 4 pillars that help believes will enable the delivery its objectives in aligned to Big 4 Agenda, Vision 2030 and Agenda 2063. Performance against the objectives is reviewed on a quarterly basis and reports filed with the respective authorities.

n) Compliance with Laws

As at the time of this statement, the Board is satisfied that to the best of its knowledge, the organization has complied with all applicable laws and that business was conducted in accordance with the law, no board member or employee acted or committed any indictable offence under the Anti-Corruption laws nor has any board member or employee been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws.

o) Ethics and code of conduct

HELB board members and employees are expected to act with integrity, courtesy and equity in all their dealings with each other and with all our stakeholders as guided by HELB code of conduct that binds both board members and employees. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioural requirements and where these are not met, there are consequences.

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p) Whistle blowing

HELB has a whistle blowing policy, which provides confidential and anonymous communication channels to raise concerns. The confidential and anonymous communications channels are available in our website and easily reachable by all complainants.

q) Engagement with stakeholders

The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all shareholders are treated equitably. We also hold stakeholder forums where we engage our stakeholder one on one like in the student conferences.



A stakeholder participating in our TVET Conference

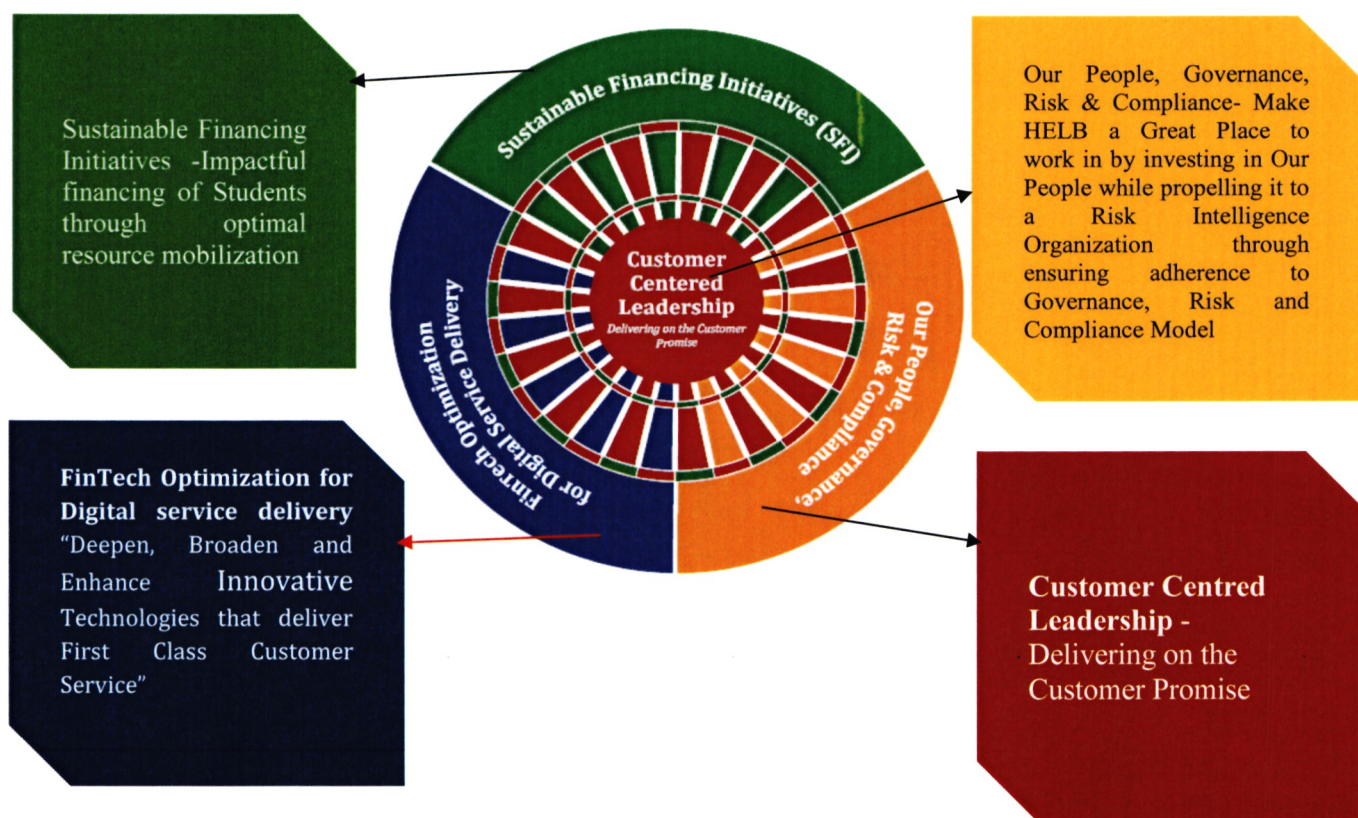
MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

(a) HELB MANDATE AND STRATEGIC PLAN

HELB is mandated to give and recover loans to students pursuing higher education. The board had a strategic plan 2013-2018 that ended on 30 June 2018, as at then we had implemented over 90% with the balance of 10% being items that were ongoing and were rolled over to the strategic plan 2019-2023 for their completion. The Strategic plan 2019-2023 took over as from 1st July 2018 with a focus on creating a sustainable revolving fund through hybrid partnerships with counties, constituencies, scholarships granting organizations, corporate developments partners, individuals and sector specific funds.

The four major strategic objectives that the board strives to achieve to live its vision and mission. These objectives are;



HELB Strategic Plan was launched on 20th February 2019 by the former Education Cabinet Secretary, Amb. (DR) Amina Mohammed.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**



L to R: Education CAS & PS, Prof. Suda, HELB CEO, Mr. Ringera, Education CS, Amb. [Dr.] Amina Mohammed and HELB Chairman RHT Hon. Ekwee Ethuro



HELB was also awarded ISO Certification 9001:2015 as an assurance to quality of services being delivered by the Board

HELB CEO, Mr. Charles Ringera receiving the 9001:2015 ISO Certificates on behalf of the Board

**HIGHER EDUCATION LOANS BOARD
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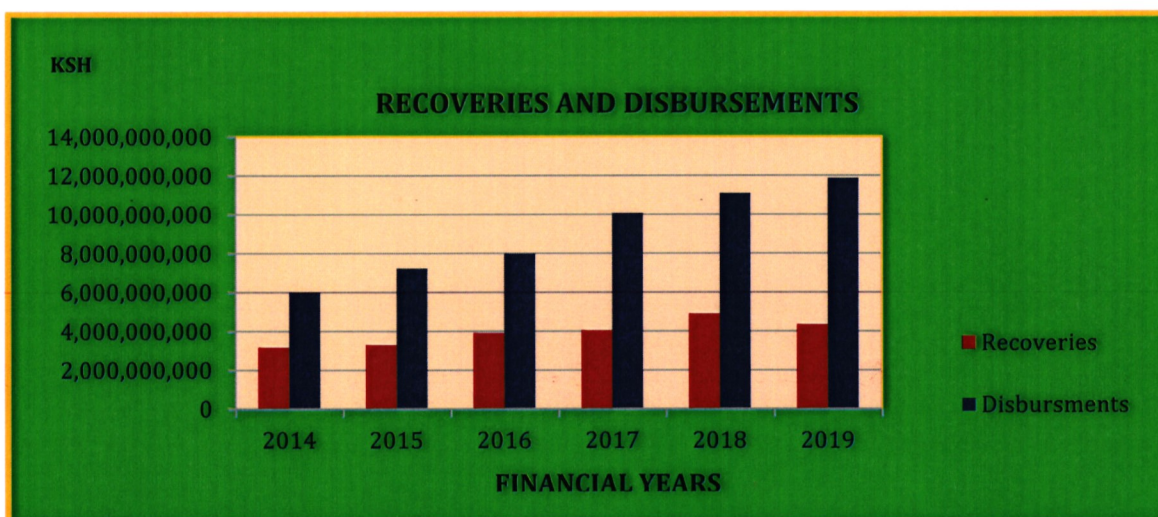
(b) OPERATIONAL AND FINANCIAL PERFORMANCE OF THE ORGANISATION

As at the period ended 30 June 2019 the board's assets grew by 11% from 67.1 Billion to 74.8 Billion. In the same year HELB awarded loans and bursaries amounting to Kshs. 11.48 Billion to students and recovered a total of Kshs. 4.365 Billion from loanees. HELB also received funds from the exchequer totalling Kshs. 7.493 Billion and 295.4 Billion from partnership funding. Disbursements to student and loan recoveries has been on an upward trend for the last 6 years, though the recovery of loans dropped in 2019 due to the economic situation in the country from the previous years but the board is keen to recover in the current year.

