

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
**REPORT**  
DATE: 25 JUL 2023 TUESDAY  
Tabled BY: HON. NAOMI WABO, MP  
DEPUTY MAJORITY WHIP  
OF  
Clerk AT THE TABLE: ANNE SHUKO

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

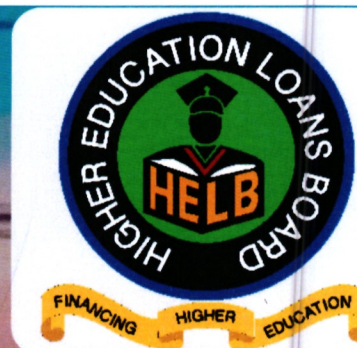
**HIGHER EDUCATION LOANS BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



REPUBLIC OF KENYA

# HIGHER EDUCATION LOANS BOARD



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

OFFICE OF THE  
P. O. Box 30000  
28 JUN 2022  
REG

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

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Higher Education Loans Board (HELB) is a state corporation in the Ministry of Education established in July through an Act of Parliament 'Higher Education Loans Board Act Cap 213A to provide for the establishment of a Board of management of a fund to be used for education at recognized institutions within and outside Kenya and for matters incidental thereto and connected therewith. The Board is domiciled and operates within the Republic of Kenya. It is governed by Board Members and led by the Chief Executive Officer who is responsible for policy and strategic direction of the Board as well as the Secretary to the Board.

**Our Multi-Dimensional Purpose and Values**



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**(b) Principal Activities**

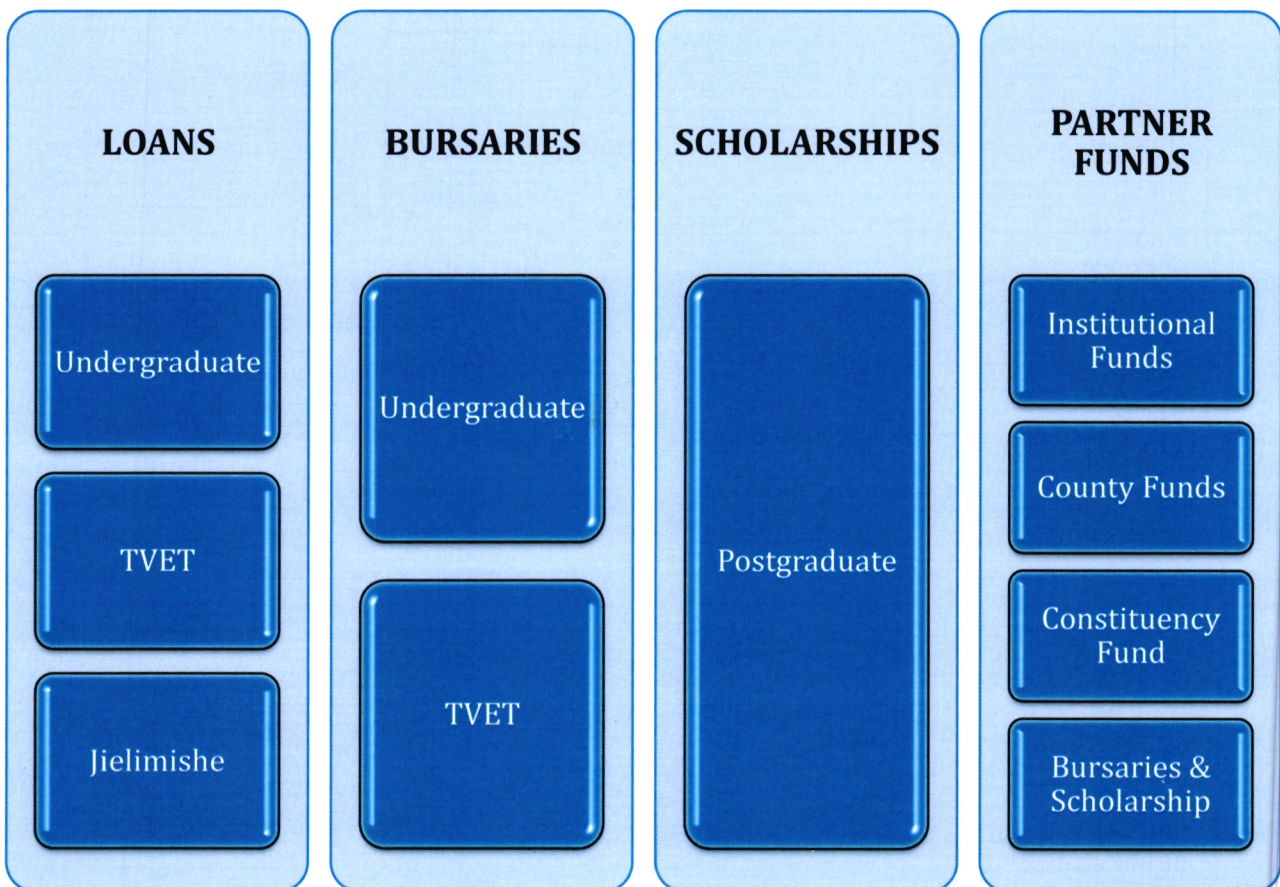
As stipulated in the Higher Education Loans Act of 1995 the objective and the purpose for which the Board was established is “for the management of a fund to be used for granting loans to assist Kenyan students to obtain higher education at recognized institutions within and outside Kenya and for matters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

Education can be quite expensive but with our student loans product, there is now a smarter way to finance your studies. We empower your dreams with lower interest loans and flexible repayment plan.



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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 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer & Board Secretary	FCCA/CPA Charles M. Ringera
2	Chief Strategy & Customer Exp. Officer & Ag. Chief Finance	CPA Mary Wachira-Muchee
3	Chief Innovation and Technology Officer	Mr. Josephat K. Nzuki
4	Head of Legal Services & Corporation Secretary & Ag. Chief Operations Officer	Mrs. Bernadette N. Masinde
5	Head, Audit Risk Management and Compliance	CPA Justus K. Mwangi
6	Head of Human Resource & Administration	CHRP (K) Zipporah Onyoni
7	Head of Corporate Communication & Customer Experience	Ms. Wavinya Mung'ala MPRSK
8	Head of Debt Management	CPA Fritz N.C. Achola
9	Manager, Finance	CPA Kerin Lidoroh
10	Manager, External Resources & Fund Management	CPA James Gachari
11	Manager, Lending	Mr. Joseph Ndegwa
12	Manager, Procurement and Logistics	Mr. Elijah W. Wekesa

**(e) Fiduciary Oversight Arrangements**

**Board Committee Functions**

The Higher Education Loans Board is led by board members whose mandate are actualized through three committees.

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 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;

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Loans Disbursement and Recovery Committee	Finance, Staff & General-Purpose Committee	Audit, Risk Management and Compliance Committee
Functions	Functions	Functions
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 Committee and Public Investment Committee. (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 in 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;	Perform any other function assigned by the Board	
Perform any other function assigned by the Board		

**(f) HELB Headquarters and Registered Office**

18<sup>th</sup> 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](mailto:contactcentre@helb.co.ke)  
Website: [www.helb.co.ke](http://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)

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**(h) HELB Bankers**

<b>BANK</b>	<b>BRANCH</b>
KCB Bank Limited	University Way Branch, Nairobi

**Other Banks**

<b>BANK</b>	<b>BRANCH</b>
<b>1</b> Central Bank of Kenya	Haile Selassie Avenue
<b>2</b> Equity Bank Limited	Equity Centre Branch, Upperhill, Nairobi
<b>3</b> Citi Bank N A Kenya Limited	Upperhill Branch, Nairobi
<b>4</b> Standard Chartered Bank Kenya Limited	Koinange Street Branch, Nairobi
<b>5</b> Co-operative Bank of Kenya Limited	University Way Branch, Nairobi
<b>6</b> ABSA Bank of Kenya Limited	Business Centre, ABSA Plaza, Nairobi
<b>7</b> Housing Finance Group	Koinange Street Branch, Nairobi
<b>8</b> Family Bank Limited	Family Bank Towers Branch, Nairobi
<b>9</b> SBM Bank (Kenya) Limited	Delta Branch, Westlands, Nairobi
<b>10</b> Kingdom Bank Limited	Koinange Street Branch, Nairobi
<b>11</b> NCBA Bank Limited	Upperhill Branch, Nairobi
<b>12</b> 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 and Department of Justice  
Harambee Avenue  
P.O. Box 40112- 00200  
**NAIROBI, KENYA**

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**2. THE BOARD OF DIRECTORS**

Board Member	Key Qualifications and Experience
 <p><b>RHT Hon. Ekwee Ethuro: Chairman of the Board</b></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 served for the period between 2013 to 2017. 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. He was born in 1963.</p> <p>Appointed on 20<sup>th</sup> September 2018. He is an Independent Board Member.</p>
 <p><b>FCCA/CPA Charles Ringera CEO- HELB</b></p>	<p>CPA 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. He was born in 1969.</p> <p>Appointed on 1<sup>st</sup> March 2019</p>
 <p><b>Prof. Mumo Kisau, Board Member</b></p>	<p>Prof. Mumo Kisau is the Vice-Chancellor of Scott Christian University. He was appointed to the Board on 20<sup>th</sup> September 2018 for a period of Five 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. He was born in 1960.</p> <p>Appointed on 20<sup>th</sup> September 2018 to represent the Kenya Association of Private Universities (KAPU).</p>




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Board Member	Key Qualifications and Experience
 <p style="text-align: center;"><b>Mrs. Jacqueline A. Mugo,</b>  <b>Board Member and Chairman</b>  <b>Loans Disbursement and</b>  <b>Recovery Committee</b></p>	<p>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. She was born in 1957.</p> <p>Appointed on 16<sup>th</sup> March 2021 to represent Kenya Federation of Employers.</p>
 <p style="text-align: center;"><b>Mr. Dismas O. Ogot</b>  <b>Board Member</b>  <b>Alternate to the Permanent</b>  <b>Secretary, State</b>  <b>Department of University</b>  <b>Education and Research</b></p>	<p>CPA Dismas O. Ogot, a member of the ICPAK, is an alumnus of Maseno School. He holds Master of Business Administration (Strategic Management), and Bachelor of Arts, Economics, (Hons) Degrees of the University of Nairobi. He has attended several leadership, governance and management courses locally and abroad. He is the Senior Chief Finance Officer of the State Department for University Education and Research. He is a public sector financial management expert, with extensive experience, skills and competencies in cross-cutting senior level general management in both the public and private sectors spanning 29 years. Previously, he served as Director of Finance and Economic Planning at Nairobi Metropolitan Services (NMS) and the Public Service Commission; Senior Chief Finance Officer (State Law Office &amp; Department of Justice); Deputy Accountant General at the National Treasury, Principal Accounts Controller of the Kenya Judiciary, and in senior and middle level management positions in the private sector. He started his career as an economist in the Ministry of Finance and Planning in November 1992. He has chaired Boards of schools and served as alternate to the Permanent Secretary/National Treasury in Maasai Mara University Council. He has mobilized and participated in several community transformational initiatives.</p> <p>Appointed on 1<sup>st</sup> September 2021 to represent PS, State Department of University Education and Research.</p>

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Board Member	Key Qualifications and Experience
 <p><b>Mr. Charles Onami Maranga,</b>  <b>Board Member and Chairman</b>  <b>Finance Staff and General-</b>  <b>Purpose Committee</b></p>	<p>Mr. Charles 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 ABSA and Kenya Airways and is currently the CEO/Managing Partner-Human Capital Consultancy LTD (HCMC). He was born in 1964.</p> <p>Appointed on 15<sup>th</sup> February 2021.  He is an Independent Board Member.</p>
 <p><b>Ms. Cheryl Majiwa, Board Member</b>  <b>Alternate to the Permanent</b>  <b>Secretary, The National Treasury</b></p>	<p>Ms. Majiwa is the Alternate to the PS, National Treasury. She is currently working as an Assistant Director Investments in the Directorate of Public Investments and Portfolio Management at The National Treasury &amp; Planning. She holds a Bachelor of Commerce (Accounting &amp; Finance) from Strathmore University and Master of Business Administration (Strategic Management) from the University of Nairobi. She represents the permanent 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. She was born in 1978.</p> <p>Appointed on 1<sup>st</sup> January 2020 to represent the PS, The National Treasury.</p>
 <p><b>Dr. Habil O. Olaka,</b>  <b>Board Member and Chairman</b>  <b>Audit, Risk Management and</b>  <b>Compliance Committee</b></p>	<p>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. He was born in 1964.</p> <p>Appointed on 27<sup>th</sup> August 2021 to represent the Kenya Bankers Association.</p>




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Board Member	Key Qualifications and Experience
 <p><b>Prof. Mwenda Ntarangwi, Board Member</b></p>	<p>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. He was born in 1964.</p> <p>Appointed on 16<sup>th</sup> March 2021 to represent the Commission for University Education (CUE).</p>
 <p><b>Prof. Francis W. O. Aduol, Board Member</b></p>	<p>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. He was born in 1951.</p> <p>Appointed on 20th September 2018 to represent Vice Chancellors' Committee, Public Universities.</p>
 <p><b>Mrs. Rita Wambui Kosgey, Board Member</b></p>	<p>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 &amp; Governance – a key adviser to various companies on legal, compliance and risk. Operational Oversight &amp; Change Management - has led large multi-disciplinary teams providing technical and operational advice and</p>

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<b>Board Member</b>	<b>Key Qualifications and Experience</b>
	<p>support, delivering projects or undertaking transformative change initiatives. Culture, Talent &amp; People Management - a graduate of the Diageo Leadership Performance Program and voted as The Most Inspirational Senior Woman Executive Leader at EABL. Delivery &amp; 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. She was born in 1973.</p> <p>Appointed on 20<sup>th</sup> September 2018.</p> <p>She is an Independent Board Member.</p>

### 3. MANAGEMENT TEAM

Management Team	Key Qualification and Experience
 <b>FCCA/CPA Charles Ringera</b> <b>Chief Executive Officer</b> <b>/Board Secretary</b>	<p>CPA 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.</p>
 <b>CPA Mary Wachira-Muchee</b> <b>Chief Strategy &amp; Customer</b> <b>Experience Officer &amp; Ag.</b> <b>Chief Finance Officer</b>	<p>CPA Mary Wachira has over 25 years of experience in the field of Finance and Strategy. She joined HELB at inception in 1996 as an Accountant in charge of Operations. Before joining HELB, she worked at National Housing Corporation from 1990-1996 in various positions up to Senior Accountant (Cost &amp; 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) and a member of Institute of Certified Public Accountant of Kenya. She is also a Certified Investment and Security Analyst.</p> <p>Appointed Acting Chief Finance Officer from 27<sup>th</sup> September 2019 as an additional role to overseeing Strategy and Customer Experience function.</p>
 <b>Mr. Josephat Nzuki</b> <b>Chief Innovation and</b> <b>Technology Officer</b>	<p>Mr. 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 as 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.</p>

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**Management Team**

**Key Qualification and Experience**



**Mrs. Bernadette N. Masinde**  
**Head of Legal Services &**  
**Corporation Secretary**  
**Ag. Chief Operations Officer**

Mrs. 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 the growth of the legal function of the Board. Appointed Acting Chief Operations Officer from 1<sup>st</sup> December 2020.



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

CPA 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 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 Office of Auditor General (OAG). 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.



**CHRP (K) Zipporah Onyoni**  
**(Mrs)**  
**Head of Human Resource and**  
**Administration**

Mrs. Onyoni is a Human Resource practitioner specialized in Human Resource Management and Administration for over nineteen (19) years. She holds a Master of Science in Human Resources Management [MSc-HRM] and a bachelor's degree in human resources and Administration [BBA] specialized in HRM. She previously worked in Non-Governmental Organizations, Banking Sector, Airline Industry, Private and Public sector. She is specialized in human capital management. She is a Certified Human Resource Professional (CHRP-(K)), an accredited member of the Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM).

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Management Team	Key Qualification and Experience
 <b>CPA James Maina Gachari</b> <b>Manager, External Resources</b>	<p>CPA 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 &amp; 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].</p>
 <b>CPA Kerin Lidoroh</b> <b>Manager, Finance</b>	<p>CPA 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. She previously worked in the hospitality industry.</p>
 <b>Ms. Wavinya Mung'ala,</b> <b>MPRSK</b> <b>Manager, Corporate</b> <b>Communication &amp; Customer</b> <b>Experience</b>	<p>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 joined 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</p>

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**Management Team**

**Key Qualification and Experience**



**Mr . Joseph Kingori Ndegwa**  
**Manager, Lending**

Mr. 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.



**Mr. Elijah W. Wekesa**  
**Manager Procurement and**  
**Logistics**


Elijah W. Wekesa, joined the Board from Postbank where he worked as a Manager, Procurement and Supplies. He also worked as a Deputy Head of Supply Chain in Bungoma County and Procurement Officer at Youth Fund and ABSA Bank as a graduate clerk. He holds a B.A in Economics and Mathematics as well as M.A from the University of Nairobi, in addition to an international Diploma in Logistics and Transport (Chartered Institute of Logistics and Transport -CILT-UK) and a Diploma in Purchasing and Supplies (Chartered Institute of Marketing-CIM-UK). Wekesa has a wealth of experience in Public Procurement gained from his previous engagements. He is a full member of Kenya Institute of Supplies Management (KISM no. 67493).