Balance Sheet growth for the past 5 years



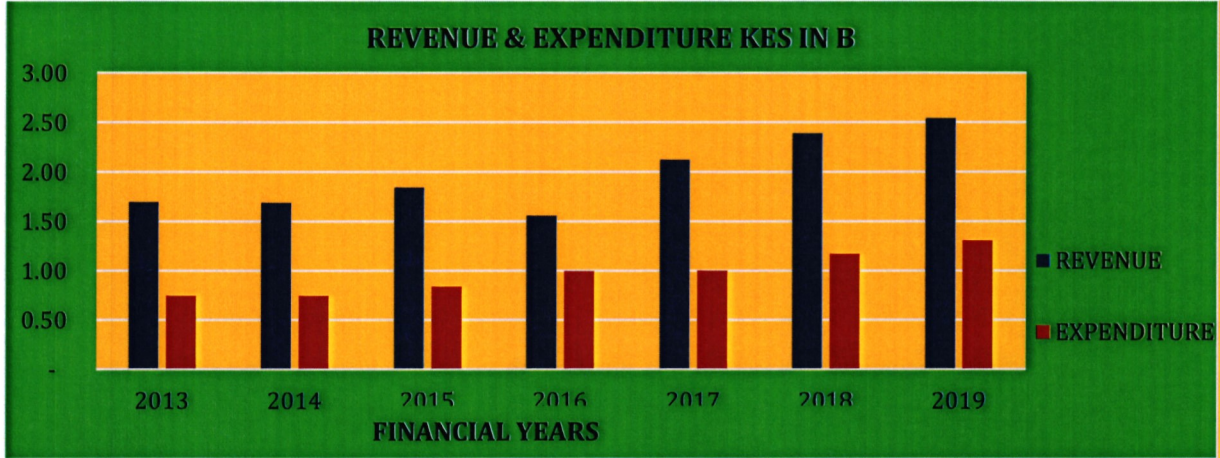
Loan Disbursements and Recoveries for the period 2014 to 2019



HIGHER EDUCATION LOANS BOARD
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Revenues and Expenditure for the period 2018 / 2019

The revenue received for the FY 2018/2019 is Kshs. 2.5 Billion and the expenditure is Kshs.1.5 Billion, thus achieving an accounting surplus of Kshs. 1.0 Billion



SECTION B

Entity's compliance with statutory requirements

HELB had no non-compliance issue raised by the either internal or external audits, all statutory compliance and requirements have been complied with.

SECTION C

Key projects and investment decisions the entity is planning/implementing

HELB implemented a Customer experience and contact Centre which has led to increased efficiency in customer service delivery to our customers.



Education CS, Amb. [Dr.] Amina Mohammed launching the HELB contact centre

SECTION D

Key risks facing HELB

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls

Below is a summary risks facing HELB

I. Financial Risk Management

HELB maintains a strong risk governance structure with the Board exercising oversight through the Audit, Risk Management, Compliance Committee and other committees of the board. Action is taken by senior management through the Senior Management Committee and other management Committees. Risks are owned and managed by the business units as the first line of defence while Internal Audit, Risk Management and Compliance provides oversight and overall assurance as the second and 3rd lines of defence through the Risk Management and Internal Audit sections.

In the face of a challenging year, HELB performance was resilient, after each HELB budget centre completed the risk register in 2018; the consolidated findings were reviewed by the Office of Internal Audit, Risk Management & Compliance, and presented to senior management and the Audit, Risk Management & Compliance Committee.

Having reviewed the findings, the Board concluded that the most significant risks currently facing HELB are as summarized below.

a) Credit risk

The board sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Credit risk arises from cash and cash equivalents, deposits and short-term placements with banks and financial institutions as well as credit exposures from outstanding receivables, students' loans, and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Board.

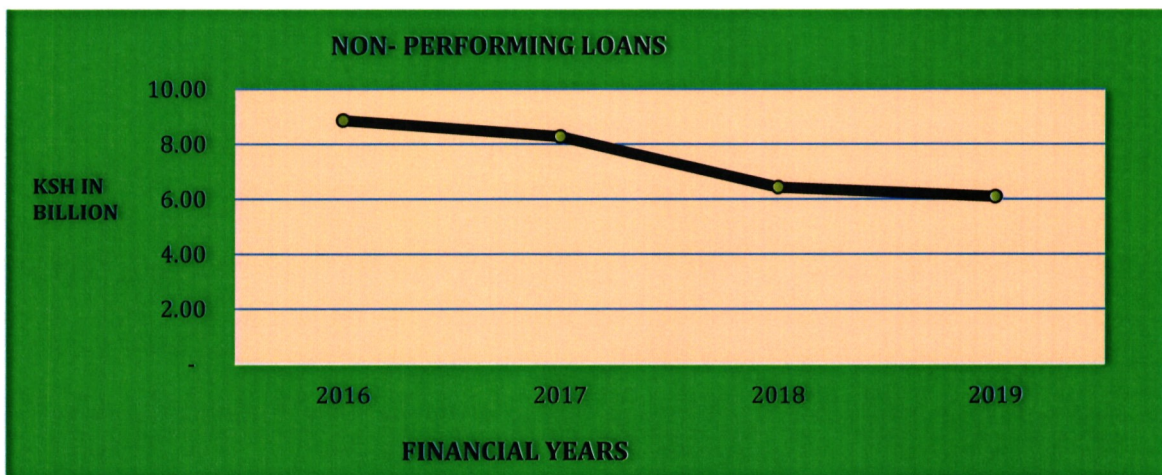
**HIGHER EDUCATION LOANS BOARD
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i. Non- performing loans

Credit risk relating to students’ loans is managed by Chief Operations officer and the others are managed by Chief Finance Officer. Nonperforming student loans are forwarded to debt collectors for recovery and to Credit Reference Bureaus for listing. As at 30 June 2019 the non-performing loans amounted to 6.1 billion which is 20% of the total mature loans

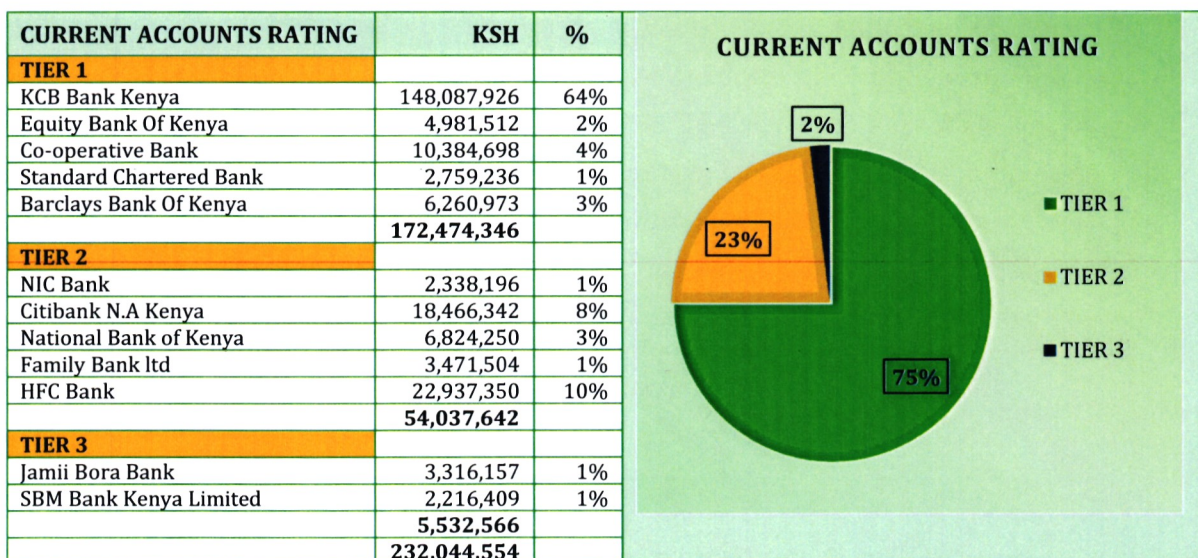
The non-performing loans have been reducing due to the strategic measures employed to ensure their recoverability.

There has been a general decline for non-performing loans over the past 4 years as shown below:



ii. Cash and cash equivalent balances

The board credit risk in relation to cash and cash equivalents held by the board’s banks are as follows, ranked based on the Central Bank of Kenya Supervisory Report 2017



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SHORT-TERM PLACEMENT RATING	KSH	%	<p style="text-align: center;">SHORT-TERM PLACEMENT</p> <p style="text-align: right;"> ■ CBK ■ TIER 1 ■ TIER 3 </p>
Central Bank of Kenya	985,091,000	34%	
	985,091,000		
TIER 1			
KCB bank Ltd	551,000,000	19%	
Equity Bank	400,000,000	14%	
Cooperative Bank	700,000,000	24%	
	1,651,000,000		
TIER 3			
SBM Bank Kenya Limited	229,552,633	8%	
	229,552,633		
	2,865,643,633		

HELB operates with banks and financial institution approved by The National Treasury. The cash balances in both current and investment in short-term placements are concentrated in the tier 1 and Central bank which makes the balances less risky to default by the said banks and reduces the credit risk exposure to the board

The entity has significant concentration of credit risk on amounts due from SBM Bank (Kenya) Limited formally (Chase Bank Kenya)

iii. Other receivables

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's board, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Quick ratio = $((3,271,111,854 - 6,163,826) / 1,129,891) = 3:1$

Current ratio = $(3,271,111,854 / 1,129,891,732) = 3:1$

The above ratios mean the board can meet its obligation since both ratios are 3:1 meaning current assets covers current liabilities three times indicates that the Board can pay debts due within one year out of the current assets

c) Capital risk management

The objective of the HELB's capital risk management is to safeguard the Board's ability to continue as a going concern. The capital structure is financed by government grants and partnership funds which are both revolving funds and non-refundable. HELB has 100% equity financed and 0% borrowing i.e. no debt financing. The entity capital structure comprises of the following funds:

CAPITAL STRUCTURE	AMOUNT(KSHS)	%
G.O.K. GRANTS AND RESERVES	72,131,044,257	96%
FUNDING PARTNERSHIPS	2,656,949,609	4%
	<u>74,787,993,866</u>	

HELB CAPITAL STRUCTURE

A pie chart titled 'HELB CAPITAL STRUCTURE' showing the distribution of capital. The chart is divided into two segments: a large green segment representing 96% (G.O.K. Grants and Reserves) and a small orange segment representing 4% (Funding Partnerships). A legend to the right of the chart identifies the green segment as 'G.O.K. GRANTS AND RESERVES'.

d) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate fluctuations, which will affect the Board's income especially on short-term placements. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

HELB Finance Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

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There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

e) Foreign currency risk

HELB does not transact in foreign currency hence has no transactional currency exposures

II. Non- financial risks

a) Technological risk

These are risk inherent to the organization due to the use of technology and connectivity to internet, examples are Cyber-attacks, computer system attacks through unauthorized access, malware and denial of service. The board has put in place mitigating factors such as;

- ✓ Firewall implemented;
- ✓ Access rights to internal networks in place;
- ✓ Antivirus software implemented;
- ✓ Review of ICT policy ongoing;
- ✓ Security awareness among users;
- ✓ Enhancement of ICT staff capacity;
- ✓ Penetration testing & vulnerability assessments

b) Political Risks

These are risks that are associated to the Political decisions, events, or conditions that can significantly affect HELB operations. The board has aligned its strategies and policies to the National development plans of the government and managed its relationships with relevant government arms and agencies.

SECTION E

Material arrears in statutory/financial obligations

The Board has no outstanding arrears and will continue planning its activities in a prudent manner to avoid pending bills.

SECTION F

The entity's financial probity and serious governance issues

The Board has no reported financial improbity reported by either the internal or external auditor. The governance structures put in place continue to be enhanced to ensure any area that may be prone to exposure is addressed promptly.

**HIGHER EDUCATION LOANS BOARD
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CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

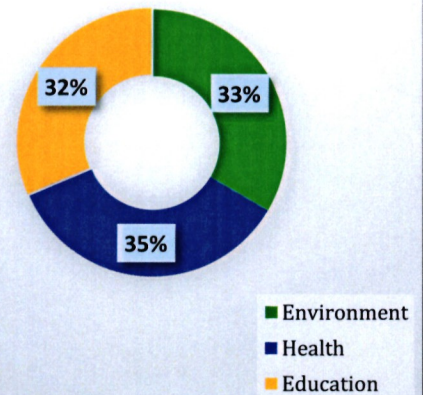
Introduction

The board affirms its commitment to integrated reporting and discloses its commitment to integrate sustainability in the organization strategy and management practices. The Board participates in Corporate Social Responsibility (CSR) activities to integrate our core business values and our operations within the communities and the environment we operate in.

The Board's CSR activities carried out during the period were leveraged on three pillars

CSR ACTIVITIES FOR THE YEAR 2018-2019				
Date	CSR Activity	Venue	No. Of Attendees	COST Kshs.
15-Sep-18	Chemususu dam Tree Planting	Baringo	5	100,000
6-Oct-18	Ndakaini Half Marathon	Murang'a	42	208,400
21-Jun-19	The Nairobi School tree planting	Nairobi	53	143,500
28-Oct-18	Standard chartered Marathon Kenya 2018	Nairobi	63	235,700
10-Mar-19	Beyond Zero Half Marathon	Nairobi	54	239,500
21-Nov-18	Don Bosco Boys Town	Nairobi	54	425,430
Total cost				1,352,530

CSR PILLARS



1. Education

In light with the president's big 4 agenda and the UN Sustainable Development Goals [SDGs], SDG number 4 introduces fundamental view of higher education learning that governments must undertake to ensure inclusive and equitable quality lifelong learning opportunities for all. On behalf of the Government of Kenya, HELB is well equipped to help Government achieve the big 4 agenda through helping in equipping trainees with the necessary skills. HELB has contributed to such through issuing of scholarships and bursaries to needy bright students as part of response to community needs and to ensure the government archives the vision2030. In the year under review the board issued 105 scholarships and 40,378 bursaries to students.

In addition to financing higher education, HELB supports, equips and rehabilitates educational institutions of education as well as any support /any other activity that deed fit for children in the areas where we operate.

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2. Environmental Management

Climate change has become a major cause of economic concern in the country due to its far fetching effect to the economic performance of the country. It affects the food security , investment especially in agriculture , trade and countries stability and in such it was a major concern to the leadership of the country .The President, His excellent Uhuru Kenyatta noted that “Environment is the foundation of development, and it can no longer continue being taken for granted”, he presided over a national tree planting campaign to plant 1.8 Billion trees targeting a 10% forest cover from the current 7% by 2022, this is in tandem with the UN Sustainable Development Goals, SDG number 15 addresses the need to sustainably manage forests, combat desertification, halt & reverse land degradation and halt biodiversity loss.

HELB is engaged in activities that supports efforts towards environmental stability, by engaging in conservation activities agreed upon from time to time as well as any other activity deemed to support financing of higher education, managed funds or potential partners to come on boards. In this financial year we have planted over 2,000 trees in collaboration with other partners like Kenya Universities and Colleges Central Placement Service (KUCCPS) and Nairobi school and participated in Chemususu dam half marathon.

3. Health

Good health and well-being of every citizen is fundamental for any country for any development needs a healthy population. Sustainable development goal no. 3 is geared at achieving universal health coverage and provides access to safe and affordable medicines and vaccines for all. Supporting research and development for vaccines is an essential part of this process as well.

HELB has been engaged in partnership with other development partners in helping the government to achieve Agenda 4 goal of achieving Universal healthcare in accordance to vision 2030.

**HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Environmental conservation

Chemususu Dam Half Marathon

HELB staff participated in a tree planting exercise in the 5th annual Chemususu Dam Half Marathon held on 15th September 2018 as part of preserving the environment to enable the project to achieve its intended purpose of providing water to the surrounding communities and the environment at large.



Tree planting exercise at Nairobi School

HELB staff participating in planting trees led by the CEO Mr. Charles Ringera. at Nairobi school on 21st June 2019

Education

Don Bosco Boys Town technical college

HELB community as part of giving back to the society has been engaged with the Don Bosco community for mentorship, encouragements and support to students on 21st November 2018. HELB staff giving tools for students to use in their studies



**HIGHER EDUCATION LOANS BOARD
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Health

Beyond zero Half Marathon

HELB participated in First Lady's Beyond Zero marathon on 10th April 2019 as part of our support to the Beyond Zero initiative aimed at eliminating maternal, child mortality and HIV/AIDS through provision of healthcare to Kenyan communities.

"No woman will die while giving birth"



Standard Chartered Nairobi marathon

HELB Staff participated in standard chartered Nairobi marathon aimed at tackling avoidable blindness and visual impairment to Kenyan communities on 28th October 2018

"seeing is believing"



HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

REPORT OF THE BOARD

We the Board of HELB submit the Annual report together with the Audited financial statements for the year ended June 30, 2019 which show the state of the Board's affairs.

Principal activities

The principal activities of HELB are stipulated in the Higher Education Loans Act of 1995. The objective and the purpose for which Board was established is "for the management of a fund to be used for granting loans to assist Kenyans students to obtain higher education at recognized institutions within and outside Kenya and for matters incidental thereto and connected there with"

Our Mission

To provide sustainable Finance to Kenyans pursuing Higher Education through mobilization and prudent management of resources

Our Vision

Universal Financing for Kenyans pursuing Higher Education

Results

The accounting surplus for the year 2018/2019 of Kshs. 1.017 Billion (2018: Kshs. 1.08 Billion) has been added to accumulated surplus. The Financial results of HELB for the year ended June 30, 2019 are set out on pages 1-5

Board Members

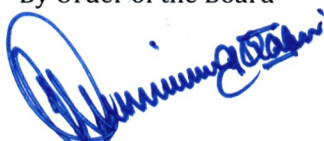
The Board Members who served during the year are shown on page x-xv. During the year, the below Board Members were appointed on 20th September 2018 and the CEOs term was extended by 6 years starting 1st March 2019 as below;

Name	Date of Appointment	Date of Retirement
Hon. Ekwee Ethuro	20-Sep-18	19-Aug-23
Prof. Francis W. O. Aduol	20-Sep-18	19-Aug-23
Prof. Mumo Kisau	20-Sep-18	19-Aug-23
Mrs. Wambui Kosgey	20-Sep-18	19-Aug-23
Ms. Cheryl Majiwa	20-Sep-18	19-Aug-23
Mr. Charles M. Ringera	01-Mar-19	28-Feb-24

Auditors

The Auditor General is responsible for the statutory audit of the HELB in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30 June, 2019.

By Order of the Board



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF RESPONSIBILITIES OF THE BOARD

The financial statements of Higher Education Loans Board have been prepared in accordance to Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act and HELB Act CAP 213A which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year ending 30 June 2019.

The Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board and the Boards' assets are properly safeguarded. The Boards' Financial Statement gives a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2019.

The Boards' 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 Board;
- 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 Board;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The members of the Board accept responsibility for the Board'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 'Higher Education Loans Board Act' Cap 213A.

The members of the Board are of the opinion that the Boards financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2019, and of the Board's financial position as at that date.

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

Nothing has come to the attention of the Board Members to indicate that the Board 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 Board's financial statements were approved by the Board on _____ 2019 and signed on its behalf by:



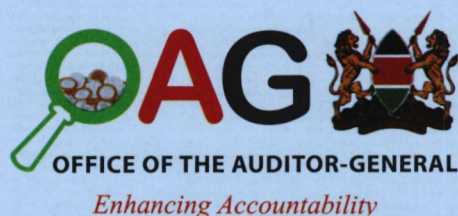
EKWEETHURO
CHAIRMAN OF THE BOARD



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Higher Education Loans Board set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 the Higher Education Loans Board as at 30 June, 2019, 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 Higher Education Loans Board Act, 2012 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 Higher Education Loans Board Management in accordance with ISSAI 130 on 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 Matter

1. Land in Dispute

As disclosed under Note 37 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.859,322,062 which constitutes an amount of Kshs.717,500,000 in respect of land. Included under land is a parcel of land LR No. 209/13515 measuring 0.6 hectares situated at Upper Hill area, Nairobi, recorded at a cost of Kshs.44,588,742.