**CPA Fritz N.C. Achola**  
**Head of Debt Management**  
**(Appointed Head of Debt**  
**Management from 1st April**  
**2022)**

CPA Fritz Noel C. Achola has over 34 years of experience in the field of Finance, Accounting, Strategy, Performance Management (Balanced Scorecard) and Research. He joined HELB on 2nd January 1997 as a Senior Accountant (Budgets & Accounts). He moved through the ranks to recently Assistant Manager (Research, Strategy and Planning). He worked as a Senior Accountant at The National Treasury in the Department of Government Investments and Public Enterprises. He holds a Bachelor of Commerce degree (Accounting option) from the University of Delhi (India) and an MBA (Finance and Banking) from Strathmore Business School. He also has a Postgraduate Diploma in Financial Management (with Distinction) from the Maastricht School of Business (Netherlands). In addition, he is a Certified Public Accountant of Kenya (CPA-K) and a member of Institute of Certified Public Accountant of Kenya. He is also a certified ISO 9001:2015 Lead Auditor.

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<b>Management Team</b>	<b>Key Qualification and Experience</b>
 <p><b>Mrs. Rachel J. Kenei</b> <b>Ag. Head of Debt Management</b> <b>(Appointed Acting Head of Debt Management from 1st September 2020 to 30th March 2022)</b></p>	<p>Mrs. Rachel J. Kenei holds a bachelor's degree in economics and Sociology from Egerton University and a master's degree in Economic Policy Management from the University of Nairobi. She has over 23 years' experience in Credit Management having served the Board in various capacities in Lending and Debt Management Departments where she rose through the ranks from an Assistant Loans Officer, Loans Officer, Senior Loans Officer, Assistant Manager and to her current position of Ag. Head of Debt Management.</p>

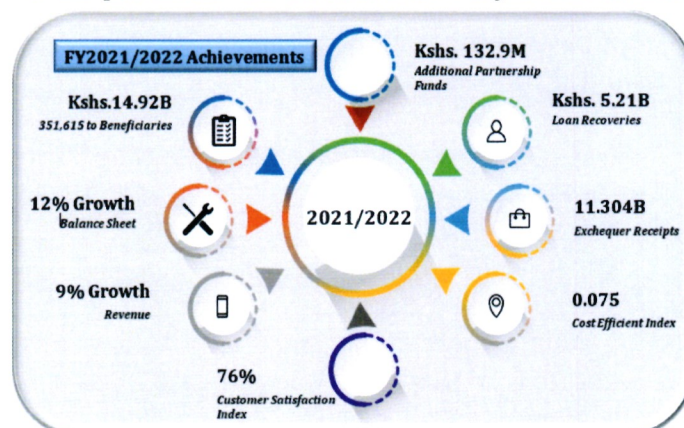
#### 4. CHAIRMAN'S STATEMENT



It is my pleasure to present the FY2021/2022 performance report; the various activities, successes, challenges, and the outlook in line with our plans and vision in **Empowering Dreams** of our youth who form most of our population. Our dream is to enrich employer/employee pool with skills and competencies. The evolution commences from sourcing of funds to disbursing them in form of loans, bursaries, and scholarship and finally recovery of outstanding loans advanced to Kenyan students aimed at creating a sustainable revolving fund.

#### Performance and Successes

HELB operated through an extraordinary financial year with post Covid-19 effects, new waves of Covid-19, increase in inflation caused by the Ukraine-Russian war and ushering in of political campaigns ahead of August 2022 elections. During the year under review, HELB advanced loans, bursary and scholarships of **KShs. 14.92 Billion** to **352,720** students. This brought the total funding to the **KShs. 131.02 Billion** to a student population of **1,242,229** since inception. The board managed to record a stellar performance in loan recovery of **KShs. 5.21 Billion** which is the highest ever in history of the Board. The performance was facilitated by the penalty amnesty campaign '#KAMILISHA MALIPO YA HELB'. The board also managed to register growth in balance sheet of **12%** and revenue of **9%**. The budget utilization stood at **100%** while the activities in the strategic plan were finalized at **75%**. Operational efficiency stood at **7.5%** in June 2022 implying that for every **Shilling** awarded to the student, **0.075 Cents** were spent on operations and capital expenses.



#### Challenges Faced

In line with our Strategic Plan, HELB continues to strive towards ensuring that post-secondary Kenyan students continue with their education as underpinned by article 43 (f) of the Kenyan constitution and SDG 4 on “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.” However, the year was marked by a slowdown of economic activity due to the post COVID-19 pandemic and increased inflation. The ripple effect of the budget cut in FY2019/20 and FY2020/21 amounting to **KShs. 5 Billion** that led to the non-achievement of the strategic objective of funding student at **18 Billion** by end of FY2021/22 resulting to lack of funding to **106,382** students. The catapulting cost of living has also challenged the effectiveness of the average loan awarded to students and its impact. The gap between the placement by KUSSPS, the actual loan application and the awarded loans is an emerging challenge in line with our vision of universal financing for Kenyans pursuing Higher Education. However, the board followed the action taken to ensure wellbeing of the staff and other stakeholders to ensure business continuity despite the underlying conditions. HELB remains committed to completion of items pending in the 2019-2023 Corporate Strategic which is entering its last mile to finish strong.

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**Outlook**

As HELB grows into a mature and vibrant brand aimed at *empowering dreams*, we acknowledge customer centered leadership as an essential strategy to delivery of our promise to the Kenyan Citizen. We recognize the role of customers in growing and sustaining a revolving fund. Therefore, we continue to reflect on both the customer and employee journeys and implement measures that improve overall customer experience. Technology will remain a critical component in our business thus we will continue to invest in systems that provide efficiency and value to our customers. Our journey towards the future will be further enhanced through building of strategic partnerships with like-minded organizations especially in sectors with emerging opportunities for youth such as Oil & Gas and Blue Economy. As a premier higher education financing institution, we are an important player in the education sector and intend to drive the noble cause of empowering dreams to enrich youth with much needed skills and competence. Our mission is to provide sustainable finance to Kenyans pursuing higher education through mobilization and prudent management of resources. The Board therefore remains confident that with the resources in its realm, it will be able to harness more and make a significant contribution in the higher education sector in Kenya.

**Corporate governance**

The operations of HELB are guided by Section 15(1) of State Corporations Acts, HELB Act CAP213A and Mwongozo Code of governance for state corporations. During the year under review HELB Board of Directors was actively involved in its oversight role of giving strategic direction. There were 26 Board meetings held both physically and virtually as guided by the Head of Public Service on code of conduct of Board meetings during the COVID-19 Pandemic. The board evaluated its own performance keeping in mind the evaluation parameters set out by the State Corporations Advisory Committee (SCAC). I proudly report that the average Board performance index over the last 5 years has averaged over 96%.

**Appreciation**

On behalf of the Board of Directors, I take this opportunity to appreciate the management and staff for their tireless effort and commitment towards the attainment of the set targets and goals as we emerge from the COVID-19 pandemic. We thank our esteem customers for their continued support and partnership. Recognise the support accorded to HELB by our Parent Ministry – Ministry of Education and The National Treasury. Appreciate our strategic partners who have confidence in us in ensuring establishment of a sustainable National Higher Education Revolving fund. Finally, I take this opportunity to appreciate my fellow Directors, for their commitment and great sacrifice. I am truly honoured to serve alongside you as we drive the organization towards the realization of its Mandate. The Board remains optimistic as we transition into the final year of the Strategic Plan and shall remain committed to the last mile and finishing strong.



**HON. EKWEE ETHURO**  
**CHAIRMAN OF THE BOARD**

## 5. REPORT OF THE CHIEF EXECUTIVE OFFICER



I look at what HELB has been able to achieve over the past financial year 2021/2022 with a sense of delight and pride. We began the year aware of the pre-dominant effects of the pandemic and as the HELB community we had no option other than face the challenge heads on. The foot forward was to amend our strategies in order to accommodate the new realities. Far and above the impeccable financial performance results, the Corporation continues to do more to support our communities in empowering dreams. The focus being sourcing for funds, funding of the vulnerable members of society with an aim of helping them realize their education dreams in line with SDG #4 on *Lifelong learning* and recovery of matured loans to create a national revolving fund. The remarkable progress has been

attributed to the immeasurable support from the Board of Directors, top management, entire pool of staff, strategic partners, stakeholders, and the student community who are our customers.

### Operational Environment

2021/2022 had its share of challenges, The Kenyan economy grew by 6.7% in 2021 after 0.3% contraction in 2020. Inflation rose to 6.1% in 2021 from 5.3% in 2020, reflecting increased input costs. The fiscal deficit nudged down to 7.9% of GDP in 2021 from 8% in 2020 due to improved revenue, reversed tax cuts as the economy recovered and rationalized spending. Economic growth is projected to decelerate to 5.9% in 2022 and 5.7% in 2023, Inflation is projected to edge up to 7%, close to the upper end of the target band (7.5%), caused by greater energy and food inflation. The fiscal deficit will narrow to 6.5% of GDP in 2022 and to 5.5% in 2023 with the resumption of the IMF-supported fiscal-consolidation and debt management program. Downside risks could stem from the 2022 general election. The economy, however, continued to face various downside risks that ranged from adverse weather patterns, stress from currency fluctuations and the pressure from oil imports. On the global arena, the main challenges were witnessed around the war tensions between Russia and Ukraine; The conflict threatens to squeeze energy and commodities markets further, bringing in imported inflation and global trade disruptions.

### The HELB Agenda 2019 – 2023- *The Last Mile; Finishing Strong*

2021/2022 marked the fourth year of HELB's 5-year strategic plan dubbed HELB Agenda 2019-2023.

The performance over the four years has been marked by reduced customer pain points, improved brand affinity, growth in students' budget, growth in loan recovery, resource mobilization, growth in balance sheet, increase in exchequer receipts and deployment of FINTECH in service delivery.

A review of the 4 Strategic pillars on implementation of the plan shows good traction and momentum of the plan implementation. As at 30<sup>th</sup> June 2022, 3% of the planned activities were not due, 18% had been finalized, 57% were done but continue to roll over subsequent plan periods and 23% were ongoing.

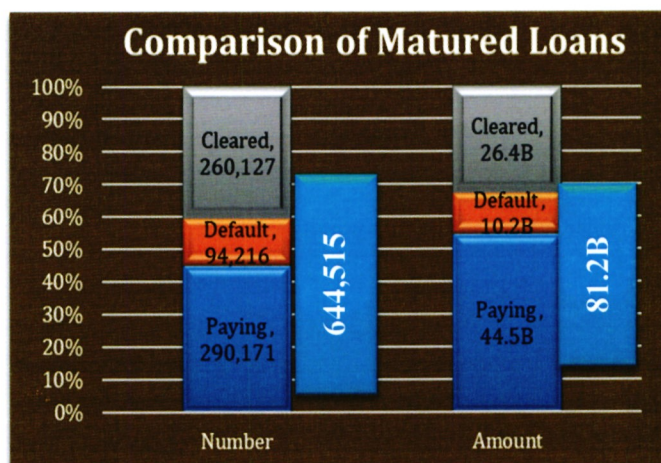


**HIGHER EDUCATION LOANS BOARD**  
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**Performance Overview**

**Empowering Dreams**

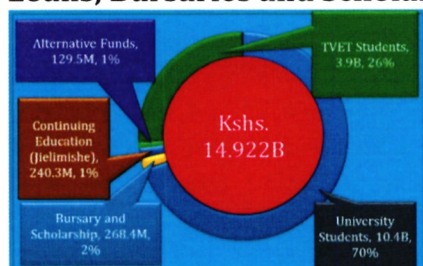
HELB has empowered dreams of more than **1,242,229 students** and disbursed over **KShs .131.02 Billion**. As of 30 June 2022, loanee accounts totalling to **KShs .49.8B** had not matured for repayment representing **597,715** loanees while accounts totalling to **KShs. 81.16B** representing **644,514** loanees were mature for recovery. Out of these mature loans, **290,171** accounts holding **KShs. 44.5B** were repaying their loans while a total of **94,216** loanees holding **KShs. 10.24B** were in default. We appreciate and applaud **260,127** loanees who have cleared their loans amounting to **KShs. 81.16B**.



**Revenue Generation**

During the year under review total revenues generated from various sources amounted to **KShs. 16.990B** (108% of the approved budgeted revenues of **KShs.15,804B**) compared to **KShs .14.191B** in 2021. The exchequer receipts in the year amounted to **KShs. 11.304B** and A-I-A of **KShs. 5.686B**. The overall performance was largely affected by the increase in loan recovery to **KShs .5.209B** up from the approved budget of **KShs .3.987B** due to the penalty amnesty '#KAMILISHA MALIPO YA HELB'.

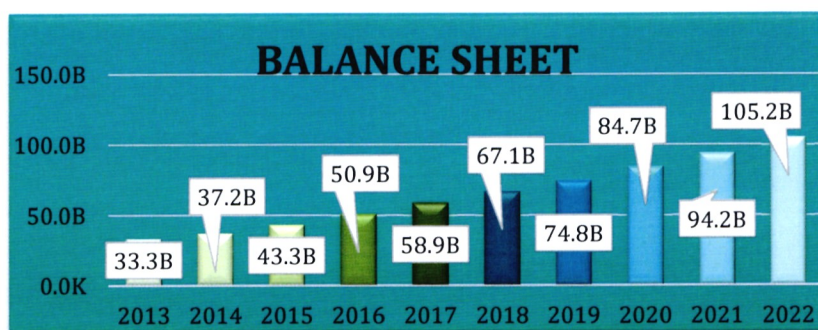
**Loans, Bursaries and Scholarship Disbursements**



SDG #4 on *Lifelong learning* targets to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Pursuant to this goal, a total of **KShs. 14.922B** was disbursed to **349,826** students by June 2022 as compared to **KShs .13.37B** disbursed to **303,643** in 2021; an average increase of 12%. The Disbursements were in the form of various products – Loans, Bursaries and Scholarships.

**Financial Position**

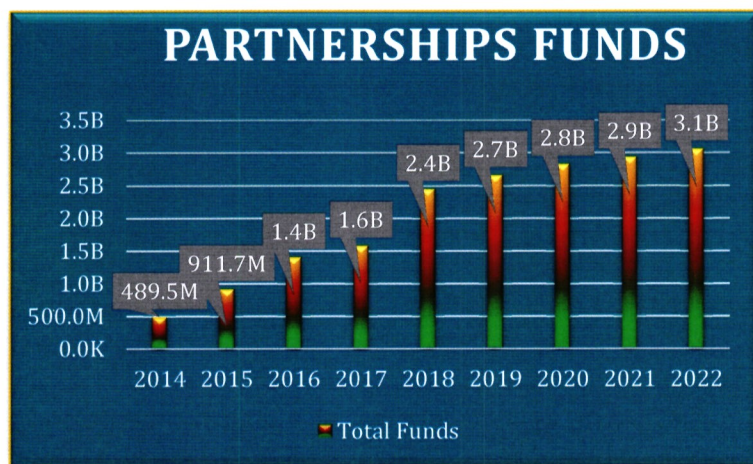
The total Balance Sheet grew to **KShs .105.2B** by close of June 2022 from **KShs .94.17B** in June 2021 representing an 12% growth buoyed by the **KShs .14.6B** loans to students during the year under review compared to **KShs. 13.1B**. Overall Accounting surplus increased by 23.7% from **KShs .0.504B** to **KShs .0.622B**



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**Efficiencies and cost optimization**

Our strategy focuses on disciplined operational efficiency with key emphasis on cost optimisation. The operational cost efficiency index as at 30<sup>th</sup> June 2022 was at 7.5%. This implies that for every Shilling awarded to the student, 0.075 cents were spent on operations and capital expenses.



**Transformative Partnerships**

SDG number 17 refers to the UN process of developing the global sustainable development agenda and seeks to strengthen and revitalize the global partnership for sustainable development. Financial sustainability is key to the realization of the HELB Agenda 2019 – 2023 that aims at creation of a Self-Sustainable National revolving fund. Since 2014 when focus was placed on External Resources Mobilization, there has been a steady growth closing the year at KShs .3.1B of externally mobilized funds.

**Loan Recovery and Establishing a Repayment Culture**

In the year under review, a stellar performance in loan recovery was achieved that saw recovery collections of **KShs. 5.21 Billion**, the highest ever since HELB’s inception. 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. Therefore, a penalty amnesty campaign was held in the year under the slogan “**#KAMILISHA MALIPO YA HELB**”. This is a major strategic focus within the strategic pillar which guarantees the future success and sustainability of the National Education Revolving Fund. The board is also endeavouring to tell our story to the public as a sensitization and a means of 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.



**FINTECH Optimization**



To deliver services close to customers, HELB has enhanced its digital service delivery; through CRM, HELB App, USSD (\*642#) & various portals (employer, debt collectors, students, loanees and institutional) and record digitization and storage; implementation of EDMS. The board also adopted remote working by use of VPN & VDI and use of collaborative app such as Microsoft teams and zoom. There was enhanced automation via cloud computing, strategic linkages, ERP stabilization and infrastructure improvement; 2Tier data centre, network upgrade and clean power backup. In the porous cyberspace to secure the systems and data, HELB has implemented ISMS, implemented data protection, and secured online transactions and networks.