However, although the ownership documents indicate that the land belongs to the Board, a discrepancy exists between the deed plan at the then Ministry of Lands, Housing and Urban Development and the actual position on the ground which shows that the land's perimeter wall on one side was put up in a straight line while the deed plan reflects a curve. Further, the Kenya Railways Corporation claims that the plot was illegally exercised from the Corporation's land, by the then Commissioner of Lands. Management has indicated in a letter dated 27 March, 2020 to the Principal Secretary, Ministry of Lands and Physical Planning, that a tripartite meeting was held between the Board, Kenya Railways Staff Retirement Benefits Scheme and Kenya Railways following a circular reference DGIPE/A/1/10 dated 10 February, 2020 from the Cabinet Secretary, The National Treasury, which directed that all court cases where all parties involved are public institutions should withdraw the cases and have such matters resolved amicably. However, no resolution had been arrived at the time of my report.

2. Matured Loans to Students

As disclosed under Note 28 to the financial statements, the statement of financial position reflects matured students loans balance of Kshs.29,478,131,466. An examination of records indicated that the balance includes loans totalling Kshs.6,322,666,795 which represents matured students' loans which have been outstanding for over the stipulated period of ten (10) years. The balance is however, net of provision for bad and doubtful debts of Kshs.1,551,480,603. Management has however, indicated that various measures have been put in place to ensure that all matured loans are fully recovered.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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 control, 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 Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Board'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 liquidate the Board or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Board 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 overall governance and

risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

24 November, 2020

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

PARTICULARS	NOTES	2018/2019			2017/2018			CHANGE %
		OPERATIONS KSHS	STUDENT FINANCING KSHS	TOTAL KSHS	OPERATIONS KSHS	STUDENT FINANCING KSHS	TOTAL KSHS	
INCOME								
Revenue from non-exchange transactions								
Income from Non -Exchange transactions-GOK Grants	6&31	295,923,787	237,000,000	532,923,787	228,055,500	237,000,000	465,055,500	15%
Revenue from exchange transactions								
Income from Exchange transactions	8	1,892,590,203		1,892,590,203	1,750,731,436		1,751,176,193	8%
Interest on short-term placements	7	119,015,048		119,015,048	175,684,042		175,684,042	-32%
TOTAL INCOME		2,307,529,038	237,000,000	2,544,529,038	2,154,470,978	237,000,000	2,391,915,735	6%
LESS : EXPENSES								
Bursaries to Students	18		237,000,000	237,000,000		237,000,000	237,000,000	0%
Scholarships	18	115,385,669		115,385,669	28,250,000		28,250,000	308%
Employee Costs	9	482,218,515		482,218,515	422,780,398		422,780,398	14%
Operating Expenses	14-17	302,585,877		302,585,877	280,485,292		280,485,292	8%
Board Members' Expenses	10	17,565,935		17,565,935	6,851,543		6,851,543	156%
Bank Charges , Commissions & Debt collection fee	11&12	72,085,543		72,085,543	114,069,331		114,069,331	-37%
Audit Fees	13	1,160,000		1,160,000	1,160,000		1,160,000	0%
Provision for Bad & Doubtful Debts	35	172,009,583		172,009,583	111,159,371		111,604,128	54%
Depreciation & Amortization for the year	36&37	126,679,395		126,679,395	109,248,421		109,248,421	16%
TOTAL EXPENSES		1,289,690,516	237,000,000	1,526,690,516	1,074,004,355	237,000,000	1,311,449,112	16%
ACCOUNTING SURPLUS		1,017,838,522		1,017,838,522	1,080,466,623	-	1,080,466,623	-6%

The notes set out on pages 6 to 28 form an integral part of these Financial Statements

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

PARTICULARS	NOTES	2018/2019	2017/2018
		KSHS	KSHS
CURRENT ASSETS			
CASH AND BANK BALANCES	19 a & d	216,538,102	1,002,176,036
SHORT TERM PLACEMENTS	19 b & c	2,881,250,085	2,796,271,642
ACCOUNTS RECEIVABLES & PREPAYMENTS	22	167,159,841	38,326,679
INVENTORIES	23	6,163,826	3,784,113
PROJECT IN PROGRESS	24	-	21,997,003
		3,271,111,854	3,862,555,473
NON CURRENT ASSETS			
STAFF LOANS	20	176,856,724	182,590,124
MATURED STUDENT LOANS	28	29,478,131,466	26,299,042,777
UNMATURED STUDENTS LOANS	29	40,992,119,467	35,871,357,665
INTANGIBLE ASSETS	36	10,452,292	44,854,423
PROPERTY, PLANT & EQUIPMENT	37	859,322,062	860,011,385
		71,516,882,012	63,257,856,374
TOTAL ASSETS		74,787,993,866	67,120,411,848
FUNDS AND LIABILITIES			
CURRENT LIABILITIES			
LOANS, BURSARIES & SCHOLARSHIPS PAYABLE	30	608,563,184	1,190,695,779
ACCOUNTS PAYABLE & ACCRUALS	25	52,533,963	77,566,981
LOANEE DEPOSITS	26	465,766,538	465,221,671
TOTAL CURRENT LIABILITIES		1,126,863,685	1,733,484,431
REVOLVING FUNDS			
G.O.K. GRANTS	27	56,878,162,435	49,832,511,973
FUNDING PARTNERSHIPS	31	2,656,949,609	2,446,235,828
ACCUMULATED FUND	33	13,418,785,305	12,397,918,736
REVALUATION RESERVE	34	707,232,833	710,260,880
TOTAL NON CURRENT LIABILITIES		73,661,130,181	65,386,927,417
TOTAL FUNDS AND LIABILITIES		74,787,993,866	67,120,411,847
		-	-

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



EKWE E THURO
CHAIRMAN OF THE BOARD



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER



MARY WACHIRA (ICPAK NO. 3041)
AG. CHIEF FINANCE OFFICER

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

2018/2019	ACCUMULATED FUND	REVALUATION RESERVE	FUNDING PARTNERSHIPS	GOK GRANTS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Opening balance	11,317,452,112	710,260,880	1,882,344,720	42,940,306,549	56,850,364,261
Surplus/ Capital for the year	1,080,466,624	-	563,891,108	6,892,205,426	8,536,563,156
Balance at the end of the year	12,397,918,736	710,260,880	2,446,235,828	49,832,511,975	65,386,927,417
Year ended 30 June 2019	ACCUMULATED FUND	REVALUATION RESERVE	FUNDING PARTNERSHIPS	GOK GRANTS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Opening balance	12,397,918,736	710,260,880	2,446,235,828	49,832,511,975	65,386,927,419
Surplus/ Capital for the year	1,017,838,522	0	210,713,779	7,045,650,462	8,274,202,763
Revaluation reserve Movement on Asset disposal	3,028,047	(3,028,047)	-	-	-
Balance at the end of the year	13,418,785,305	707,232,833	2,656,949,607	56,878,162,437	73,661,130,181

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

PARTICULARS	NOTES	2018/2019	2017/2018
		KSHS.	KSHS.
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Matured Loans Adjustment (Refer FY2019)	28&30	(3,928,541,742)	(2,780,763,823)
Income from Non -Exchange transactions-GOK Grants	6 & 31	532,923,787	465,055,500
Income from Exchange transactions	7 & 8	2,010,500,839	1,926,415,479
		(1,385,117,116)	(389,292,844)
PAYMENTS			
Disbursements to Students	29	5,120,761,802	5,530,515,432
Bursaries& scholarships	18	352,385,669	265,250,000
Employee Costs	9	482,218,515	499,782,393
Other operating expenses	10,14-17	320,151,812	210,334,840
Bank charges and commissions & debt collection	11&12	72,085,543	114,069,330
Audit fee	13	1,160,000	1,160,000
		6,348,763,341	6,621,111,995
NET CASH FROM OPERATING ACTIVITIES		(7,733,880,457)	(7,010,404,839)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase/Capitalization of Intangible Assets	36	(10,850,536)	(9,655,799)
Work in Progress (capitalized in FY 2019)	24	21,997,003	(21,997,003)
Disposal of assets	21	2,166,600	-
Purchase of Property, Plant & Equipment	37	(81,799,593)	(86,912,606)
Accounts Receivables (Non-Current)	22	(95,074,006)	-
Staff loans	20	5,733,400	(13,179,738)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(157,827,131)	(131,745,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capitation received from G.O.K for Student Loans	27	7,045,650,462	7,192,205,424
Funds from Capitation transferred to TVET & Afya Elimu fund	27	-	(300,000,000)
Capitation received from Funding Partnerships	32	210,713,779	563,891,108
Inventory	23	(2,379,713)	(692,939)
Accounts Receivables (Current)	22	(38,448,283)	8,895,153
Accounts Payables	25	(25,033,017)	26,002,585
Loan Refunds	26	544,868	(40,673,966)
		7,191,048,096	7,449,627,366
NET CASH FLOWS FROM FINANCING ACTIVITIES		7,191,048,096	7,449,627,366
Net Increase / (Decrease) in Cash		(700,659,493)	307,477,380
Cash and Cash Equivalents at the Beginning of the Year		3,798,447,678	3,490,970,298
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	3,097,788,185	3,798,447,678

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

Sources of finance	Original budget	Adjustments	Final budget	Actual Year to date	Variance	Usage	Remarks
GOK capitation	7,498,148,542	4,309,962	7,493,838,580	7,493,838,580	0	0%	
Alternative funds	360,000,000	-100,000,000	260,000,000	295,449,448	35,449,448	14%	Robust mobilization of funds
Loan Recovery	4,800,000,000	-300,000,000	4,500,000,000	4,365,045,859	-134,954,141	-3%	
Interest income							Favorable interest rates offered by Central Bank and Commercial banks
Miscellaneous Income	92,556,920	7,443,080	100,000,000	119,015,048	19,015,048	19%	
	197,200,000	-	197,200,000	211,491,358	14,291,358	7%	
Total finances	12,947,905,462	388,246,958	12,551,038,580	12,484,840,293	-66,198,287	-1%	
Recurrent expenses							
Student financing	11,892,633,000	-100,000,000	11,792,633,000	11,486,481,455	306,151,545	3%	
Staff expenses	917,924,449	-232,956,874	684,967,575	482,218,515	202,749,060	-4%	
Operating expenses	635,928,119	-82,243,393	553,684,726	393,397,354	160,287,372	-27%	Re-alignment of planned activities
Total recurrent exp.	13,446,485,568	415,200,267	13,031,285,301	12,362,097,325	669,187,976	-27%	
Capital & staff loans							
Capital expenditure	225,402,000	-51,063,359	174,338,641	92,650,128	81,688,513	47%	Re-alignment of planned activities
Staff loans	90,000,000	-	90,000,000	21,239,275	68,760,725	76%	Re-alignment of planned activities
Total Cap. & Staff loan	315,402,000	-51,063,359	264,338,641	113,889,403	150,449,238	57%	
Total expenditure	13,761,887,568	466,263,626	13,295,623,942	12,475,986,728	150,512,887	1%	
Surplus / (Deficit)	-813,982,106	78,016,668	-744,585,362	8,853,565	-216,711,174	1%	

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Higher Education Loans Board (HELB) is a statutory body established in July 1995 by an Act of Parliament 'Higher Education Loans Board Act' Cap 213A. It is a state corporation in the ministry of Education. The Board is domiciled and operates within the republic of Kenya. It is governed by Board and headed by the Chief Executive Officer and Board Secretary who is responsible for general policy and strategic direction of the Board.

Principal Activity

As stipulated in the Higher Education Loans Act of 1995 Cap 213A, the objective and the purpose for which Board was established is "For the management of a fund to be used for granting loans to assist Kenyans students to obtain higher education at recognized institutions within and outside Kenya and for matters incidental thereto and connected there with

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Board's financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment at fair value, liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. The Board's management exercised judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the HELB.

The financial statements have been prepared in accordance with the PFM Act, Higher Education Loans Board Act' Cap 213A), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new IPSAS standards and amendments to published standards effective for the year ended 30 June 2019

Standard

IPSAS 41: Financial Instruments

IPSAS 42: Social Benefits

Effective date and impact:

Applicable: 1st January 2022:

The board has not adopted this standard

Applicable: 1st January 2022

The board has not adopted this standard

**HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

ii. There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2019

iii. Early adoption of standards

The Board did not early – adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

Fees

Fees are recognized as revenues when the event occurs, and the asset recognition criteria are met.

ii. Revenue from exchange transactions

Interest income

The Board receives interest from student loans, short term placements and 90 days fixed deposit treasury bills. 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 period.

b) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly on 9th August 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented under the statement of comparison of budget and actual amount in the financial statements

c) Taxes

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date by the Kenya Revenue Authority.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is on straight line basis, full depreciation at the year of purchase and none at the year of disposal. 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 Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The annual rates for this purpose are.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Category	Depreciation rate
Buildings	2.50 %
Motor Vehicles	25.00 %
Furniture	12.50 %
Fixtures & Fittings	12.50 %
Computers	33.33 %
Office Equipment	12.50 %

e) Leases

The Board has an operating lease. The payments are recognized as an operating expense in statement of financial performance

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The intangible assets in the statement of financial position are made up of software developed in-house and other software's purchased by the Board. 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 finite and is amortized yearly at a straight-line amortization at 33.33%

g) Inventories

Inventory is measured at cost upon initial recognition. 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. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the board 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 board expects some or all provisions to be

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

Contingent liabilities

Litigation is in process against the Board relating to a dispute with a company that alleges that the Board has encroached on its land. The information usually required by IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed, on the grounds that it can be expected to prejudice the outcome of the litigation. The Board is of the opinion that the claim can be successfully defended by Higher Education Loans Board. There are also other litigations against the Board by loan beneficiaries who have been listed to Credit referencing bureau (CRB).

Contingent assets

The Board 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.

i) Nature and purpose of reserves

The Boards' reserve is made up of revaluation reserve as per IPSAS 17 requirements.

j) Changes in accounting policies and estimates

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

k) Employee benefits - Retirement benefit plans

The Board operates a defined benefit and defined contribution retirement scheme for its employees. The scheme is administered by trustees and is funded from contributions from both the Board and employees at the rate of 20% and 10% of the basic salary respectively. The Board's contributions to the defined contribution retirement scheme are charged to the statement of financial performance in the year to which they relate. The Board and its employees also contribute to a statutory defined contribution pension scheme, the National Social Security Fund. The Board's contributions to the defined contribution scheme are charged to the statement of financial performance in the year to which they relate.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

l) Related parties

The Board 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 board members, the CEO and senior managers.

m) Cash and cash equivalents

The Board's cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments that is Central Bank Treasury Bills with an original maturity of three months, 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 petty cash.

n) Comparative figures

The board has where necessary adjusted the comparative figures to conform to changes in presentation in the current year.

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the HELB'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. estimation of provisions of doubtful debts

i. Estimates and assumptions

The Board 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 Board.

ii. 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

iii. Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 34.

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.

Provisions include, provision for bad debt mature loans and account receivables

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
6	TRANSFERS FROM GOVERNMENTS	2018/2019	2017/2018
	Name of the Entity Sending the Grant	KShs	KShs
	a) Transfers from Ministry of Education		
	GOK - Ministry of education - Bursaries (University students)	137,000,000	137,000,000
	GOK - Ministry of education - Bursaries (TVET students)	100,000,000	100,000,000
	GOK - Ministry of education - Operations	211,188,118	228,055,500
		448,188,118	465,055,500
	GOK - Ministry of education - student grant	7,045,650,462	7,192,205,424
	Total	7,493,838,580	7,657,260,924
	b) Ministry of Public Service, Youth & Gender Affairs	54,220,950	73,957,500
	c) County Governments of : Kakamega	27,500,000	30,000,000
	: Taita Taveta	8,000,000	10,000,000
	Total	7,583,559,530	7,761,218,424
7	SHORT TERM PLACEMENTS INCOME		
	Interest on Short-term placements and Treasury bills	119,015,048	175,684,042
		119,015,048	175,684,042
8	OTHER INCOME		
	Interest Income Student Loans	1,326,084,353	1,198,657,078
	Income from Administrative Fees - mature loans	158,005,000	138,066,000
	Income from Administrative Fees - un mature loans	148,286,500	139,286,500
	Interest Income Staff Loans	2,102,651	1,458,221
	Debt collection fees	47,618,580	91,468,057
	Miscellaneous Income	-	332,226
	Miscellaneous Income Loan Forms	5,600,000	3,082,000
	Miscellaneous Income Scholarship Forms	1,595,000	1,332,000
	Miscellaneous Income Penalties Loanee Default	158,465,658	148,621,975
	Miscellaneous Income Clearance Certificates	43,728,050	28,427,379
	Decrease in provision for Bad Debts	-	444,757
	Gain/Loss On Sale Of Fixed Assets	1,104,413	-
	Total other income	1,892,590,203	1,751,176,193
9	EMPLOYEE COSTS		
	Staff Emoluments	363,644,553	320,591,209
	Gratuity and Pension	33,611,236	33,046,738
	Staff Welfare Expenses	11,531,630	9,941,544
	Medical Expenses	32,619,216	32,014,117
	Performance Contract Dynamics	8,672,110	4,945,254
	Subsistence Expenses	20,787,102	17,566,002
	Travelling Expenses	11,352,669	9,620,788
		482,218,515	427,725,652
10	BOARD MEMBERS EXPENSES		
	Chairman's Honoraria	751,900	820,645
	Telephone Expenses	63,000	71,806
	Sitting Allowances	5,790,000	2,680,000
	Official entertainment	257,250	164,000

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
	Subsistence & Travelling Allowance	3,423,271	902,468
	Training	7,257,309	2,189,379
	Insurance	23,204	23,244
		17,565,935	6,851,543
11	BANK CHARGES & COMMISSIONS		
	Bank Charges & Commissions	24,466,963	22,601,274
		24,466,963	22,601,274
12	DEBT COLLECTION FEES		
	Debt collection fees	47,618,580	91,468,057
		47,618,580	91,468,057
13	AUDIT FEES		
	Audit Fees	1,160,000	1,160,000
		1,160,000	1,160,000
14	REPAIRS AND MAINTENANCE		
	Repair & Maintenance.-Motor Vehicle	2,461,730	2,257,220
	Repair & Maintenance. Fixture & Fit	209,623	348,655
	Repair & Maintenance.-Equipment	737,734	1,018,874
	Repair & Maintenance.-Furniture	76,908	-
	Repair & Maintenance. Office Premises	447,420	15,000
	Computer Maintenance	83,159,865	45,248,837
		87,093,280	48,888,586
15	CONTRACTED SERVICES		
	Contracted Professional Services	14,617,250	28,113,409
		14,617,250	28,113,409
16	GENERAL EXPENSES		
	Telecommunication Expenses	15,604,404	12,868,601
	Fuel Consumption	2,698,882	1,998,546
	Office Rent, Warehouse & Parking Charges	62,373,886	61,131,680
	Insurance Expenses	2,618,720	2,668,185
	Staff Training	22,883,282	23,931,197
	Seminars and Conferences	21,646,717	16,374,491
	Office Tea	3,574,247	3,092,746
	Office Flowers & Decorations	674,400	615,600
	Official Entertainment	2,574,792	1,246,048
	Staff Uniforms	600,000	18,750
	Newspapers, Journals, Periodicals & Library Books	925,060	595,920
	Advertising, Publicity & Printing	44,325,449	48,273,113
	Office Stationery & Accessories	10,495,223	12,544,262
	Legal fee	156,660	929,360
	Huduma Centre costs	-	3,704,053
	Total general expenses	191,151,722	189,992,552
17	USE OF SERVICES		
	Office Security Expenses	5,202,000	5,400,000
	Office Cleaning and Maintenance	2,298,888	1,151,074
	Subscriptions to Professional Bodies	2,222,736	1,994,417
		9,723,624	8,545,491