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### **Challenges Faced**

Financial year 2021/2022 came with its unique challenges having been a year of economic recovery from the Covid-pandemic. The student financing as a strategic performance target was adversely affected by the ripple effect of FY2019/2020 and FY2020/2021 budget cut. The target as at the end of fourth year of implementation of the strategic plan was funding of students at 19Billion while the actual was at 14Billion a deficit of 5Billion which is the same as the total budget cut for the two previous period. The other emerging issue being the impact and effectiveness of the students funding. The gap between the actual placement by KUCCPS, the number of applications and the number of funded students is growing day by day. The average loan per student has remained steady over time despite increased cost of living. Domestically, a key risk to the outlook is a further worsening of the current drought, which is having a devastating effect on food security and livelihoods in affected parts of the country and is necessitating increased social spending on food assistance. We further note that Kenya's economic performance remained strong in the early months of 2022, but external challenges have mounted increasing external financing costs.

However, to ensure sustainable financing initiative, HELB has implemented various strategic approaches to ensure they empower dreams. Institutionalization of the student's loan self-protection scheme aimed at insuring the loan portfolio has been ongoing. As at the end of FY 2021/2022 a total of KShs 24.9Billion covering 574,094 loanees had been insured through the scheme. The plan envisages a reformed, bolder, agile, client focused, FINTECH enabled and Risk Intelligent organization which accords our Employees a great place to work.

### **Outlook**

HELB has been empowering dreams for the last 27 years in operation in which it has been serving its stakeholders. It's also a crucial moment when we are now looking at completion of the HELB Agenda 2019-2023 in the last mile with an aim to finishing strong. It's now a moment to reflect beyond just student financing to impactful financing and this raises a call to action.

First is to *accelerate the delivery of our strategy* – HELB Agenda 2019 – 2023. The current strategic plan comes to an end by 30<sup>th</sup> June 2023, the period ahead forms the last mile in the various activities in the journey to empower dreams and forms the basis for the next strategic plan. The agenda for sustainable Financing Initiatives through elaborate Risk analysis and a framework for managing the underlying risks need to be kept alive to achieve 100% of the set activities.

Secondly, the pandemic and strained global economy has prompted the need for major strategic review of the business processes. As an adaptive measure the call to action is to have *increased push for Digital service delivery channels*. The strategy focuses on customer centered leadership which should shape our business. In delivering digital services to our customers, employees, and the community at large. In this regard we will not only transform HELB, but also the lives of Kenyans and our customers everywhere.

Lastly, as a way forward as a call for action is a *Brand refresh and telling our story of success on empowering dreams*. The brand refresh is aimed at re-positioning HELB as a brand and the external stakeholder's engagement by proactively telling the HELB story of empowering dreams to build a strong emotional culture of Loanees caring for future generations.

**HIGHER EDUCATION LOANS BOARD**  
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I am grateful to The National Treasury, Ministry of Education for the funding and partnership support, Board of Directors for insightful support, Management and Staff for the support provided in delivering this year's Stellar performance and strategic partners for their initiative towards a sustainable National Education Revolving Fund. Looking forward to our collective effort creating a lasting impact in empowering the dreams of our youth.



**FCCA/CPA CHARLES RINGERA**  
**CHIEF EXECUTIVE OFFICER & BOARD SECRETARY**

HIGHER EDUCATION LOANS BOARD

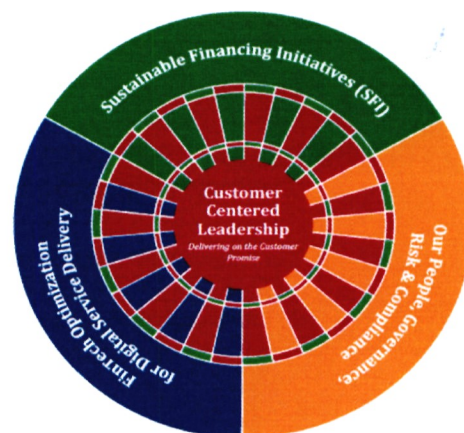
Annual Report and Financial Statements for the Year Ended June 30, 2022

**6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY2021/2022**

The statement of performance against HELB'S predetermined objectives has been prepared in accordance with Section 81 subsection 2 (f) of the Public Finance Management Act, 2012

HELB has 4 strategic pillars and objectives within its Strategic Plan HELB Agenda 2019-2023. These strategic pillars are as follows:

- (i) **Customer Centred Leadership:** *"Delivering on the Customer Promise"*
- (ii) **Sustainable Financing Initiatives:** *"Impactful financing of Students through optimal resource mobilization"*
- (iii) **FinTech Optimization for Digital service delivery** *"Deepen, Broaden and Enhance Innovative Technologies that deliver First Class Customer Service"* and
- (iv) **Our People, Governance, Risk & Compliance:** *"Make HELB a Great Place to work in by investing in Our People while propelling it to a Risk Intelligence Organization through ensuring adherence to Governance, Risk and Compliance Model"*.



The fourth (4<sup>th</sup>) year of the implementation of the HELB Agenda 2019 -2023 ended on 30<sup>th</sup> June 2022. HELB recorded a performance of **74%** where **172** out of 231 planned activities were implemented while other **23%** (52) were started but are still ongoing and off target. Other 7 activities (**3%**) are yet to be started. The table below shows the implementation status of the planned activities for the fourth year as of 30<sup>th</sup> June 2022.

**Strategic Plan Implementation Status as of 30<sup>TH</sup> June 2022**

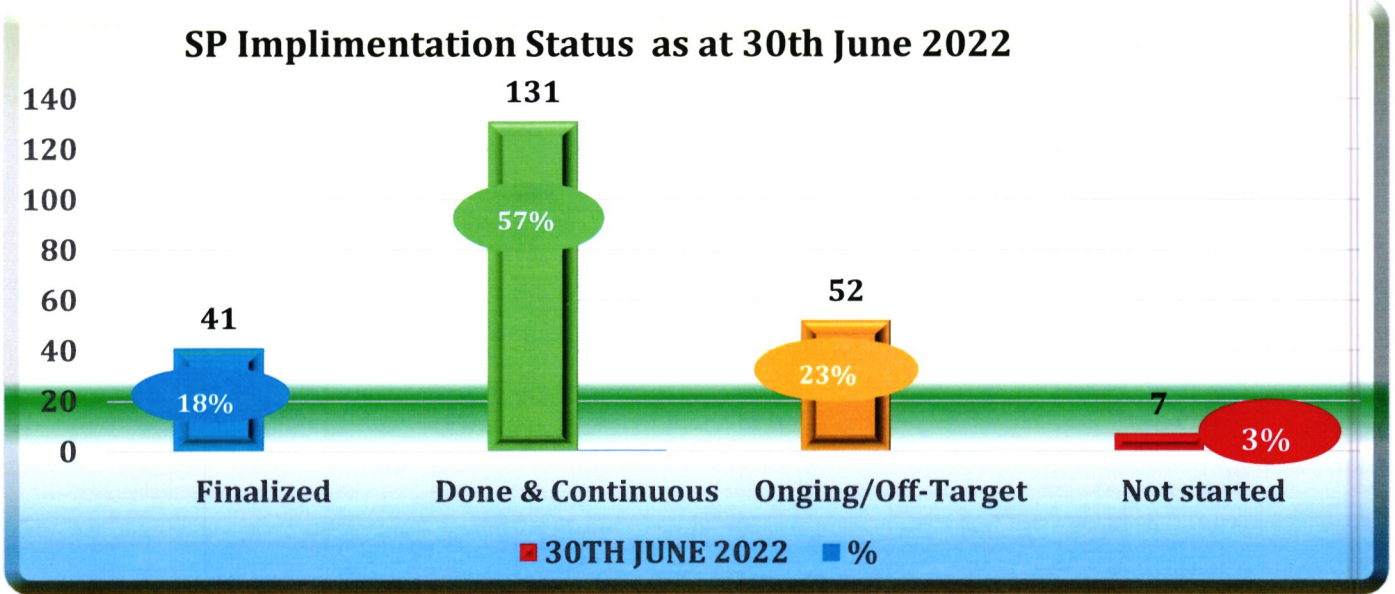
STATUS OF ACTIVITIES	CUSTOMER CENTRED LEADERSHIP	SUSTAINABLE FINANCING INITIATIVES	FINTECH OPTIMIZATION FOR DIGITAL SERVICE DELIVERY	OUR PEOPLE, GOVERNANCE, RISK & COMPLIANCE	TOTAL	%
<b>Finalized</b>	16	7	2	16	41	17.7%
<b>Done &amp; Recurring</b>	20	33	29	49	131	56.7%
<b>Ongoing</b>	10	12	14	16	52	22.5%
<b>Pending</b>	0	0	1	6	7	3.0%
<b>TOTAL</b>	46	52	46	87	231	100%

1. 41 out of 231(18%) of the planned activities for the FY2021/2022 that were completed as of 30<sup>th</sup> June 2022
2. Activities that have been implemented and are done & recurring during the year are 57% (131 out of 231).
3. Activities that should had been started and are ongoing are 23% (52 out of 231).
4. Planned activities that are due as at the FY 2021/2022 and have not been started are 3% (7 out of 231).

HIGHER EDUCATION LOANS BOARD

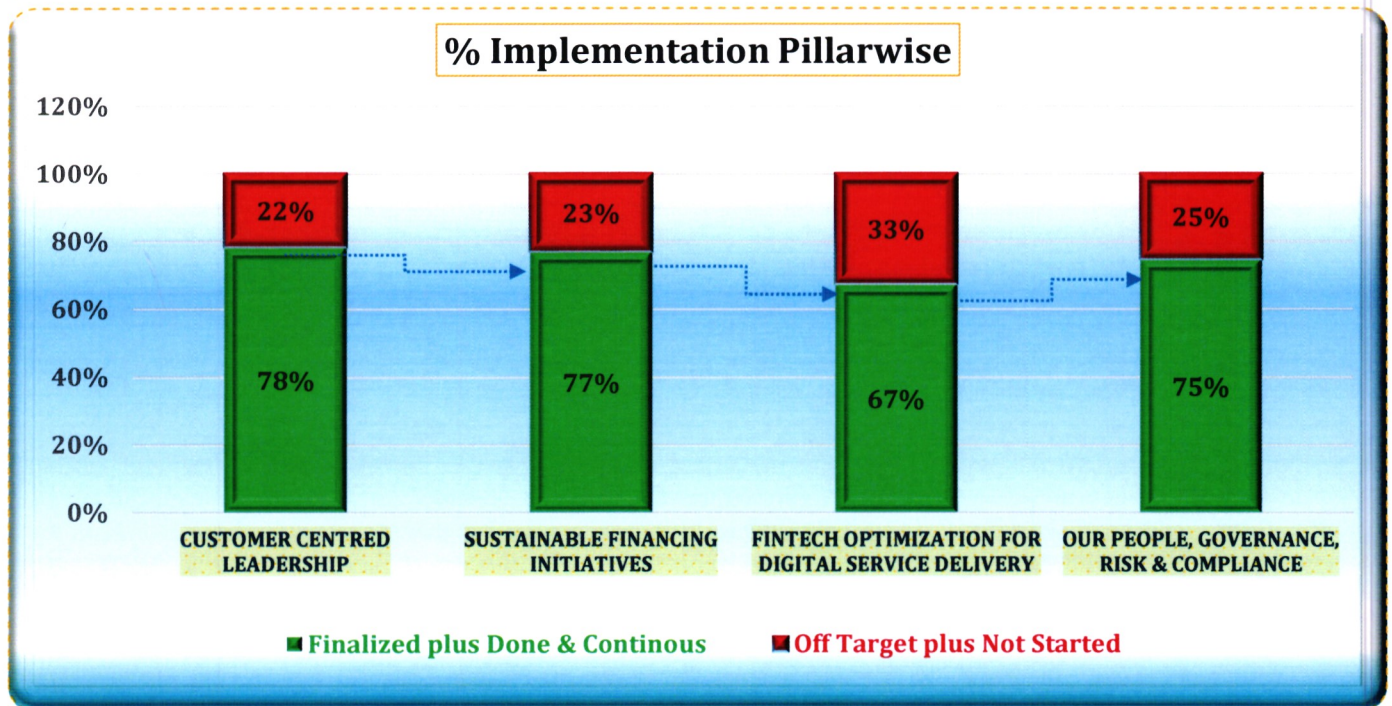
Annual Report and Financial Statements for the Year Ended June 30, 2022

Graphical Presentation of % of Activities Implementation



As of 30<sup>th</sup> June 2022, 78% of all activities under Customer Centred Leadership (CCL) were implemented the same case with 77% under Sustainable Financing Initiatives (SFI), 67% under Fintech Optimization for Digital Service Delivery Pillar while 75% under the pillar of Our People, Governance, Risk & Compliance had been implemented during the period under review.

The bar chart below illustrates the achievement level of the activities for each strategic pillar.



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**7. CORPORATE GOVERNANCE STATEMENT**

The Board of Directors and Senior Management are committed to ensuring that a strong governance framework operates throughout HELB, recognising that good corporate governance is a vital component to support management in their delivery to strategic objectives, and to operate a sustainable business for the benefit of all stakeholders. The Board develops and determines the purpose, strategy, and overall commercial objectives. The Board ensures that entity adopts policies and procedures that it considers appropriate to the business size and activities.

**a. Ownership**

The Higher Education Loans Board (HELB) is a State Corporation under the Ministry of Education. It was established in July 1995 by an Act of Parliament. It is headed by the CEO and Board Secretary who is responsible for implementation of the Board policy decisions and operations of the organization.

**b. Constitution and Appointment of Board of Directors**

The appointed and removal of the board of directors entirely lies with the Cabinet Secretary for Education except for the Chairman who is appointed by the President. The directorship is as follows:

- a) Chairman.
- b) Principal Secretary, Ministry of Education.
- c) Principal Secretary, The National Treasury.
- d) A Vice Chancellor of one public university to represent all the other public universities.
- e) A Vice Chancellor of one private university to represent all the other private universities.
- f) The Chairman, Kenya Bankers Association.
- g) The Chief Executive Officer, Federation of Kenya Employers.
- h) The Chief Executive Officer, Commission for University Education.
- i) Two Independent Members from the Public; and
- j) The Chief Executive Officer, who is the Secretary to the Board.

On appointment, the newly appointed members are facilitated to undergo induction process covering the business of the organization by availing relevant information and structured training.

**c) The Board members as of 30<sup>th</sup> June 2022 were as follows.**

No.	Name	Role in the Board	Date of Appointment	Date of Retirement
1	Hon. Ekwee Ethuro	Chairman, BOD	20-Sep-18	19-Sep-23
2	Mrs. Jacqueline Mugo	Chairman, LDRC	16-Mar-21	15-Mar-26
3	Prof. Mumo Kisau	Member	20-Sep-18	19-Sep-23
4	Prof. Mwenda Ntarangwi	Member	16-Mar-21	15-Mar-26
5	Mrs. Rita Wambui Kosgey	Member	20-Sep-18	19-Sep-23
6	Mr. Dismus Ogot	Member	1-Sep-21	1-Sep-26
7	Prof. Francis W. O. Aduol	Member	20-Sep-18	19-Aug-23
8	Ms. Cheryl Majiwa	Member	1-Jan-20	31-Dec-25
9	Mr. Charles Maranga	Chairman, FSGPC	15-Feb-21	14-Mar-26
10	Dr. Habil Olaka	Chairman, ARMCC	27-Aug-21	26-Aug-26
11	Mr. Charles M. Ringera	CEO, HELB	1-Mar-19	28-Feb-25

**HIGHER EDUCATION LOANS BOARD**  
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**d) Responsibility of Board of Directors**

The Board is collectively 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 Vision and Mission of the Board.               | f) Setting and monitoring broad budget and   |
| b) Promoting the Mandate and objectives of the Board. | planning framework, ensuring that the Board's finances are sound and taking major financial decisions. |
| c) Setting strategic directions for the Board.        | g) Setting and critically monitoring Board policy and risk management.                                 |
| d) Performance management of the CEO.                 | h) Fund raising and resource mobilization.   |
| e) Oversight of management.                           |  |

**e) Remuneration of Board of Directors**

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 sitting allowance, the Chairman of the Board receives monthly honoraria of **KShs.80,000** per month.

The below is individual remuneration: -

	Name	Honoraria	Sitting Allowance	Grand Total
1	Hon. Ekwee Ethuro	960,000.00	500,000.00	1,460,000.00
2	Mrs. Jacqueline Mugo		460,000.00	460,000.00
3	Dr. Habil Olaka		340,000.00	340,000.00
4	Mr. Dismus Ogot		480,000.00	480,000.00
5	Prof. Francis W. O. Aduol		440,000.00	440,000.00
6	Mr. Charles Maranga		640,000.00	640,000.00
7	Prof. Mwenda Ntarangwi		360,000.00	360,000.00
8	Prof. Mumo Kisau		640,000.00	640,000.00
9	Mrs. Wambui Kosgey		460,000.00	460,000.00
10	Ms. Cheryl Majiwa		640,000.00	640,000.00
	<b>Total</b>	<b>960,000</b>	<b>4,960,000</b>	<b>5,920,000.00</b>

**f) Board Members meetings**

It is the responsibility of the Chairman and the Board Secretary to originate the annual programme and agenda for the meetings. The CEO is the Secretary to the Board but the Higher Education Loans Board Act grants authority for delegation.