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
18	BURSARIES AND SCHOLARSHIPS TO STUDENTS		
	Bursaries to Undergraduate University Students	137,000,000	137,000,000
	Bursaries to TVET Students	100,000,000	100,000,000
	Scholarships	115,385,669	28,250,000
		352,385,669	265,250,000
19	CASH AND CASH EQUIVALENTS		
	Current account	216,438,102	1,002,106,036
	On- call deposits	1,896,159,085	1,800,000,000
	Treasury bills	985,091,000	983,501,500.00
	Cash at hand	100,000	70,000
	Total cash and cash equivalents	3,097,788,187	3,785,677,536
	a) Current Account		
	Financial institution		
	KCB Bank- Operations	6,021,370	18,653,465
	KCB Bank- Student loan	106,378,061	195,434,649
	KCB Bank- Staff Loans	808,753	3,413,511
	KCB Bank- Revolving fund	18,825,528	86,116,688
	Citibank Student Disbursement	2,171,195	(23,135,601)
	Citibank collection	12,472,606	79,566,189
	Citibank direct debits	3,822,540	3,357,196
	Housing Finance mortgage	22,937,350	19,793,403
	Cooperative Bank- collections	10,384,698	132,106,935
	Barclays Bank- collection	6,260,973	19,700,003
	Equity Bank- collections	4,981,512	92,660,878
	Family Bank- collection	3,471,504	17,242,185
	Standard Chartered bank - collection	2,759,236	32,599,378
	SBM Bank (Kenya) Limited- collection	2,216,409	304,321,705
	Jamii Bora Bank- collection	3,316,157	896,618
	NIC Bank- collection	2,338,196	9,464,154
	National Bank of Kenya- collection	6,824,250	9,798,216
	KCB Savings & Loans- mortgage	447,762	116,464
	Sub- total	216,438,102	1,002,106,036
	b) On- Call Deposits		
	KCB bank Ltd	551,000,000	100,000,000
	SBM Bank (Kenya) Limited	229,552,633	100,000,000
	Equity Bank	400,000,000	300,000,000
	Cooperative Bank	700,000,000	600,000,000
	National Bank	-	700,000,000
	KCB Savings & Loans- mortgages	15,606,453	12,770,142
	Sub- total	1,896,159,085	1,800,000,000
	c) Fixed Deposits Account		
	Central bank treasury bills	985,091,000	983,501,500
	Sub- total	985,091,000	983,501,500

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
	d) Others- Cash in Hand		
	Cash in hand	100,000	70,000
	Sub- total	100,000	70,000
	Grand total	3,097,788,187	2,997,606,303
20	STAFF LOANS		
	KCB Savings & Loans	126,900,224	128,139,102
	Housing finance company	42,811,031	43,980,093
	Staff car loans	7,145,469.01	10,470,929
		176,856,724	182,590,124
21	GAIN OR LOSS ON DISPOSAL		
	Proceeds from asset disposal	2,166,600	-
	Less:		
	Revalued cost of assets disposed	3,379,500	-
	Accumulated depreciation	(2,317,313)	-
		1,062,188	-
	Gain	1,104,413	-
22	RECEIVABLES FROM EXCHANGE TRANSACTIONS AND PREPAYMENTS		
a)	i) Current Receivable		
	Hospital Deposit	725,000	725,000
	Utilities & Rent Deposit	10,204,848	10,364,574
	Staff Imprest	184,310	253,400
	Staff Salary Advances	233,413	275,508
	Medical Over expenditure	2,393,447	2,491,537
	Other Accounts Receivable	6,370,277	7,292,777
		20,111,294	21,402,796
	ii) Non-Current Receivables		
	Accrued Interest on short term placements	13,575,520	18,941,075
	Kenya deposit insurance corporation(KDIC)	100,439,561	-
		114,015,081	18,941,075
		134,126,376	40,343,871
	Less: Provision for Bad & Doubtful Debt	(6,706,319)	(2,017,194)
		127,420,057	38,326,678
b)	PREPAYMENT		
	Computer and Software maintenance	39,739,785	-
		39,739,785	-
	Total	167,159,841	38,326,678
23	INVENTORIES		
	Balance b/f	3,783,113	3,091,175
		16,450,183	16,329,949
	Consumable stores	(14,069,470)	(15,637,011)
	Total inventories at the lower of cost and net realizable value	6,163,826	3,784,113
24	PROJECT IN PROGRESS		
	Project in progress- renovation of 18th floor North wing by Gitutho Architects and Planners Ltd	-	21,997,003
		-	21,997,003

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
25	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade payables	34,373,522	53,039,480
	Employee expenses	9,574,498	7,729,979
	Third-party payments	7,166,978	5,488,721
	Staff Gratuity Payable	1,418,965	11,308,800
	Total trade and other payables	52,533,963	77,566,980
26	OVER PAID LOANS		
	Balance B/Forward	465,221,670	505,895,636
	Overpayments in the year	28,055,439	26,719,466
	Loanee refunds in the year	(27,510,572)	(67,393,432)
		465,766,538	465,221,670
27	CUMMULATIVE GOVERNMENT GRANTS		
	Balance B/Forward (GOK Funds)	51,332,511,973	44,140,306,549
	Capitation received in the year for Students Loans	7,045,650,462	7,192,205,424
		58,378,162,435	51,332,511,973
	Capitation for TVET Fund	(1,192,000,000)	(1,192,000,000)
	Partnership with Afya Elimu Fund	(308,000,000)	(308,000,000)
		56,878,162,435	49,832,511,973
	Capitation for TVET Fund		
	Capitation for TVET Fund	1,192,000,000	1,192,000,000
	Partnership with Afya Elimu Fund	308,000,000	308,000,000
		1,500,000,000	1,500,000,000
28	MATURE LOANS TO STUDENT		
	Balance brought forward	27,683,202,923	25,451,120,350
	Add: Mature loans during the year	6,013,333,984	5,570,313,690
		33,696,536,907	31,021,434,040
	Add: Accrued interest in the year	1,326,084,353	1,198,657,078
	Administrative Fees Income - Mature Loans	158,005,000	138,066,000
	Penalties on matured Loans	158,465,658	148,621,975
	Less: Loan recovery during the year - GOK	(4,365,045,859)	(4,917,689,067)
		30,974,046,059	27,589,090,026
	Add: Overpaid Loans movement	28,055,439	26,719,466
	Refunds during the year	27,510,572	67,393,432
		31,029,612,070	27,683,202,923
	Less: Provision for bad & doubtful debts	(1,551,480,603)	(1,384,160,146)
		29,478,131,466	26,299,042,777
29	LOANS TO STUDENTS NOT YET MATURED		
	Balance brought forward-Unmatured loans	35,871,357,665	30,340,842,233
	Add: Loans awarded during the year - GOK	9,402,322,863	10,687,095,607
	Loans awarded during the year - Partnership Funds	1,731,772,923	413,733,515
	Less: Mature loans during the year	(6,013,333,984)	(5,570,313,690)
		40,992,119,467	35,871,357,665
30	LOANS, BURSARIES & SCHOLARSHIPS PAYABLE		
	Loans Payable	600,455,184	1,184,315,780
	Scholarships Payable	6,054,000.00	5,850,000

HIGHER EDUCATION LOANS BOARD
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
	Bursaries Payable- Undergraduate &TVET	2,054,000.00	530,000
		608,563,184	1,190,695,780
31	CUMULATIVE PARTNERSHIP FUNDS AS AT 30 JUNE 2019		
	Capitation for TVET Fund	1,192,000,000	1,192,000,000
	Afya Elimu Fund	782,914,608	704,493,608
	Training Revolving Fund	291,911,669	237,690,719
	HELB Education Fund	1,923,876	1,923,876
	Students Loans - Kenya Revenue Authority Revolving Fund	20,000,000	20,000,000
	Students Loans - Tinderet Education Fund	2,000,000	2,000,000
	Students Loans - MOEST Foreign Universities Fund	58,624,889	58,624,889
	Students Loans - Digital Divide Data Fund	21,848,498	18,800,000
	Students Loans - Community Health Promotion Fund	18,546,500	12,216,500
	Students Loans - Tenwek Hospital Training Fund	1,880,000	1,880,000
	Students Loans - Busia County Fund	27,000,000	27,000,000
	Students Loans - Tigania West Fund	2,800,000	2,800,000
	Students Loans - Kakamega County Fund	87,500,000	60,000,000
	Students Loans - Igembe North Education Fund	9,000,000	9,000,000
	Students Loans - Karachuonyo Education Fund	10,800,000	10,800,000
	Students Loans - Tharaka Nithi Constituency Fund	4,884,000	3,384,000
	Students Loans - St Kizito Vocational Training Institute	2,132,838	1,482,838
	Students Loans -Simba Corporation	3,479,100	3,479,100
	Students Loans - Taita Taveta	38,000,000	30,000,000
	Students Loans - AIC Kijabe	3,500,000	2,000,000
	Ford Foundation Project	1,579,000	
	Students Loans - Awendo Education Fund	2,500,000	2,500,000
	Students Loans - Strathmore University	1,320,300	1,320,300
	Students Loans - Barclays Bank Scholarship	98,840,000	42,840,000
	Students Loans - Standard chartered bank	10,000,000	-
	Students Loans - Kenya school of Integrated MEDS	2,000,000	-
	Students Loans - Chuka Igambang'ombe Fund	4,700,000	-
	Students Loans - Council for legal education	40,000,000	-
		2,741,685,278	2,446,235,828
	Less: Students Loans - Barclays Bank Scholarship paid	(84,735,669)	-
	Capitation to revolving fund	2,656,949,609	2,446,235,828
32	PARTNERSHIP FUNDS RECEIVED IN THE PERIOD		
	Capitation for TVET Fund	-	300,000,000
	Afya Elimu Fund	80,000,000	102,413,608
	Training Revolving Fund	54,220,950	73,957,500
	HELB Education Fund	-	150,000
	Students Loans - Digital Divide Data Fund	3,048,498	3,500,000
	Students Loans - Community Health Promotion Fund	6,330,000	6,468,000
	Students Loans - Tenwek Hospital Training Fund	-	800,000
	Students Loans - Kakamega County Fund	27,500,000	20,000,000
	Students Loans - Tharaka Nithi Constituency Fund	1,500,000	750,000
	Students Loans - St Kizito Vocational Training Institute	650,000	-

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS			
	Students Loans - Simba Corporation	-	1,691,700
	Students Loans - Taita Taveta County	8,000,000	10,000,000
	Students Loans - AIC Kijabe	1,500,000	
	Students Loans - Strathmore University	-	1,320,300
	Students Loans - Barclays Bank Scholarship	56,000,000	42,840,000
	Students Loans - Standard chartered bank	10,000,000	-
	Students Loans - Kenya school of Integrated MEDS	2,000,000	-
	Students Loans - Chuka Igambang'ombe Fund	4,700,000	-
	Students Loans - Council for legal education	40,000,000	-
		295,449,448	563,891,108
	Less: Students Loans - Barclays Bank Scholarship paid	(84,735,669)	-
	Capitation from partnership received for the year	210,713,779	563,891,108
33	ACCUMULATED FUND		
	Balance as at July 2018	12,397,918,736	11,317,452,112
	Surplus for the Year	1,017,838,522	1,080,466,624
	Revaluation reserve on Asset disposal	3,028,047	0
	Balance ending	13,418,785,305	12,397,918,736
34	REVALUATION RESERVE		
	Revaluation reserve b/f	710,260,880	710,260,880
	Revaluation reserve on Asset disposal	(3,028,047)	-
		707,232,833	710,260,880
35	ACCUMULATED PROVISIONS FOR DOUBTFUL DEBTS		
	Non-current provision for the year		
	Balance b/f	1,384,160,146	1,272,556,018
	Add: Non-current provisions for the year	167,320,457	111,604,129
		1,551,480,603	1,384,160,146
	Current provisions for the year		
	Balance b/f	2,017,194	2,461,951
	Add: Provisions for the year	4,689,125	(444,758)
		6,706,319	2,017,194
	Balance c/d	1,558,186,922	1,386,177,340
36	INTANGIBLE ASSETS		
	Cost		
	As at 30th June 2018	179,479,053	169,823,253
	Additions during the year	10,850,536	9,655,800
	As at 30th June 2019	190,329,589	179,479,053
	Amortization and impairment		
	As at 30th June 2018	134,624,628	91,137,497
	Amortization for the year	45,252,669	43,487,131
	As at 30th June 2019	179,877,297	134,624,628
	Net Book Value	10,452,292	44,854,425

HIGHER EDUCATION LOANS BOARD
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37	PROPERTY, PLANT AND EQUIPMENT							Total Kshs	
	Cost	Land Kshs	Building Kshs	Motor vehicles Kshs	Equipment Kshs	Furniture Kshs	Fittings Kshs		Computers Kshs
	As at 30 June 2017	717,500,000	2,500,001	42,269,999	20,709,646	15,872,393	41,339,450	73,677,393	913,868,883
	Additions	-	-	-	710,119	3,347,260	35,109,893	47,745,334	86,912,606
	At 30 JUNE 2018	717,500,000	2,500,001	42,269,999	21,419,765	19,219,653	76,449,343	121,422,727	1,000,781,489
	Additions	-	-	15,153,500	3,824,930	8,152,574	33,837,848	20,830,741	81,799,593
	Disposals	-	-	(2,800,000)	(499,000)	(80,500)	-	-	(3,379,500)
	As at 30 June 2019	717,500,000	2,500,001	54,623,499	24,745,695	27,291,727	110,287,191	142,253,467	1,079,201,581
	Depreciation and impairment								
	As at 30 June 2017	-	100,000	16,171,250	4,320,571	3,595,565	6,617,175	44,204,254	(75,008,814)
	Depreciation	-	87,500	10,567,500	2,677,471	2,402,457	9,556,168	40,470,195	(65,761,291)
	At 30 JUNE 2018	-	187,500	26,738,750	6,998,042	5,998,022	16,173,343	84,674,449	140,770,105
	Depreciation for the year	-	62,500	13,655,875	3,093,212	3,411,466	13,785,899	47,417,775	81,426,727
	Less: Accumulated depreciation on disposals as at 30 June 2019	-	-	(2,100,000)	(187,125)	(30,188)	-	-	(2,317,313)
	Accumulated depreciation as at 30 June 2019	-	250,000	38,294,624	9,904,129	9,379,300	29,959,242	132,092,224	219,879,519
	Net book values as at 30 June 2019	717,500,000	2,250,001	16,328,875	14,841,567	17,912,427	80,327,949	10,161,244	859,322,062
	Net book values as at 30 June 2018	717,500,000	2,312,501	15,531,250	14,421,724	13,221,632	60,276,000	36,748,278	860,011,385

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

38. RELATED PARTY BALANCES

Nature of related party relationships

The Board regards a related party as a person or persons with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties for the board are;

a. Government of Kenya

The Government of Kenya is the principal shareholder of the Board, holding 100% of the Board's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. This is through

- The National Government- the National Treasury
- State Department of University Education- Ministry of Education, the parent ministry
- Ministry of Public Service, Youth & Gender Affairs- though the training revolving fund for civil servants

b. The county governments- revolving funds to students in tertiary education from such counties

c. The Board Members - they have control over the operations of the board

d. Key Management

e. Other partners providing funding

The transactions that were done with related parties for the financial year 2018-2019 are as below:

RELATED PARTY BALANCES	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	7,493,838,580	7,657,260,924
	7,493,838,580	7,657,260,924
b) Expenses incurred on behalf of related party		
Payments for students	11,772,294,929	10,687,095,607
Payments of salaries and wages for 251 employees	482,218,515	314,798,695
	12,254,513,444	11,001,894,302
c) Key management compensation		
Board members' emoluments	17,565,935	6,851,543
Compensation to the CEO	13,597,800	14,822,400
Compensation to key management -15	71,327,561	70,917,767
	102,491,296	92,591,710
d) Other government bodies		
County government of Kakamega and Taita Taveta	35,500,000	40,000,000
Ministry of Public Service, Youth & Gender Affairs	54,220,950	73,957,500
e) Partners - other funding providers	259,949,448	223,891,108
	349,670,398	337,848,608
Total	20,200,513,718	19,089,595,544

39. EVENTS AFTER THE REPORTING PERIOD

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

40. ULTIMATE AND HOLDING ENTITY

Higher Education Loans Board is a State Corporation under the Ministry of Education, Science and Technology. Its ultimate parent is the Government of Kenya

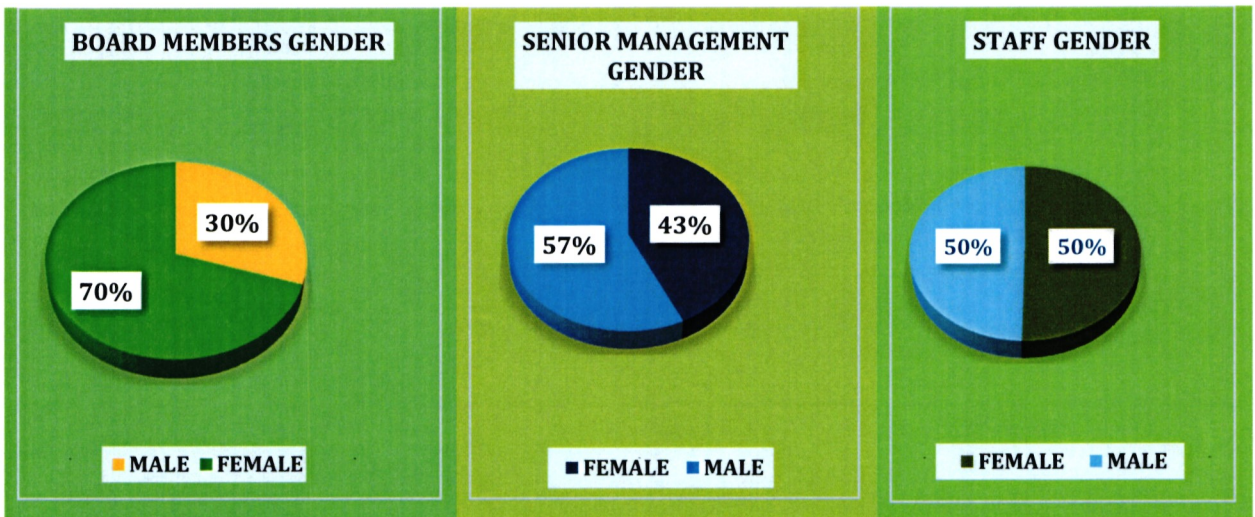
41. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest one shilling.