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

## HIGHER EDUCATION LOANS BOARD

### Annual Report and Financial Statements for the Year Ended June 30, 2022

effective control over strategic, financial, operational, compliance and governance matters. In addition to the Board meetings, other meetings may be held to address specific matters as and when need arises. To facilitate the smooth running of its affairs, the Board has established committees of the Board.

#### **g) Committees of the Board**

To facilitate the smooth running of its affairs the Board of Directors has established committees with a membership and terms of reference as outlined in the HELB Act. The following committees were in place during the year 2021/2022.

1. Finance Staff and General Purposes Committee.
2. Loans Disbursement and Recovery Committee.
3. Audit, Risk Management and Compliance committee.

#### **h) 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 Officer is responsible for implementation of the policies and strategies approved by the Board.

#### **i) Conflict of Interest**

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

#### **j) Board Performance and Evaluation**

In pursuit of promoting Board effectiveness, the Board undertook self-evaluation facilitated by State Corporations Advisory Committee (SCAC). The recommendations from the evaluation were considered and implemented.

#### **k) Succession Plan**

The planning and management of the Board members succession plan entirely lies with the Cabinet Secretary for Education and the President for the Chairman. The Board members are appointment on staggered Board appointment approach. The Board has three classes of positions on the board, each carrying terms of service that vary in length, allowing for a staggering appointment schedule. That's encourages board continuity.

**HIGHER EDUCATION LOANS BOARD**  
Annual Report and Financial Statements for the Year Ended June 30, 2022

**BOARD AND BOARD COMMITTEES' MEETINGS ATTENDANCE 2021/2022**

**Loans Disbursement and Recovery Committee**

Members	12 <sup>th</sup> Jul 2021	12 <sup>th</sup> Oct 2021	12 <sup>th</sup> Jan 2022	12 <sup>th</sup> Apr 2022	7 <sup>th</sup> Jun 2022	Count
Mrs. Jacqueline Mugo	√	√	√	√	√	5/5
CPA Dismas Ogot	**	√	√	√	√	4/4
Mrs. Rita Wambui Kosgey	√	√	√	√	√	5/5
Prof. Francis W. O. Aduol	√	√	√	√	√	5/5
Prof. Mumu Kisau	√	√	√	√	√	5/5
Mr. Charles Ringera (CEO)	√	√	√	√	√	5/5

**Finance, Staff & General-Purpose Committee**

Members	14 <sup>th</sup> Jul 2021	27 <sup>th</sup> Jul 2021	13 <sup>th</sup> Oct 2021	6 <sup>th</sup> Dec 2021	12 <sup>th</sup> Jan 2022	23 <sup>rd</sup> Mar 2022	13 <sup>th</sup> Apr 2022	8 <sup>th</sup> Jun 2022	Count
Mr. Charles Maranga	√	√	√	√	√	√	√	√	8/8
Prof. Mumu Kisau	√	√	√	√	√	√	√	√	8/8
Mrs. Wambui Kosgey	√	√	√	√	√	√	√	√	8/8
Prof. Francis W.O. Aduol	√	A	√	√	√	√	√	√	7/8
Ms. Cheryl Majiwa	√	√	√	√	√	√	√	√	8/8
Mr. Charles Ringera (CEO)	√	√	√	√	√	√	√	√	8/8

**Audit, Risk Management and Compliance Committee**

Members	16 <sup>th</sup> Jul 2021	16 <sup>th</sup> Sept 2021	14 <sup>th</sup> Oct 2021	14 <sup>th</sup> Jan 2022	14 <sup>th</sup> Apr 2022	9 <sup>th</sup> Jun 2022	Count
Mr. Habil Olaka	**	√	√	√	√	√	5/5
Prof. Mwenda Ntarangwi	√	A	√	√	A	A	3/6
Mrs. Jacqueline Mugo	√	√	√	√	√	√	6/6
CPA Cheryl Majiwa	√	√	√	√	√	√	6/6
CPA Dismas Ogot	**	**	√	√	√	√	4/4

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

**Full-Board Meetings Attendance**

Members	28 <sup>th</sup> Jul 2021	17 <sup>th</sup> Aug 2021	28 <sup>th</sup> Oct 2021	8 <sup>th</sup> Dec 2021	27 <sup>th</sup> Jan 2022	28 <sup>th</sup> Apr 2022	21 <sup>st</sup> Jun 2022	Count
Hon. Ekwee Ethuro-Chairman	√	√	√	√	√	√	√	7/7
Mrs. Jacqueline Mugo	√	√	√	√	√	√	√	7/7
Prof. Mumo Kisau	√	√	√	√	A	√	√	6/7
Prof. Mwenda Ntarangwi	√	√	√	A	√	√	A	5/7
CPA Dismas Ogot	**	**	√	√	√	√	A	4/5
Mrs. Rita W. Kosegy	√	A	A	√	√	√	√	5/7
Prof. Francis W. O. Aduol	√	√	A	√	A	A	A	3/7
Mr. Charles Maranga	√	√	√	√	√	√	√	7/7
Dr. Habil Olaka	**	**	√	√	√	√	√	5/5
Ms. Cheryl Majiwa	√	√	√	√	√	√	√	7/7
Mr. Charles Ringera CEO HELB	√	√	√	√	√	√	√	7/7

**KEY -** √ Present      A - Apology      \*\* Not Member at the time

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

**l) The Management Team**

Members of the management team are appointed by the Board through a competitive recruitment process. The membership consists of the CEO, the Chiefs of various functions and Managers as per the HELB's establishment. In the year 2021/2022 the management team was as disclosed on page (xiii-xvii).

**m) 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 HELB'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.

**n) Conduct of Business and Performance Reporting**

The Business of HELB was conducted in accordance with 5-year Strategic Plan dubbed *HELB Agenda 2019-2023*, annual Corporate Scorecard, and approved budget. Every year an annual corporate scorecard is formulated from the strategic plan implementation matrix. Performance against the set targets is reviewed on a quarterly basis and reports filed with the Board and management. HELB signs a Performance Contract negotiated with the Ministry of Education and vetted by Public Service Performance Management Unit. The agreed upon performance targets is monitored continuously and quarterly reports filed with the relevant authorities.

**o) Compliance with Laws**

As at the end of the financial year 2021/2022, the Board was satisfied that to the best of its knowledge, the organization complied with all applicable laws and that business was conducted in accordance with the set laws and regulations. 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. The requirements of the Mwongozo guidelines were complied with. The Board members are updated on changes in laws and regulations, policies, and practices through facilitation to attend relevant seminars and conferences for effective and efficient management of the Board.

**p) 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. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code of Conduct sets out clear behavioural requirements and where

## HIGHER EDUCATION LOANS BOARD

### Annual Report and Financial Statements for the Year Ended June 30, 2022

these are not met appropriate action is undertaken. To ensure adherence to the code of corporate governance, the Board members are governed by a Board Charter.

#### **q) 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.

#### **r) Engagement with stakeholders**

HELB recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all stakeholders are treated equitably. Stakeholder forums are held on an annual basis to consult on areas that would improve service delivery and create efficiency. Stakeholder engagement is guided by the communication policy.

#### **s) Procurement policy and any legal challenges**

HELB is committed to ensure provision of quality Procurement and Logistics services that include Procurement and Disposal services to all customers. There were no legal challenges faced during the year that required the intervention of Parliament. Public Procurement Regulatory Authority of Kenya dealt with two issues and provided the requisite guidance on the same.

#### **t) IT Governance**

HELB has heavily invested in IT systems to reap from the economies of scale arising from its diversified customer base spread over a wide geographical space including the diaspora. It has equally put adequate mechanisms in place to deal with the challenges emanating from IT governance.

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

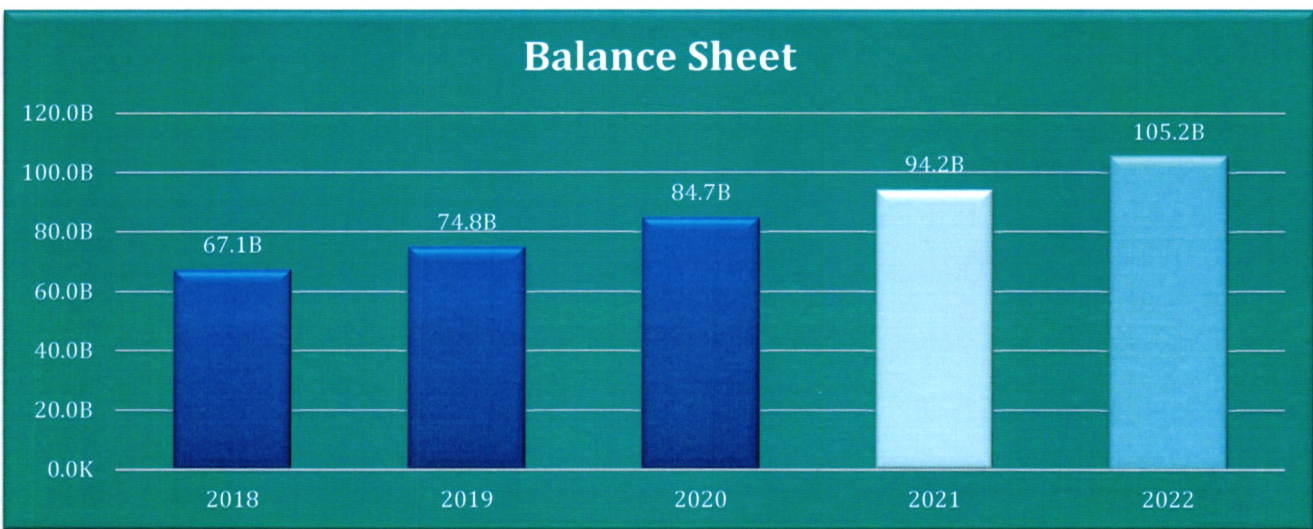
**8. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

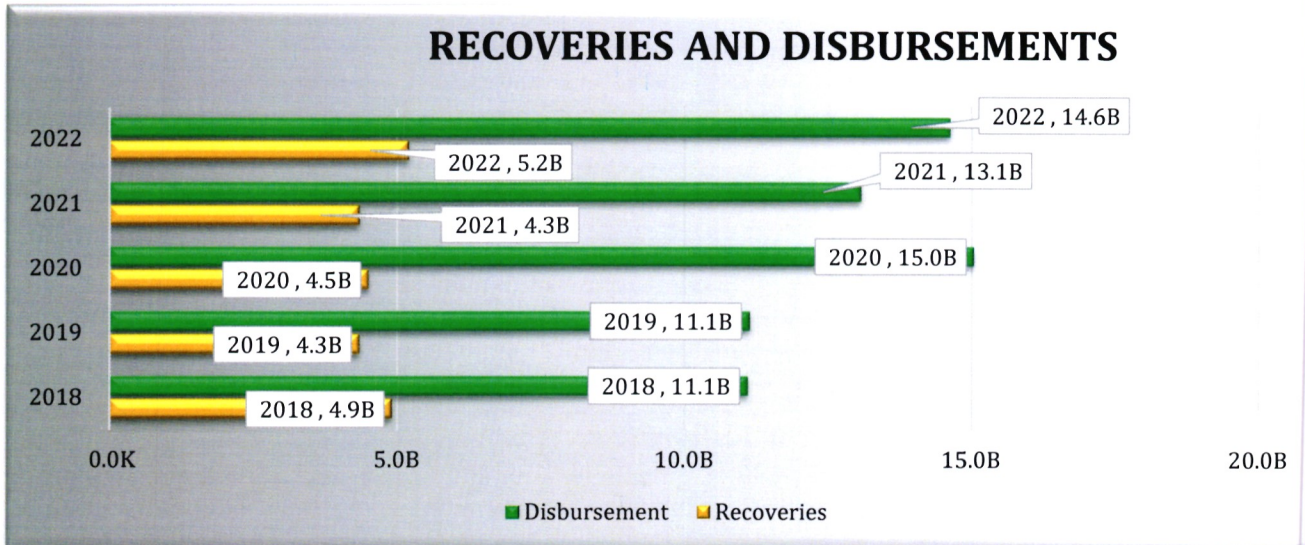
**OPERATIONAL AND FINANCIAL PERFORMANCE OF THE ORGANISATION**

As at 30<sup>th</sup> June 2022 the Board’s assets had grown by 12% from KShs .94.8 Billion in June 2021 to KShs .105.2 Billion. In the same period, HELB awarded students loans amounting to KShs .14.6 Billion and recovered a total of KShs. 5.2 Billion from past beneficiaries. HELB had received a total of KShs. 132.898 Million from other higher education financing partners. HELB received funds from the exchequer totalling to KShs. 11.3 Billion in form of Capitation.

**Balance Sheet growth for the past 5 years**



**Loan Disbursements and Recoveries for the period 2018 to 2022**



The difference between amount disbursed to students and loan recovered is funded through the annual Exchequer allocation.

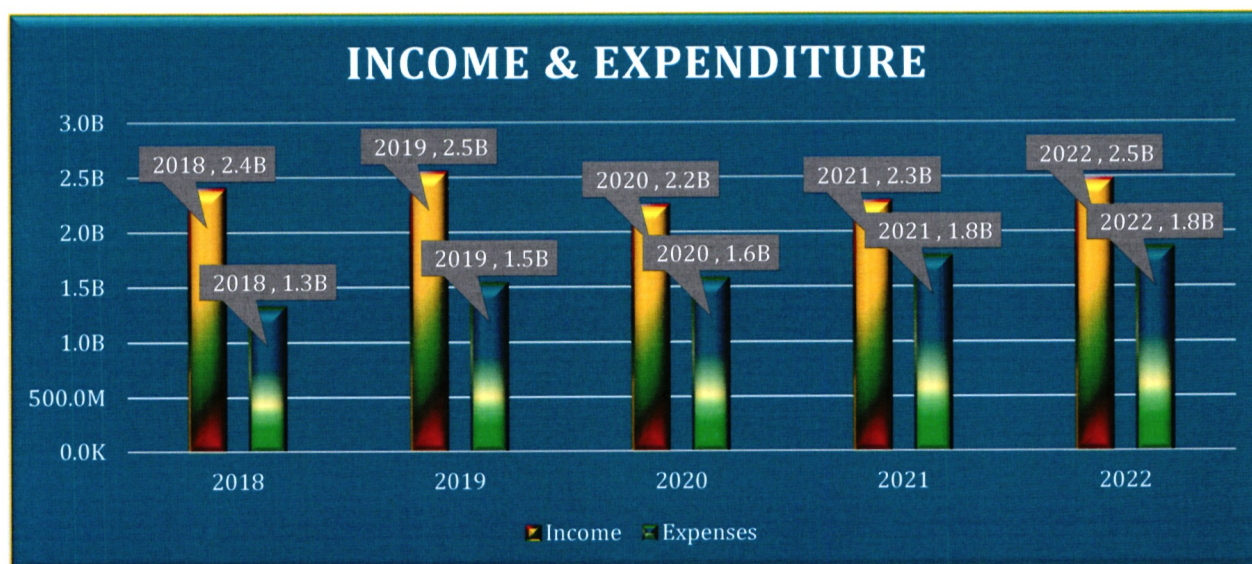
## HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2022

### Incomes and Expenditure for the period 2021/2022

The operational income received for the FY 2021/2022 is **KShs .2.477Billion** and the expenditure is **KShs. 1.841 Billion**, thus achieving an accounting surplus of **KShs .632.491 Million**.

The total expenditure includes **KShs. 1.470 Billion** for operating expenses and **KShs. 372.391 Million** for other losses relating to provision for bad and doubtful debt.