42. BOARDS STAFF

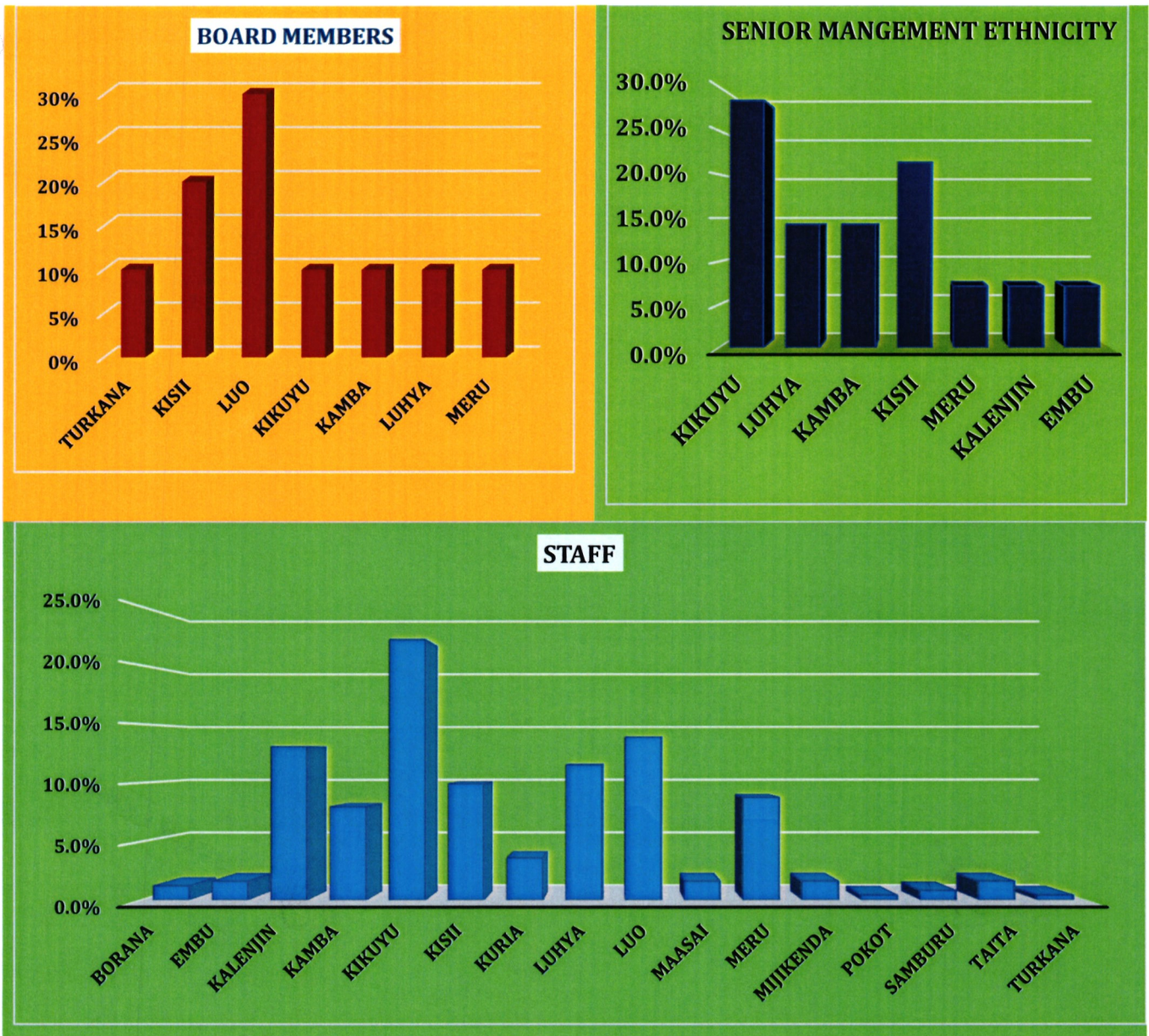
HELB as at 30 June 2019 had 10 Non- executive Board members, 14 senior management and 252 staff members. Out of the 266 staff of the board i.e. is both senior management and other staff members ,181 were on permanent and pensionable terms and 85 were on fixed term contract , there were three staff persons living with disabilities .

Gender Composition



HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

DIVERSITY OF BOARD AND STAFF



HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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.

No	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1	Basis for Qualified Opinion	Ownership of land LR No.209/13515	Pursuing dispute resolution mechanisms to ensure out of court settlement with Kenya Railways	Head of Legal Services	Work in Progress	Continuous
2	Emphasis of Matter	Recoverability of mature loans amounting to Kshs. 6,430,538,499 as at 30/6/2018 older than 10 years.	Measures put in place to recover outstanding loans. The loans are progressively decreasing by 30 June 2019 the outstanding loan was 6.1 billion	Chief Operations Officer	Work in Progress	Continuous
3	Emphasis of Matter	Access to Funds held at SBM Bank (Kenya) Limited of Kshs. 400 Million which is under statutory management.	SBM Bank (Kenya) Limited took over Chase bank on 20 th August 2018. The status of HELB deposits is as below <ul style="list-style-type: none"> • Funds accessed 37.5% • 37.5 % held on placement • 25% Moratorium deposit deposited to Kenya Deposit Insurance Corporation. 	Chief Finance Officer	Work in Progress	Continuous

EKWEETHURO
CHAIRMAN OF THE BOARD

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

The board did not undertake any project in the year 2018-2019 either funded by us or by development partners

APPENDIX III: TOP TEN TENDERS AWARDED

The below are the top ten tenders awarded in the financial year 2018-2019 by HELB

S/ NO	TENDER NO	DESCRIPTION	FIRM AWARDED	TENDER SUM
1	HELB/RFQ/157/2018-2019	Supply of Tablets 128GB	Manu Technologies	1,444,400.00
2	HELB/RFQ/131/2018-2019	Provision of Knowledge Management Consultancy	Phowad Solutions Ltd	1,849,040.00
3	HELB/RFQ/142/2018-2019	Supply of Tablets 256GB	Mwemuti Suppliers	1,998,000.00
4	HELB/RFQ/153/2018-2019	Provision of 2019 voice of the customer survey	Institute of Customer Experience	1,999,840.00
5	HELB/T/13/2018-2019	Supply of Office Furniture -Supply of star stem high mesh back leatherette office chairs black, Coach room chairs: fixed (no wheels) fixed arm, mesh back & leatherette seats blue in color, Supply of office chairs in leather for senior managers	Ideal Office	2,555,294.00
6	HELB/T/07/2018-2019	Provision of Penetration Testing and User Awareness Training	Internet Solutions (K) Ltd	5,730,400.00
7	CONTRACT AGREEMENT NO.SB/055/2017	Purchase of a Motor Vehicle-Ford Everest XLT 2.2D South Africa	CMC Motor Group Ltd	6,797,600
8	HELB/T/14/2018-2019	Provision of General Insurance Covers-Motor Vehicles, Fire & Other Perils, Fidelity Guarantee, Group Personal Accident, Credit Protection (Motor Vehicles), Credit Protection (Loans) and Professional Indemnity	Liaison Group (Insurance Brokers) Ltd	8,278,184
9	CONTRACT AGREEMENT NO.SB/012/2017	Purchase of a Motor Vehicle-Toyota Fortuner GUN156R-SNTSHN Automatic	Toyota Kenya Ltd	8,355,900.00
10	HELB/T/15/2018-2019	Provision of Staff Medical Insurance Covers	Minet Kenya Insurance Brokers Ltd	37,130,464.00
TOTAL				76,139,122.00

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APPENDIX IV: INTER-ENTITY TRANSFERS

HIGHER EDUCATION LOANS BOARD				
Break down of Transfers from the State Department of Education, Science and Technology				
FY 18/19				
Recurrent Grants				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
Operations grant	22-Aug-18	211,188,118	2018-2019	
Bursary to students	22-Aug-18	237,000,000	2018-2019	
Capitation	22-Aug-18	1,761,412,615	2018-2019	
Capitation	09-Jan-19	1,757,362,751	2018-2019	
Capitation	18-Feb-19	1,762,230,008	2018-2019	
Capitation	08-May-19	1,764,645,088	2018-2019	
Total		7,493,838,580		

The above amounts have been communicated to and reconciled with the parent Ministry.

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

ROBERT ASUMANI SAMUEL
ASSISTANT ACCOUNTANT GENERAL

HIGHER EDUCATION LOANS BOARD
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APPENDIX V: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - Kshs	Statement of Financial Performance	Receivables	Others- Revolving fund	Total Transfers during the Year
Ministry of Public Service, Youth & Gender Affairs	29-Jan2019 14-Aug-2018	Others- Revolving fund	54,220,950	54,220,950	-	54,220,950	54,220,950
County Government of Kakamega	15-Nov-18	Others- Revolving fund	7,500,000	7,500,000		7,500,000	7,500,000
	8-Apr-19		20,000,000	20,000,000	-	20,000,000	20,000,000
County Government of Taita Taveta	14-May-19	Others- Revolving fund	8,000,000	8,000,000	-	8,000,000	8,000,000
Total			89,720,950	89,720,950		89,720,950	89,720,950