### Budget Utilization

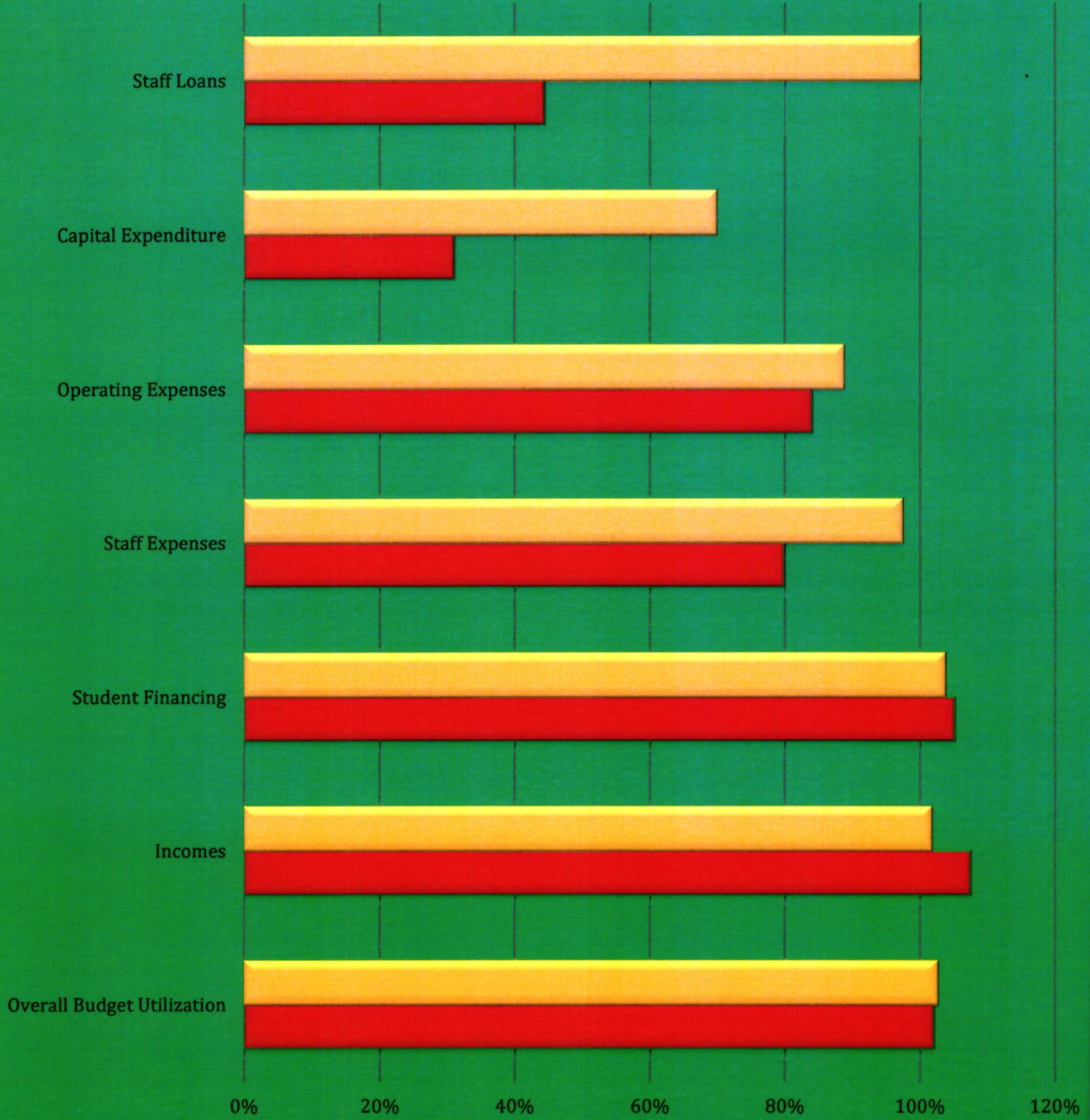
The total incomes received during the period was **KShs .16.990Billion** while the expenditure incurred was **KShs .16.133Billion** resulting into a budget surplus of **KShs .857.563Million**.

The budget surplus was largely attributed to the increase in loan recoveries. The budget utilization was at 102% of the annual budget. There has been an upward growth in all the activities of the Board.

		Actual Year to date	Budget whole year	Usage % D/E	Actual year to date	Budget whole year	Usage % J/K
<b>1</b>	<b>Sources of finance</b>						
1.1	GOK capitation	11,304,248,542	11,304,248,542	100%	9,134,248,542	9,134,248,542	100%
1.2	Alternative funds	132,897,729	250,000,000	53%	128,476,307	175,000,000	73%
1.3	Loan Recovery	5,217,693,961	3,986,875,108	131%	4,349,133,776	4,400,000,000	99%
1.4	Interest income	44,392,059	75,832,392	59%	62,536,557	70,832,392	88%
1.5	Miscellaneous Income	290,983,053	187,292,500	155%	516,254,096	175,000,000	295%
	<b>Total finances</b>	<b>16,990,215,345</b>	<b>15,804,248,542</b>	<b>108%</b>	<b>14,190,649,278</b>	<b>13,955,080,934</b>	<b>102%</b>
<b>2</b>	<b>Recurrent expenses</b>						
2.1	Student financing	14,922,000,391	14,197,806,457	105%	13,375,597,374	12,897,090,525	104%
2.2	Staff expenses	567,468,822	710,427,196	80%	571,031,008	586,279,747	97%
2.3	Operating expenses	558,493,638	664,279,688	84%	438,018,073	494,012,262	89%
	<b>Total recurrent exp.</b>	<b>16,047,962,851</b>	<b>15,572,513,342</b>	<b>103%</b>	<b>14,384,646,455</b>	<b>13,977,382,534</b>	<b>103%</b>
<b>3</b>	<b>Capital &amp; staff loans</b>						
3.1	Capital expenditure	42,441,595	136,735,200	31%	81,387,139	116,458,328	70%
3.2	Staff loans	42,247,561	95,000,000	44%	84,693,135	84,693,135	100%
	<b>Total Cap. &amp; Staff loan</b>	<b>84,689,156</b>	<b>231,735,200</b>	<b>37%</b>	<b>166,080,274</b>	<b>201,151,463</b>	<b>83%</b>
	<b>Total expenditure</b>	<b>16,132,652,007</b>	<b>15,804,248,542</b>	<b>102%</b>	<b>14,550,726,729</b>	<b>14,178,533,997</b>	<b>103%</b>
	<b>Surplus / (Deficit)</b>	<b>857,563,337</b>	<b>0</b>	<b>0%</b>	<b>-360,077,451</b>	<b>-223,453,063</b>	<b>161%</b>

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

## BUDGET UTILIZATION



	Overall Budget Utilization	Incomes	Student Financing	Staff Expenses	Operating Expenses	Capital Expenditure	Staff Loans
Actual 2020/2021	103%	102%	104%	97%	89%	70%	100%
Actual 2021/2022	102%	108%	105%	80%	84%	31%	44%

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**  
**Students Loans, Bursary and Scholarship Awards Accountability Statement**

County	Loans			Bursary			Scholarship			Total Number of Records		Total Amount Awarded
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount	Amount	Total Awards	Total Amount	
BARINGO	5,641	232,291,450.00	472	2,681,000.00	7	1,168,148.00	5,648	236,140,598.00		5,648	236,140,598.00	
BOMET	14,005	548,117,000.00	1,028	5,768,000.00	5	843,809.00	14,010	554,728,809.00		14,010	554,728,809.00	
BUNGOMA	17,992	730,849,750.00	1,632	9,122,000.00	6	1,018,000.00	17,998	740,989,750.00		17,998	740,989,750.00	
BUSIA	9,148	371,799,650.00	830	4,600,000.00	6	1,026,500.00	9,154	377,426,150.00		9,154	377,426,150.00	
ELGEYO-MARAKWET	4,761	195,162,850.00	334	1,886,000.00	4	1,156,000.00	4,765	198,204,850.00		4,765	198,204,850.00	
EMBU	4,646	190,858,300.00	348	2,061,000.00	6	1,082,000.00	4,652	194,001,300.00		4,652	194,001,300.00	
GARISSA	72	3,865,500.00	36	255,000.00	2	550,000.00	74	4,670,500.00		74	4,670,500.00	
HOMA BAY	17,571	742,231,150.00	2,229	13,294,000.00	8	1,100,912.00	17,579	756,626,062.00		17,579	756,626,062.00	
ISILO	264	13,400,100.00	121	873,000.00	3	563,850.00	267	14,836,950.00		267	14,836,950.00	
KAJIADO	2,976	127,067,750.00	254	1,591,000.00	6	814,000.00	2,982	129,472,750.00		2,982	129,472,750.00	
KAKAMEGA	22,780	873,276,915.00	1,830	10,309,000.00	4	906,000.00	22,784	884,491,915.00		22,784	884,491,915.00	
KERICHO	11,838	482,339,100.00	811	4,607,000.00	4	528,025.00	11,842	487,474,125.00		11,842	487,474,125.00	
KIAMBU	10,726	454,921,960.00	747	4,618,000.00	7	1,084,500.00	10,733	460,624,460.00		10,733	460,624,460.00	
KILIFI	4,669	241,866,750.00	2,668	19,818,000.00	4	656,000.00	4,673	262,340,750.00		4,673	262,340,750.00	
KIRINYAGA	4,743	196,427,300.00	314	1,861,000.00	5	818,000.00	4,748	199,106,300.00		4,748	199,106,300.00	
KISII	17,969	751,035,600.00	1,085	6,718,000.00	4	793,625.00	17,973	758,547,225.00		17,973	758,547,225.00	
KISUMU	12,912	549,086,860.00	1,510	9,130,000.00	9	1,456,100.00	12,921	559,672,960.00		12,921	559,672,960.00	
KITUI	10,710	446,794,600.00	843	5,041,000.00	5	464,300.00	10,715	452,299,900.00		10,715	452,299,900.00	
KWALE	1,689	86,832,850.00	842	6,248,000.00	4	1,050,000.00	1,693	94,130,850.00		1,693	94,130,850.00	
LAIKIPIA	3,529	147,252,600.00	303	1,873,000.00	6	1,229,000.00	3,535	150,354,600.00		3,535	150,354,600.00	
LAMU	289	14,622,900.00	146	1,093,000.00	2	156,000.00	291	15,871,900.00		291	15,871,900.00	
MACHAKOS	9,073	384,791,700.00	613	3,832,000.00	6	874,000.00	9,079	389,497,700.00		9,079	389,497,700.00	
MAKUENI	11,610	492,470,100.00	777	4,940,000.00	4	764,000.00	11,614	498,174,100.00		11,614	498,174,100.00	
MANDERA	68	3,213,500.00	19	146,000.00	6	1,106,000.00	74	4,465,500.00		74	4,465,500.00	
MARSABIT	480	25,938,700.00	221	1,640,000.00	2	506,000.00	482	28,084,700.00		482	28,084,700.00	
MERU	11,576	467,497,350.00	1,116	6,205,000.00	3	750,000.00	11,579	474,452,350.00		11,579	474,452,350.00	
MIGORI	10,493	438,642,350.00	1,285	7,718,000.00	3	750,000.00	10,496	447,110,350.00		10,496	447,110,350.00	
MOMBASA	2,650	115,166,290.00	196	1,164,000.00	7	747,300.00	2,657	117,077,590.00		2,657	117,077,590.00	
MURANG'A	8,708	365,516,800.00	504	3,193,000.00	2	176,550.00	8,710	368,886,350.00		8,710	368,886,350.00	
NAIROBI	12,629	546,092,110.00	855	5,446,000.00	12	1,702,150.00	12,641	553,240,260.00		12,641	553,240,260.00	
NAKURU	16,099	674,262,255.00	1,056	6,465,000.00	7	1,074,000.00	16,106	681,801,255.00		16,106	681,801,255.00	
NANDI	9,478	385,248,250.00	772	4,231,000.00	6	674,667.00	9,484	390,153,917.00		9,484	390,153,917.00	
NAROK	5,375	275,878,250.00	2,930	21,391,000.00	3	716,900.00	5,378	297,986,150.00		5,378	297,986,150.00	
NYAMIRA	10,366	429,005,450.00	663	4,069,000.00	5	940,837.00	10,371	434,015,287.00		10,371	434,015,287.00	
NYANDARUA	5,807	240,491,200.00	397	2,419,000.00	4	618,000.00	5,811	243,528,200.00		5,811	243,528,200.00	

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

County Name	Loans		Bursary		Scholarship		Total Number of Records		Total Amount Awarded	
	Awards	Amount	Awards	Amount	Awards	Amount	Total Awards	Amount	Total Awards	Total Amount
NYERI	7,761	323,539,150.00	679	4,033,000.00	6	901,705.00	7,767	901,705.00	7,767	328,473,855.00
SAMBURU	808	42,557,526.00	469	3,462,000.00	5	1,130,150.00	813	1,130,150.00	813	47,149,676.00
SIAYA	12,759	536,774,922.00	1,667	9,982,000.00	6	944,465.00	12,765	944,465.00	12,765	547,701,387.00
TAITA TAVETA	1,719	87,091,800.00	892	6,366,000.00	4	618,000.00	1,723	618,000.00	1,723	94,075,800.00
TANA RIVER	271	14,183,350.00	125	943,000.00			271		271	15,126,350.00
THARAKA-NITHI	4,347	177,010,500.00	382	2,194,000.00	5	1,264,650.00	4,352	1,264,650.00	4,352	180,469,150.00
TRANS NZOIA	8,893	369,573,850.00	844	4,905,000.00	5	1,006,000.00	8,898	1,006,000.00	8,898	375,484,850.00
TURKANA	1,023	51,857,900.00	549	3,690,000.00	3	562,000.00	1,026	562,000.00	1,026	56,109,900.00
UASIN GISHU	10,152	417,015,550.00	760	4,315,000.00	9	1,781,200.00	10,161	1,781,200.00	10,161	423,111,750.00
VIHIGA	5,991	250,800,400.00	625	3,567,000.00	4	807,460.00	5,995	807,460.00	5,995	255,174,860.00
WAIIR	47	2,413,000.00	23	171,000.00	2	650,000.00	49	650,000.00	49	3,234,000.00
WEST POKOT	2,486	126,310,400.00	1,168	8,642,000.00	1	200,000.00	2,487	200,000.00	2,487	135,152,400.00
<b>Grand Total</b>	<b>349,599</b>	<b>14,643,443,588.00</b>	<b>37,970</b>	<b>238,576,000.00</b>	<b>227</b>	<b>39,730,803.00</b>	<b>349,826.00</b>	<b>39,730,803.00</b>	<b>349,826.00</b>	<b>14,921,750,391</b>

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

**SECTION B**

**Key Projects and Investment Decisions Being Planned/Implemented.**

HELB commenced the digitization of all its records in the previous financial year and is working towards full implementation of the adopted Electronic Data Management System (EDMS) which will be financed through Appropriation in Aid (AIA). In the year under review, HELB launched the employer, debt collectors, students, loanees and institutional portal which is expected to improve efficiency in services. The portals are integrated with the ERP Microsoft dynamics AX system.

**SECTION C**

**Compliance with statutory requirements**

HELB had no non-compliance issue raised by either internal or external audits, all statutory compliance and requirements have been complied with. HELB was able to meet its statutory obligations during the year under review remitting **KShs. 112.971 Million** as P.A.Y.E, **KShs. 7.602 Million** as VAT Withholding and **KShs. 6.120 Million** as Withholding tax to the Kenya Revenue Authority in tax payments, **KShs. 4.608 Million** to the NHIF, **KShs. 2.187 Million** to HELB and **KShs. 1.290 Million** to the NSSF.

**SECTION D**

**Enterprise Risk Management**

Risk is an inherent part of HELB’s business, and the effective management of risk is a fundamental enabler of our strategic plan. The strategy for managing risk is aimed towards customer centred leadership and enabling sustained financing.

**Major Risks facing the Board.**

Through our risk management approach and on-going review, the undernoted key organizational risks were actively considered and managed during this year:



### **Management of Key Risks**

HELB has had key risk drivers that affect the achievement of objectives in the year 2021-2022. It is important to note that these risk drivers are not to be seen in isolation.

#### **i. Credit risk**

Credit risk is the risk that a borrower or debtor may default on obligations to the Board under a loan agreement. The credit portfolio is a major component of the asset portfolio of HELB; therefore, deterioration in the stability of the various borrowers may have an adverse effect on the board's asset value. HELB manages credit risk in accordance with its Credit Policy, and related governing documents. The goal of credit risk management is to ensure the board operates in accordance with the policies and strategic objectives. Credit review processes identify, monitor, mitigate and report to the responsible manager/function on negative signs related to borrowers.

#### **ii. Reputational Risk**

Reputation risk is the risk that an action, inaction, transaction, or event will reduce trust in HELB's integrity and competence by clients, counterparties, employees, or the public. Reputation risk arises where there are differences between these stakeholders' current and emerging perceptions, beliefs, and expectations relative to our current and planned activities, performance, and behaviours. The board values its good reputation and protects its Brand through monitoring reputational risks and their drivers, as well as through continuous media monitoring. We have a Framework in place covering the way we manage reputation risk including the setting of roles and responsibilities for risk identification, measurement, and management, monitoring, and reporting.

#### **iii. Liquidity Risk**

Liquidity Risk is the risk that HELB is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, and composition of funding and liquidity to support its assets. Liquidity risk is monitored through the Liquidity and Obligations Ratio limits as well as the review of the funding analysis looking borrowing and funding concentration from the exchequer and funding partners. There is also a Contingency Funding Plan in place.

#### **iv. Technological Risk**

With the increasing reliance and adoption of digital systems, cyber threats make cyber security one of HELB's top risks. Therefore, the Board endeavours to achieve cyber resilience that can withstand, detect, and rapidly react to cyber-attacks, while constantly evolving and improving its defences. Cyber security is built into our culture to foster crucial behaviours that protect the board and our customers' information. To enhance, HELB has also implemented Data protection - act.

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**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.

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Higher Education Loans Board (HELB) exists to Empower the Dreams by financing deserving Kenyans enrolled in accredited higher learning institutions within the country and the East African Community. This is what drives us to deliver on our Promise, enhancing Customer Centred Leadership as entrenched in the institution's 2019-2023 Strategic Plan (HELB Agenda 2019-2023). Below is an outline of the organization's policies and activities that promote sustainability.

### **i) Organization's strategy and profile**

Even as we embark on Sustainability journey, HELB remains confident that we are strategic, and we align our activities to the dynamic micro and macro-economic environment to achieve our mandate. We embark on establishment of new opportunities and partnerships to achieve our SDG-related targets. HELB also aims to the goals within its operations, drive proactive stakeholder engagement and remain true to our Promise of Empowering Dreams.

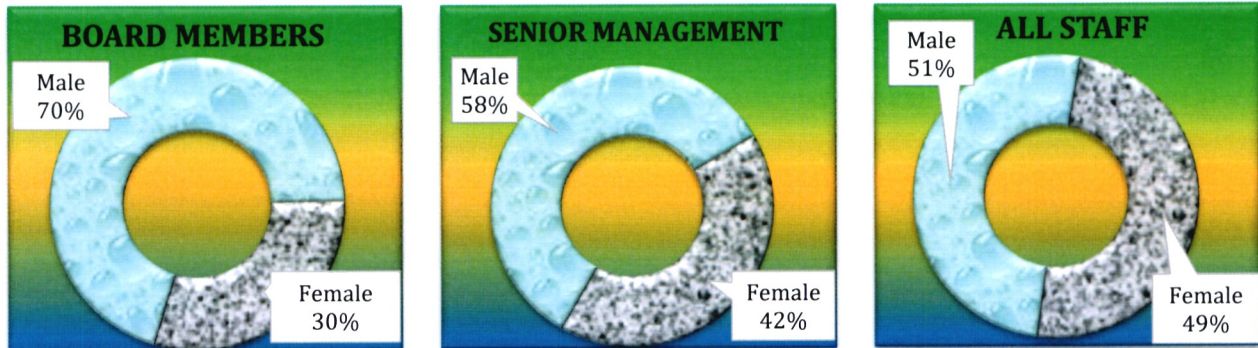
We are also cognizant of the challenging times the country faces. The declining funding from the Exchequer, depressed credit growth and strained consumer budgets brought about by several economic, political and regulatory measures have indeed affected HELB. Nonetheless, our inclusive approach has always helped in propelling the organization's Sustainability Agenda by building strong funding partnerships which in turn contribute towards the National Funding and eventually helping in financing more students in the higher learning institutions.

### **ii) Employee Welfare**

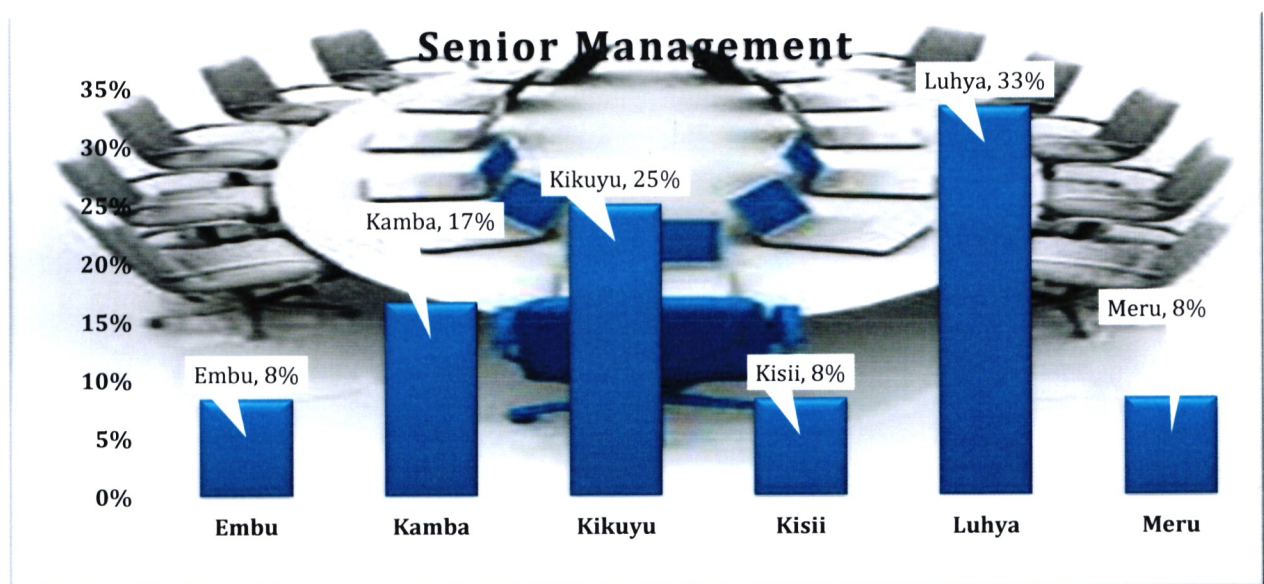
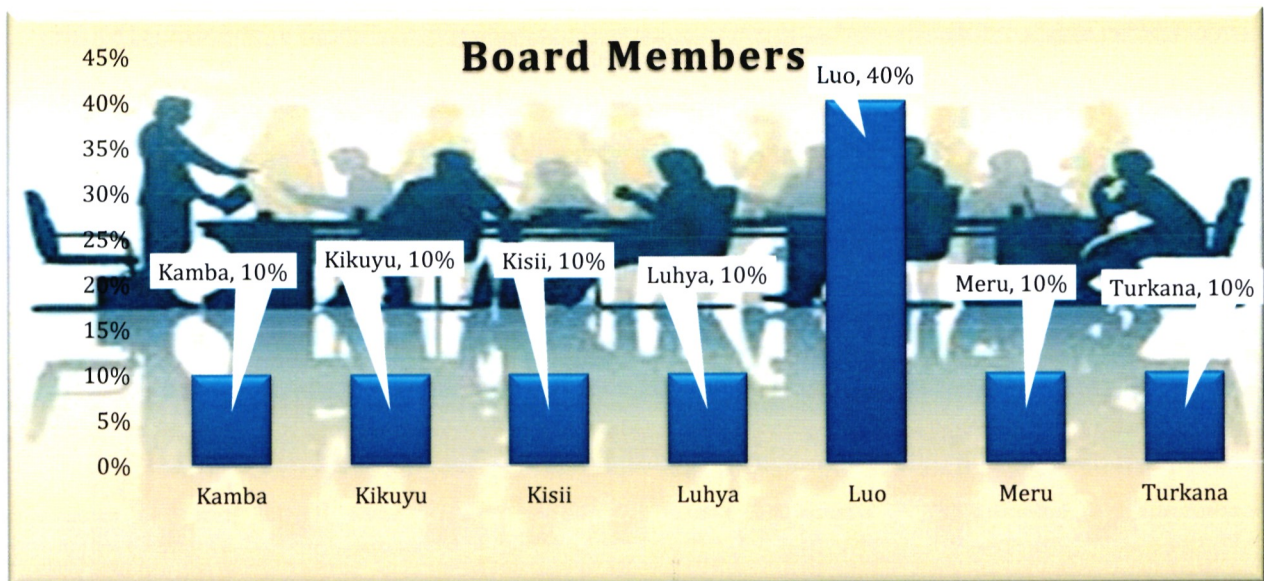
The Human Resource Policy guides the hiring and recruitment process within the organization. HELB strives to ascertain gender balance and the current male to female ratio is 1:1, i.e., 50% male and 50% female. In compliance with the Occupational Safety and Health Act of 2007, HELB established and operationalized Occupational Safety and Health (OSH) policy in April 2022. OSH committee was operationalized to oversee compliance with OSHA of 2017.

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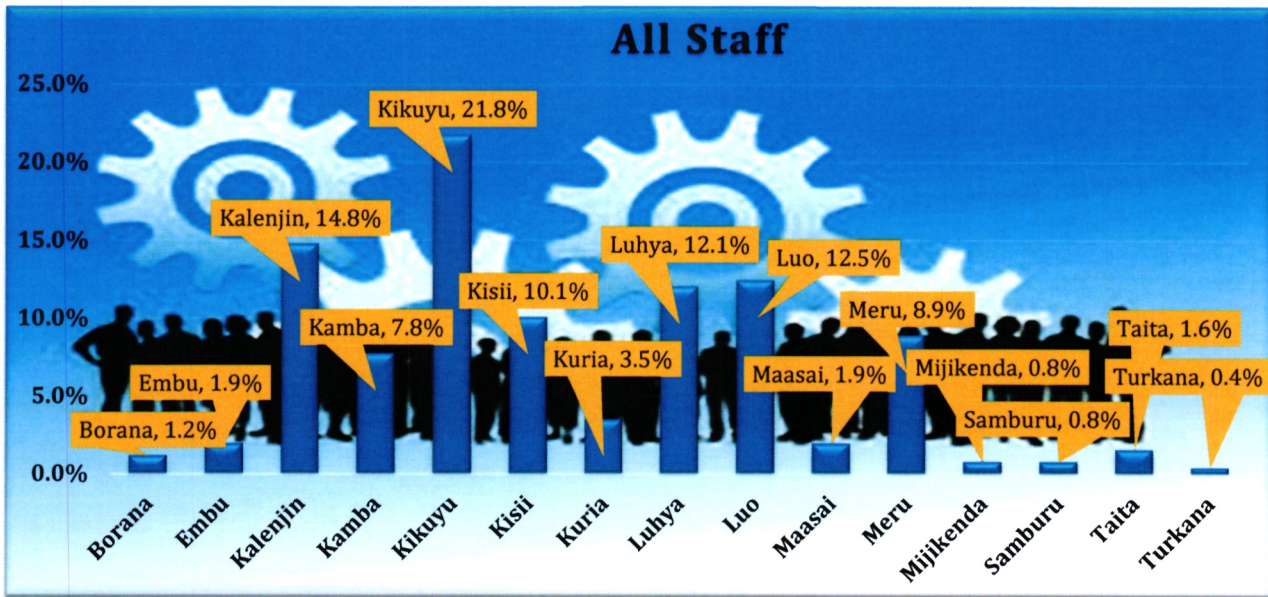
**Gender Composition**



**DIVERSITY OF BOARD, SENIOR MANAGEMENT AND ALL STAFF**



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HELB recognizes the need to create a conducive work environment that enables all employees to experience the best work life balance and reach their maximum potential. As a way of enhancing employee’s engagement, HELB conducts several programs such as employee funfair activities, CEO round table deliberations with staff to drive involvement and participation. To enable staff, share their views and suggestion, the Board has put in place an online voice of employee platform.

**Talent Management**

HELB maintains a strong talent bench by attracting and retaining staff with the right talent and motivation to drive the successful delivery of its mandate. In this regard, the Board has put in place several talent managements programs among them Training & Development.

The Board implements learning and development through Infosys model that harness all forms of learning in order to align the skills to the changing market need and grow staff for the opportunities. HELB has put in place a robust performance management framework that enable employee to take charge of their performance in order to drive delivery of the Board’s Mandate. The Board has been on balance scorecard since 2014. HELB has put in place a competitive remuneration comprising of salary and allowances and benefits package that include house loans, car loans, enhanced medical cover.

### Learning and Development Model



#### iii) Market place practices

##### a) Responsible competition practice

HELB ensures responsible competition practices with issues such as anticorruption, responsible political involvement, fair competition, and respect for competitors.

The organization established and operationalized Corruption Prevention Committee which is charged with the responsibility of implementing measures emanating from the organization's Corruption Risk Mitigation Plan, review of Corruption Risk Mitigation Plan and submission of corruption-related quarterly reports to the Ethics and Anti-Corruption Commission (EACC). The annual score on Corruption Prevention measures for FY 2021-2022 was 98%.

HELB also ensures adherence to the National Cohesion and Values requirements by ensuring the organization adheres with the provisions of Article 10 of the Constitution through civic education, training and sensitization on National Values and Principles of Governance. The score on National Cohesion and Values was 100% for the FY 2021-2022.

**b) Responsible supply chain and supplier relations**

HELB has maintained good business practices with suppliers and/or service providers. As at 30<sup>th</sup> June 2022, there were no pending supplier bills, no blacklisting by a supplier or service provider due to late or non-payment or long outstanding bills. HELB also conducted an AGPO sensitization on 23<sup>rd</sup> June 2022. In the FY 2021-2022, AGPO groups were pre-qualified and a total tender award of **KShs .69.375 million** was realized.

**c) Responsible marketing and advertisement**

The organization has maintained ethical marketing practices by ensuring cost containment measures to ascertain accountability and value for money. By working with the Government Advertisement Agencies (GAA), HELB ensures balance on advertisement with the various media houses, eradicates preferential treatment on institution's advertisements, ensures audience reach measurements for all the advertisements.



**d) Product stewardship**

We maintain our focus on delivering on the customer promise of Empowering Dreams as entrenched on the organization's Customer Centred Leadership pillar on the HELB Agenda 2019-2023. We carry out quarterly surveys on Citizen Service Delivery Charter adherence to determine the extent of compliance with the institution's service charter timelines. The score for FY 2021-2022 was 72% against the annual score of 70%. We also effectively handled customer complaints lodged directly with the institution and those lodged through the Office of Ombudsman (Commission on Administrative Justice). The FY 2021-2022 score was 100%.



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**Corporate Social Responsibility/Community Engagements**

HELB conducted three Corporate Social Responsibility events in the FY 2021-2022. The activities details are tabulated below:

No.	Activity	Date	Outcome	Expenditure (KShs)
1.	National Spinal Injury Hospital - Nairobi	13 <sup>th</sup> April 2022	<p>Donated Assistive devices to the patients.</p>  	189,774
2.	Tree Planting activity -	14 <sup>th</sup> May 2022	Planted 2,000 seedlings.	128,460

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	<p>Lenana School</p>			
<p>3.</p>	<p>Mater Heart Run - Nairobi</p>	<p>11<sup>th</sup> June 2022</p>	<p>100 staff participated in the run.</p> 	<p>100,000</p>

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**10. REPORT OF THE DIRECTORS**

We the Board of HELB submit the Annual report together with the financial statements for the year ended June 30, 2022, which show the state of the Board's affairs.

**i) 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 Kenyan students to obtain higher education at recognized institutions within and outside Kenya and for matters incidental thereto and connected there with."

**ii) Results**

The Financial results of HELB for the year ended June 30, 2022, are set out on pages 1-5.

**iii) Board Members**

The Board Members who served during the year are shown on page viii-xii. During the year one Board Member Mr. Samuel Mugambi was replaced by Mr. Dismus Ogot with effect from 1<sup>st</sup> September 2021 per the National Treasury reassignments.

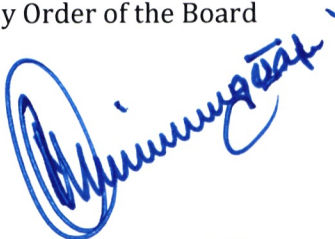
**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, the accounting surplus for the year 2021/2022 of **KShs. 632,490,752** has been added to the accumulated surplus.

**v) Auditors**

The Auditor General will audit the accounts of Higher Education Loans Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2022

By Order of the Board



**CHARLES M. RINGERA**  
**CHIEF EXECUTIVE OFFICER**

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

**11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 2022.

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, 2022.

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, 2022, 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.

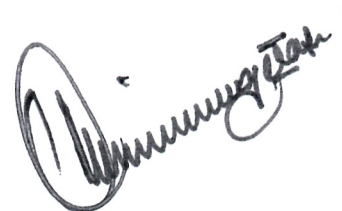
Nothing has come to the attention of the Board Members to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Board's financial statements were approved by the Board on 15<sup>th</sup> September 2022 and signed on its behalf by:



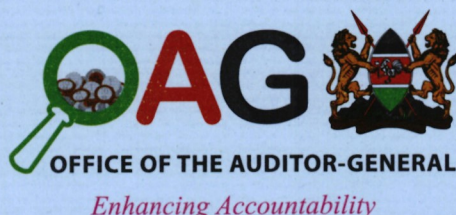
**HON. EKWEE ETHURO**  
**CHAIRMAN OF THE BOARD**



**CHARLES M. RINGERA**  
**CHIEF EXECUTIVE OFFICER**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse of Opinion**

I have audited the accompanying financial statements of the Higher Education Loans Board Education set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2022 and the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Higher Education Loans Board as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and do not comply with the Higher Education Loans Board Act, 1995 and the Public Finance Management Act, 2012

## **Basis for Adverse of Opinion**

### **1.0 Inaccuracies in Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents of Kshs.673,158,539 as disclosed in Note 23 to the financial statements. Included in the balance is Kshs.231,924,511 in respect of current bank accounts. Examination of records revealed various inaccuracies in the cash book balances reflected in the monthly bank reconciliation statements against the cash book general ledger balances in the Microsoft Dynamics ERP system operated by the Board as detailed below;

<b>Month</b>	<b>Bank Reconciliation (Kshs.)</b>	<b>Cash book General Ledger (Kshs.)</b>	<b>Variance (Kshs.)</b>
Jul-21	53,329,894	(40,269,896)	93,599,790
Dec-21	35,254,042	5,038,358	30,215,684
Jun-22	28,870,377	34,790,731	(5,920,354)
<b>KCB Revolving fund</b>			
Jul-21	11,538,019	4,138,019	7,400,000
Mar-22	32,335,062	(2,684,937)	35,019,999
Jun-22	73,675,410	71,414,440	2,260,970
<b>Equity Collection</b>			
Jul-21	9,548,189	1,715,573	7,832,616
Dec-21	1,582,884	(5,625,418)	7,208,302
Jun-22	10,822,258	(10,037,822)	20,860,080
<b>Kingdom Bank</b>			
Jul-21	525,672	525,672	-
Mar-22	1,539,185	352,226	1,186,959
Jun-22	1,911,722	94,900	1,816,822
<b>Standard Bank Collection</b>			
Jul-21	16,873,130	16,873,130	-
Mar-22	4,787,415	2,894,928	1,892,487
Jun-22	2,312,661	(2,495,311)	4,807,972

Month	Bank Reconciliation (Kshs.)	Cash book General Ledger (Kshs.)	Variance (Kshs.)
<b>Family Bank Collections</b>			
Jul-21	3,614,885	3,614,885	-
Mar-22	130,979,330	125,407,044	5,572,286
Jun-22	3,897,755	(4,349,643)	8,247,398
<b>Citibank Direct Credit</b>			
Jul-21	309,391	309,391	-
Mar-22	341,774	1,200	340,574
Jun-22	360,036	6,079	353,957
<b>Citibank Collections</b>			
Jul-21	26,591,325	26,591,325	-
Mar-22	19,160,731	9,325,641	9,835,090
Jun-22	25,405,150	14,139,165	11,265,985

Further, review of the board of survey report revealed that the cash book balances differed with the bank balance reflected in the financial statements in Note 23 by negative Kshs.15,809,235.

In the circumstances, the accuracy and fair statement of the cash and cash equivalents balance of Kshs.673,158,539 as at 30 June, 2022 could not be confirmed.

## 2.0 Long Outstanding Non-Current Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.129,679,926 in respect of non-current proportion of receivables from exchange transactions as disclosed in Note 25 a (ii) to the financial statements which is net of provision for bad and doubtful debts of Kshs.6,825,259. However, the gross balance includes long outstanding balance of Kshs.126,505,186 (98%) which includes a balance due from Kenya Deposits Insurance Corporation (KDIC) of Kshs.100,439,561 which has been outstanding for the last five (5) years. However, despite the long outstanding debt, Management provisions for bad and doubtful debts is insufficient as the Board is unlikely to collect these amounts while only Kshs.6,825,259 has been provisioned for leaving out Kshs.126,505,186 (98%) of all the outstanding receivables.

In the circumstances, the accuracy, disclosure and fair statement of non-current portion of receivables from exchange transactions balance of Kshs.129,679,926 as at 30 June, 2022 could not be confirmed.

## 3.0 Inaccuracies in Loans, Scholarships and Bursaries Payable

The statement of financial position reflects loans, bursaries, and scholarships payable balance of Kshs.152,696,466 as disclosed in Note 31 to the financial statements. This balance includes Kshs.132,890,866, Kshs.16,717,500 and Kshs.3,088,100 in respect of loans, scholarships, and bursaries respectively payable for undergraduate and TVET students. However, the calculated payables balance on loans, bursaries and scholarships

was Kshs.411,548,670, Kshs.101,000 and Kshs.125,500 respectively resulting in a net variance of Kshs.278,431,308 from the reported balance.

In the circumstances, the accuracy, fair statement, presentation and disclosure of loans, scholarships and bursaries payable balance of Kshs.152,696,462 for the year ended 30 June, 2022 could not be confirmed.

#### **4.0 Unexplained Accrual of Operating Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.85,058,626 as disclosed in Note 33 to the financial statements. This balance includes an amount of Kshs.7,650,115 which relates to operating expenses. Management did not explain what the operating expenses related to.

In the circumstances, the accuracy, fair statement, presentation and disclosure of trade and other payables balance of Kshs.85,058,626 as at 30 June, 2022 could not be confirmed.

#### **5.0 Matured Students Loans**

The statement of financial position reflects matured students loans of Kshs.48,476,792,962 as disclosed in Note 29 to the financial statements. The following anomalies were however noted: -

##### **5.1 Unsupported Opening Balance**

Included in the balance is opening balances of Kshs.41,413,378,612 for which the corresponding loan book provided for audit reflects a balance of Kshs.54,608,462,207 on the principal opening balance resulting in an unexplained and unreconciled variance of Kshs.13,195,083,595.

##### **5.2 Unsupported Additions to Matured Loans**

Included also in the balance are loan addition during the year of Kshs.11,100,829,122. However, schedules for loans amounting to Kshs.479,238,849 were provided for audit resulting in an unsupported loan balance of Kshs.10,621,590,273.

##### **5.3 Long Outstanding Matured Loans**

Included in the balance are loans totalling to Kshs.8,978,003,959 comprising outstanding principal and penalties and interest of Kshs.659,699,825 and Kshs.8,318,304,134 respectively that have been long outstanding. However, no evidence was provided during the audit of actions being taken by the Board to recover the amount. Further, Management did not make any provisions for the doubtful collectability of the loan in the financial statements.

##### **5.4 Loan Balances in Excess of the Principal Sum Loaned**

Analysis of the matured loan book provided for audit revealed that one hundred and sixteen thousand six hundred and twenty-one (116,621) student records had a principal loan opening balance of Kshs.14,664,545,581 and a principal sum loaned of Kshs.15,671,454,089 resulting in an excess of Kshs.1,006,908,508. Management did not provide explanations for the anomaly.

## **5.5 Loans With Start Year Preceding the End Year**

Analysis of the matured loan book provided in support of the balance revealed that six hundred and seventy-four (674) records of loans with running balances amounting to Kshs.122,465,460 had their start year preceding the end year of the loan. No explanation has been rendered to this anomaly.

## **5.6 Misstatement of Principal Sum Repayment**

Included in the balance of Kshs.48,476,792,962 in respect of matured students' loans is Kshs.1,344,471,471 on accrued interest in the year, Kshs.145,841,492 on administrative fees income-mature loans and Kshs.232,518,893 on penalties on matured loans adjustments of Kshs.5,208,898,364 resulting in a net effect of Kshs.3,486,066,508. The net effect of principal recovery was made up of Kshs.3,400,629,763 recovered from matured loans and Kshs.85,436,762 recovered from unmatured loans. However, the matured loan book reflected an amount of Kshs.40,019,283,454 on principal repayment resulting in an unexplained and unreconciled variance of Kshs.39,933,846,692. Further, the total principal repayment as per the loan book was exclusive of Kshs.602,219,101 in respect of principal repayments from overpaid accounts.

## **5.7 Discrepancies Between Loan Book Balances in the Financial Statements and the Enterprise Resource Planning (ERP) System**

A sample of thirty (30) individual loan accounts of the matured loans reviewed during the audit revealed that the loan book running balances of Kshs.2,355,093 differed from the individual loan statement balances in the ERP system of Kshs.3,290,920 resulting in an unexplained variance of Kshs.935,827. Further, sample of twenty (20) individual loan accounts on overpaid loans assessed in the system revealed that the loan book running, and the individual loan statement balances reflect a balance of Kshs.494,736 and Kshs.175,853, respectively resulting to an unexplained and unreconciled variance of Kshs.318,883. Management did not provide explanations for the variances between the two records.

## **5.8 Unsupported Provision on Mature Loans**

The matured students loans indicate an amount of Kshs.2,551,410,156 in respect of the provision for doubtful debts. However, the schedule of the various categories of mature loans, performing loans, non-performing loans, problem loans below 30 years, and problem loans above 30 years on which the different rates of provision as per the approved credit policy were applied was not provided for audit. Further, Paragraph 13.2(a) of HELB Credit Policy, 2020 requires that a provision of 1% be made on performing loans. No explanation has been given of why a provision would be made on performing loans. Further, the Finance Policy categorizes provision for bad debts of 100% and 5% on specific and general provisions respectively. No explanation was provided for the variances in the adopted policies.

## **5.9 Batching of Matured Loans by the Loans Recovery Module**

The Board operates an automated system that interlinks into the planning, budgeting, expenditure management and control, audit and reporting modules. The system is designed to automatically mature loans on every 1 July of the year for loans whose maturity dates fall between the 2 July and 30 June of every academic year. This is a system design flaw because each loan has a distinct maturity date. As a result, the system could not quantify the loans and the valuations that mature daily. The system weakness inhibits the running of report on loans that mature at a specific date. The batching of matured loans limited the ability of the audit in confirming the accuracy, valuation, adherence to cut-off procedures and fair statement.

In the circumstances, the accuracy, and fair statement of matured student loans balance of Kshs.48,476,792,962 as at 30 June, 2022 could not be confirmed.

## **6.0 Un-Matured Students Loans**

The statement of financial position reflects a balance of Kshs.54,577,330,033 in respect of unmatured loans to students as disclosed in Note 30 to the financial statements. The following anomalies were however noted: -

### **6.1 Poor Controls over Funds Disbursements Leading to Returns**

Included in the balance is unutilized funds returned to HELB by various institutions of Kshs.94,858,074. Examination of documents in respect of the disbursements to universities revealed the following anomalies: -

- i. The Board was using unverified list of applicants to make disbursements to universities. Review of sampled returns from various institutions revealed that an amount of Kshs.5,367,781 was disbursed to students who had already completed their studies;
- ii. Included in the unutilised funds in the year under review are funds returned but were disbursed in prior periods; and
- iii. Management did not provide evidence of how the unutilized funds were re-allocated or re-budgeted.

### **6.2 Failure to Net off Matured Loans in The Year from The Un-Matured Loans**

Included also in the balance is Kshs.10,009,077,752 matured loans that were yet to be transferred to the matured loans category. Analysis of the end date and maturity date of individual loans revealed that these accounts had maturity dates earlier than 1 July, 2021. Further, it was observed that the largest portion of these matured loans related to the periods ending 30 June 2020, 30 June 2019 and 30 June, 2018.

### **6.3 Overcharging Insurance on Loans**

Included in the balance is insurance charged on the loans of Kshs.125,588,891. However, a sample of two hundred and forty-nine (249) unmatured loans accounts reflected overpaid insurance of more than Kshs.1,000 (insurance balance) totalling to Kshs.1,465,815.

- In the circumstances, accuracy, presentation and fair statement of the unmatured loans balance of Kshs.54,577,330,033 as at 30 June, 2022 could not be confirmed.

## **7.0 Loan Over Payments**

The statement of financial position reflects loanee refundable deposits balance of Kshs.743,143,675 as disclosed in Note 34 to the financial statements. The balance comprised of opening book balances of Kshs.913,937,693 after netting of movements during the year of overpaid loans and loanee refunds of Kshs.138,847,518 and Kshs.31,946,500 respectively. The following unsatisfactory matters were however noted:

### **7.1 Unsupported Loan Over Payments**

The loan book provided for audit did not reflect the brought forward balance of Kshs.Kshs.913,937,693. Further, the movement of loanee refundable deposits and refunds during the year of Kshs.138,847,518 and Kshs.31,946,500 respectively were not adequately supported by way of detailed schedules indicating the loanee, date and amounts refunded. The non-provision of the detailed information resulted in the limitation of the scope for the audit of loan overpayments.

### **7.2 Unaccounted for Non-Refunds on Overpayments**

Included in the balance are twelve thousand five hundred and seventy-nine (12,579) records of overpayments below Kshs.1,000 amounting to Kshs.4,574,729. The Board has not explained the action being taken on these monies since they are not refundable to the loanee. Further cumulative overpayments from prior years could result in substantial amounts which have not been accounted for. The absence of proper accounting for the non-refundable overpayment of less than Kshs.1,000 may lead to irregularities and misapplication of the funds.

In the circumstances, the accuracy, fair statement and regularity of loanee refundable deposits balance of Kshs.743,143,675 could not be confirmed.

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

## **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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1.0 Unremitted Statutory Deductions**

The statement of financial position reflects a balance of Kshs.85,058,626 in respect of trade and other payables from exchange transactions as disclosed in Note 33 to the financial statements. Included in the balance is an amount of Kshs.252,453 which relates to the National Social Security Fund (NSSF) and remains unpaid since 2013/2014. The Board risks incurring interest and penalties on the unpaid amounts.

In the circumstances, the Management was in breach of law and risks penalties and interests.

### **2.0 Non-Adherence to Credit Policy on Apportionment of Loan Repayment**

The statement of financial performance reflects income from loan default of Kshs.232,518,893 as disclosed in Note 8 to the financial statements. However, review of student repayments indicated that the Board applied the repayments to principal, interest, administration, insurance and penalties in a manner that was inconsistent with its credit policy. The policy provides that loan repayment shall be allocated in equal ratio of applicable outstanding loan items in the loan account. Instances were observed where the Board allocated repayments from fourteen (14) students only to penalties without any reduction in principal and interest amounting to Kshs.1,120,102.

In the circumstances, Management was in breach of the Board's Credit Policy and the accuracy of the penalties on loanee default amount of Kshs.232,518,893 could not be confirmed.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1.0 Board Understaffing**

Review of the HELB Human Resource records revealed that the Board had two hundred and fifty-seven (257) in-post staff against the approved establishment of three hundred and fifteen (315) resulting in an understaffing of fifty-eight (58). The most affected department was customer experience.

In the circumstances, lack of adequate human resources may negatively affect employees' service delivery leading to failure to achieve the organizational goals and targets.

### **2.0 Unexplained Duplicate and Missing Vendor Accounts**

Review of the procurement process done by the Board through the procurement module of the ERP system Microsoft Dynamic revealed the following.

#### **2.1 Duplicate Vendor Listing**

The vendor listing extracted from the ERP system used by the Board showed that there were seventy-seven (77) duplicate vendors with the same names but different vendor number, thirty-two (32) vendor accounts with blank names and one thousand seven hundred and sixty-four (1,764) vendor accounts with blank vendor numbers.

#### **2.2 Missing Vendor Accounts**

The listing of vendors in the system was observed to follow three different sequences with the vendor numbers automatically generated and sequentially following each other. However, a total of ninety-one (91) vendor accounts appeared to be missing in this sequence. It is not clear how the vendor accounts created were missing from the sequence since no proof of validation or deletion of these accounts was provided by the Management. Further, the internal controls over vendor master data management are weak as the Board has failed to validate the deleted accounts in the system.

In the circumstances, the Board is exposed to potential risk of fraudulent payments.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 governance.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate 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.

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

### **Auditor-General's Responsibilities for the Audit**

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 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 applicable 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 to sustain its services. 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 to sustain its services.
- 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

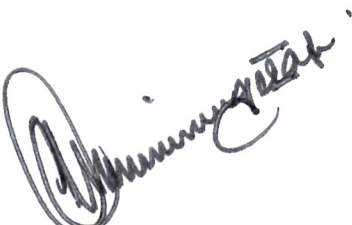
13 June, 2023

**HIGHER EDUCATION LOANS BOARD**  
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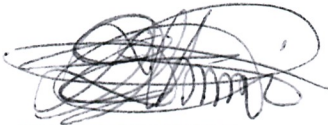
**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

PARTICULARS DETAILS	NOTES	2021/2022	2020/2021
		TOTAL KSHS	TOTAL KSHS
<b>INCOME</b>			
<b>Revenue from non-exchange transactions</b>			
Transfers from Governments Entities-GOK Grants	6 b(i)	408,598,080	388,598,080
Transfers from Alternative Partnerships Fund	7	10,256,803	23,352,053
Income from Penalties on Loanee Default	8	232,518,893	166,631,459
<b>Total Revenue from non-exchange transactions</b>		<b>651,373,776</b>	<b>578,581,592</b>
<b>Revenue from exchange transactions</b>			
Finance Income-Short Term Placements	9	44,392,059	62,536,557
Other Incomes	10	1,781,296,017	1,633,551,407
<b>Total Revenue from exchange transactions</b>		<b>1,825,688,076</b>	<b>1,696,087,964</b>
<b>TOTAL INCOME</b>		<b>2,477,061,853</b>	<b>2,274,669,556</b>
<b>LESS: EXPENSES</b>			
Bursaries to Students	11	278,556,803	291,402,053
Use of Goods and Services	12	280,132,579	203,558,364
Employee Costs	13	567,468,822	571,031,008
Board Members Expenses	14	13,863,610	9,349,163
Depreciation & Amortization	15	64,435,357	56,523,617
Repairs and Maintenance	16	148,900,790	145,544,243
Contracted Services	17	37,083,701	28,447,743
Finance Cost - Bank Charges & Commissions	18 & 19	78,512,958	51,118,560
<b>TOTAL EXPENSES</b>		<b>1,468,954,620</b>	<b>1,356,974,752</b>
<b>OTHER GAINS/LOSSES</b>			
Bad Debt Written Off	20	(53,760)	-
Gain or Loss on Disposal	21	(3,171,731)	-
Revaluation Losses	22	-	(57,333,267)
Provision for Bad & Doubtful Debts	41	(372,390,990)	(356,333,616)
<b>TOTAL GAINS OR LOSSES</b>		<b>(375,616,481)</b>	<b>(413,666,884)</b>
<b>ACCOUNTING SURPLUS</b>		<b>632,490,752</b>	<b>504,027,921</b>

The notes set out on pages 7 to 25 form an integral part of these Financial Statement.  
 The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:

  
**CHARLES M. RINGERA**  
 CHIEF EXECUTIVE OFFICER

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

  
**EKWEETHURO**  
 CHAIRMAN OF THE BOARD

Date: 4<sup>TH</sup> MAY 2023

Date: 4<sup>TH</sup> MAY 2023

Date: 4<sup>TH</sup> MAY 2023

**HIGHER EDUCATION LOANS BOARD**  
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**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

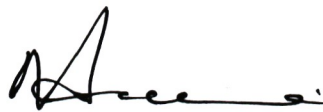
PARTICULARS		2021/2022	2020/2021
DETAILS	NOTES	KSHS	KSHS.
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	23	673,158,539	230,966,573
Current Proportion of Receivable from Exchange Transactions	25 a(i) & (ii)	7,156,846	3,409,767
Inventories	26	6,234,805	5,227,073
		<b>686,550,190</b>	<b>239,603,413</b>
<b>NON-CURRENT ASSETS</b>			
Non-Current Proportion of Receivable from Exchange Transactions	25 a(iii)	129,679,926	121,412,554
Project in Progress	27	1,425,250	0
Staff Loans	28	298,351,312	260,753,112
Matured Students Loans	29	48,476,792,962	41,413,378,612
Un-Matured Students Loans	30	54,577,330,033	51,034,715,563
Intangible Assets	42	7,995,495	30,446,615
Property, Plant and Equipment	45	1,067,398,712	1,072,162,907
		<b>104,558,973,690</b>	<b>93,932,869,363</b>
<b>TOTAL ASSETS</b>		<b>105,245,523,881</b>	<b>94,172,472,776</b>
<b>FUNDS AND LIABILITIES</b>			
Loans, Bursaries and Scholarships Payable	31	152,696,466	634,478,458
Payable - Students Loan Self Protection Scheme	32	197,454,001	95,032,357
Trade and Other Payables from Exchange Transactions	33	85,058,626	121,601,579
Loanee Refundable Deposits	34	743,143,675	913,937,693
Current Provisions	35	19,321,481	11,653,697
Tax Payable	44	7,273,773	5,975,274
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,204,948,022</b>	<b>1,782,679,058</b>
<b>REVOLVING FUNDS</b>			
Cumulative G.O.K Grants	36	84,803,701,205	73,908,050,743
Cumulative Partnership Funds	37	3,058,022,428	2,935,381,502
Accumulated Fund	39	15,234,715,633	14,596,934,864
Revaluation Reserve	40	944,136,593	949,426,610
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>104,040,575,859</b>	<b>92,389,793,718</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>105,245,523,881</b>	<b>94,172,472,776</b>

The notes set out on pages 7 to 24 form an integral part of these Financial Statement.  
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



**CHARLES M. RINGERA**  
CHIEF EXECUTIVE OFFICER

Date: 4<sup>TH</sup> MAY 2023



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

Date: 4<sup>TH</sup> MAY 2023



**EKWEETHURO**  
CHAIRMAN OF THE BOARD

Date: 4<sup>TH</sup> MAY 2023

**HIGHER EDUCATION LOANS BOARD**  
**Annual Report and Financial Statements for the Year Ended June 30, 2022**

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

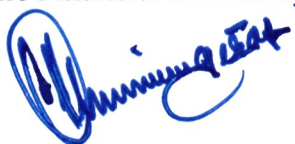
Year ended 30 June 2021	ACCUMULATED FUND	REVALUATION RESERVE	FUNDING PARTNERSHIPS	GOK GRANTS	TOTAL
Column 1	KSHS.	KSHS .2	KSHS .3	KSHS .4	KSHS .5
Opening balance	14,092,906,943	706,050,708	2,830,257,248	65,162,400,281	82,791,615,180
Surplus/ Capital for the year	504,027,921	243,375,902	105,124,254	8,745,650,462	9,598,178,539
Movement	-	-			-
Balance at the end of June 2021	14,596,934,864	949,426,610	2,935,381,502	73,908,050,743	92,389,793,718
Year ended 30 June 2022	ACCUMULATED FUND	REVALUATION RESERVE	FUNDING PARTNERSHIPS	GOK GRANTS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Opening balance	14,596,934,864	949,426,610	2,935,381,502	73,908,050,743	92,389,793,718
Surplus/ Capital for the year	632,490,752	-	122,640,926	10,895,650,462	11,650,782,140
Movement	5,290,017	(5,290,017)			0
Balance at the end of June 2022	15,234,715,633	944,136,593	3,058,022,428	84,803,701,205	104,040,575,859

**HIGHER EDUCATION LOANS BOARD**  
Annual Report and Financial Statements for the Year Ended June 30, 2022


**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

PARTICULARS	NOTES	2021/2022	2020/2021
DETAILS	NOTES	KSHS.	KSHS. 2
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Matured Loans Movement	29 & 31	(7,916,954,997)	(7,586,911,849)
Transfers from Governments Entities-GOK Grants	6	408,598,080	388,598,080
Transfers from Alternative Partnerships Fund	7	10,256,803	23,352,053
Income from Penalties on Loatee Default	8	232,518,893	166,631,459
Finance Income-Short Term Placements	9	44,392,059	62,536,557
Other Incomes	10	1,781,296,017	1,633,551,407
		<b>(5,439,893,144)</b>	<b>(5,312,242,293)</b>
<b>PAYMENTS</b>			
Disbursements to Students	30	3,542,614,466	3,008,401,855
Bursaries to Students	11	237,000,000	237,000,000
Scholarships to Students	11	41,556,803	54,402,053
Use of Goods and Services	12	280,132,579	203,558,364
Employee Costs	13	567,468,822	571,031,008
Board Members Expenses	14	13,863,610	9,349,163
Repairs and Maintenance	16	148,900,790	145,544,243
Contacted Services	17	37,083,701	28,447,743
Bank Charges, Commissions & Debt collection fee	18 & 19	78,512,958	51,118,560
Bad Debt Written Off	20	53,760	-
		<b>4,947,187,489</b>	<b>4,308,852,989</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(10,387,080,633)</b>	<b>(9,621,095,283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase/Capitalization of PPE and Intangible Assets	42 & 45	(42,441,595)	(81,387,139)
Project in Progress	27	(1,425,250)	4,879,219
Disposal of assets	21	2,049,822	-
Accounts Receivables (Non-Current)	25 a(iii)	(8,702,497)	-
Staff loans	28	(37,598,199)	(34,336,892)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(88,117,719)</b>	<b>(110,844,812)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capitation received from G.O.K for Student Loans	36	10,895,650,462	8,745,650,462
Capitation received from Funding Partnerships	37	122,640,926	105,124,254
Inventory	26	(1,007,732)	1,748,209
Accounts Receivables (Current)	25 a(i) & (ii)	(3,944,294)	38,270,336
Payable- Students Loan Self-Protection Scheme	32	102,421,644	61,100,022
Accounts Payables	33	(30,567,680)	16,507,778
Over-Paid Loans	34	(170,794,018)	154,354,206
Current Provisions	35	1,692,511	13,320,731
Tax Payable	44	1,298,499	1,439,261
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>10,917,390,317</b>	<b>9,137,515,258</b>
Net Increase / (Decrease) in Cash		442,191,965	(594,424,836)
Cash and Cash Equivalents at the Beginning of the Year		230,966,574	825,391,410
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>23</b>	<b>673,158,539</b>	<b>230,966,574</b>

The notes set out on pages 7 to 24 form an integral part of these Financial Statement.  
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



**CHARLES M. RINGERA**  
CHIEF EXECUTIVE OFFICER  
Date: 4<sup>th</sup> MAY 2023



**MARY WACHIRA (ICPAK NO. 3041)**  
AG. CHIEF FINANCE OFFICER  
Date: 4<sup>th</sup> MAY 2023



**EKWEETHURO**  
CHAIRMAN OF THE BOARD  
Date: 4<sup>th</sup> MAY 2023

**HIGHER EDUCATION LOANS BOARD**

**Annual Report and Financial Statements for the Year Ended June 30, 2022**

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

Sources of finance	Original budget	Adjustments	Final budget	Actual Year to date	Variance	Usage	Remarks
<b>Income</b>							
Transfer From Government Entity-Student Loans GOK Fund	10,895,650,462	-	10,895,650,462	10,895,650,462	-	100%	
Loan Recoveries	2,786,875,108	-	2,786,875,108	3,494,862,104	707,986,996	125%	
Partnership Fund-Student loans	250,000,000	-	250,000,000	132,897,729	(117,102,271)	53%	Effect of Covid-19 in the Economy
Income from Non -Exchange transactions-GOK Grants	408,598,080	-	408,598,080	408,598,080	-	100%	
Income from Non -Exchange Transactions-Penalties	150,000,000	-	150,000,000	232,518,893	82,518,893	155%	"Kamilisha Malipo ya HELB" Penalty Amnesty
Income from Exchange transaction- Finance Income Short term placement	75,832,392	-	75,832,392	44,392,059	(31,440,333)	59%	
Income from Exchange Transactions-Loan Recovery	1,050,000,000	-	1,050,000,000	1,490,312,964	440,312,964	142%	"Kamilisha Malipo ya HELB" Penalty Amnesty
Income from Exchange Transactions-Miscellaneous	187,292,500	-	187,292,500	290,983,053	103,690,553	155%	Increased Disbursements
<b>Total finances</b>	<b>15,804,248,542</b>	-	<b>15,804,248,542</b>	<b>16,990,215,345</b>	<b>1,185,966,803</b>	<b>108%</b>	
<b>Expenses</b>							
Disbursements (Loan awards to students)	13,929,506,457	(10,256,803)	13,919,249,654	14,643,443,588	724,193,934	105%	
Bursaries to students	237,000,000	-	237,000,000	237,000,000	-	100%	
Scholarships	31,300,000	10,256,803	41,556,803	41,556,803	-	100%	
Use of Goods and Services	407,732,367	-	407,732,367	280,132,579	(127,599,788)	69%	Re-alignment of planned activities
Employee Costs	710,427,196	-	710,427,196	567,468,822	(142,958,374)	80%	Re-alignment of planned activities
Board Members Expenses	20,589,110	-	20,589,110	13,863,610	(6,725,500)	67%	Re-alignment of planned activities
Repairs and Maintenance	166,971,200	-	166,971,200	148,900,790	(18,070,410)	89%	Re-alignment of planned activities
Contracted Services	44,400,000	-	44,400,000	37,083,701	(7,316,299)	84%	
Bank Charges, Commissions & Debt collection fee	24,587,012	-	24,587,012	78,512,958	53,925,946	319%	Include Debt Collection Commission
Capital Expenditure	136,735,200	-	136,735,200	42,441,595	(94,293,605)	31%	Re-alignment of planned activities
Staff loans	95,000,000	-	95,000,000	42,247,561	(52,752,439)	44%	Re-alignment of planned activities
<b>Total expenditure</b>	<b>15,804,248,542</b>	-	<b>15,804,248,542</b>	<b>16,132,652,007</b>	<b>328,403,465</b>	<b>102%</b>	
<b>Surplus / (Deficit)</b>	<b>0</b>	-	<b>0</b>	<b>857,563,337</b>	<b>857,563,337</b>	<b>0%</b>	<b>"Kamilisha Malipo ya HELB" Penalty Amnesty</b>

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RECONCILIATION OF THE BUDGET PERFORMANCE AND INCOME STATEMENT SUPPLUS/DEFICIT		
Details	Items	Total
<b>Surplus/Deficit as per Statement of Income</b>		632,490,752.28
<b>Items not in Statement of Comparison of Budget but in Income Statement</b>		
Depreciation & Amortization for the year	64,435,357	64,435,356.94
<b>Other Gains/Losses (Add Losses/Less Gains)</b>		
Bad Debt Written off	53,760	
Loss on Disposal	3,171,731	
Provision for Bad & Doubtful Debts	372,390,990	375,616,480.53
<b>Items in Statement of Comparison of Budget not in Income Statement</b>		
Transfer From Government Entity-Student Loans GOK Fund	10,895,650,462	
Loan Recoveries	3,494,862,104	
Partnership Fund-Student loans	132,897,729	14,523,410,294.77
Disbursements (Loan awards to students)	-14,653,700,391	
Capital Expenditure	-42,441,595	
Staff loans	-42,247,561	-14,738,389,547.22
<b>Surplus/Deficit as per Statement of Comparison of Budget</b>		<b>857,563,337.29</b>

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**18. 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 the Board of Directors and led by the Chief Executive Officer and Board Secretary who is responsible for general policy and strategic direction of the HELB.

**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) ***New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*** IPSASB deferred the application date of standards that were taking effect on 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.
- ii) ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022***

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<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS-41:</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b>
Financial Instruments	The board has not adopted this standard.
<b>IPSAS-42:</b>	<b>Applicable: 1<sup>st</sup> January 2023</b>
Social Benefits	The Board has not adopted this standard

**iii) Amendments to Other IPSAS**

There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2022

**iv) Early adoption of standards**

The Board did not early – adopt any new or amended standards in year 2022.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Revenues from Penalties and Ledger Fees**

HELB recognizes revenues from fees and penalties when received rather than earned due to uncertainties of recoverability. The non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably. However, due to the uncertainty about whether or when fees and penalties will be collected, recognizing on accrual bases in the financial statements will not be appropriate. HELB chooses to be conservative and to only recognize penalties and fees when it is collected, rather than accruing them before they are due. Below is a disclosure of the accrued penalties and ledger fees visa vie the earned in the FY2021/2022.

INCOMES ON LOANS	NOTE	OPENING BALANCE	CHARGED	RECEIVED	CLOSING BALANCE
Administrative Fee - Ledger Fee	10	2,231,126,191.38	726,179,596.94	145,841,497.04	2,811,464,291.28
Penalties on Defaulted Loans	8	37,083,685,943.19	134,636,053.67	232,518,893.02	36,985,803,103.86
<b>Total</b>		<b>39,314,812,134.57</b>	<b>860,815,650.61</b>	<b>378,360,390.06</b>	<b>39,797,267,395.14</b>

**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.

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**ii) Revenue from exchange transactions**

**Revenue from Interest Income**

HELB recognized income from interest income earned from students' loans, staff loans and short-term placements with HELB banks. The income from interest earned from staff loans and short-term placements are recognized when earned while the interest from students' loans is recognized when received due to uncertainties in recoverability. The uncertainty about whether or when the interest from students' loans will be collected, recognizing on accrual bases in the financial statements will not be appropriate. HELB chooses to be conservative and to only recognize interest when it is collected, rather than accruing them before they are due. Below is a disclosure of the accrued interest visa vie the earned in the FY2021/2022.

INCOMES ON LOANS	NOTE	OPENING BALANCE	CHARGED	RECEIVED	CLOSING BALANCE
Interest on Student Loans	10	17,088,989,948.37	3,310,182,383.74	1,344,471,471.97	19,054,700,860.14
<b>Total</b>		<b>17,088,989,948.37</b>	<b>3,310,182,383.74</b>	<b>1,344,471,471.97</b>	<b>19,054,700,860.14</b>

**b) Loan Management**

The loan management is provided for under Credit Policy that provides a general framework that guides, regulates and facilitates the proper management of loans, bursaries and scholarships.

**i) Interest**

Board of Directors shall determine and charge interest on all the loans awarded on simple interest regime and applied every month or part of the month that the loan remains outstanding.

No	Product Type	Interest Rate
1	Undergraduate Loan	4%
2	TVET Loan	4%
3	Continuing Education Loan	10%
4	Partnership loans	As per MOU and Service Contract

**ii) Administrative fee**

Administrative fees may be charged on all accounts at disbursements as may be determined and approved by the BoD from time to time. Annual administrative fee shall be charged on mature loans and shall remain in force until the loan is cleared in full.

**iii) Penalty Charge**

A penalty charge of not less than KShs . 5, 000.00 shall be levied on non-performing loans for every month that the loan remains un-serviced exception set in the credit policy.

**iv) Student Loan Protection Scheme**

HELB shall deduct a percentage (determined by an actuary) of the loan awarded as an insurance fee to cover risks as stipulated in the HELB Act. The scheme shall cover either death or total and permanent incapacitation.

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**v) Provision for Bad Debts**

Guided by the provisions of law relating to management of public debt, HELB shall provide for bad and doubtful debts. Specific bad debt will be provided for at 100% while a general provision for bad and doubtful debts shall be maintained at 5% of the accounts receivable figure.

**vi) Loan Grace Period (Moratorium)**

This refers to a period that a loanee may delay loan repayment. HELB shall offer one-year grace period upon completion of studies to Undergraduate, TVET and Afya-Elimu loans, one-month grace period upon disbursement for Continuing Education loans, and no loan repayment penalties shall be charged during the grace period.

**vii) Loan repayment period**

The repayment of loans shall fall due upon maturity as guided by the provisions of the HELB Act and the terms and conditions of the specific products. Loan repayment period shall be guided as follows; TVET and Undergraduate Loans shall be 120 months upon maturity, Continuing Education Loan 48 Months upon maturity, and Partnership Loans Determined by partner MoU and service contracts.

**viii) Loan Clearance and Compliance Certificate**

HELB shall issue *clearance certificate* and a verified loan repayment statement to a loanee upon full repayment of all HELB loan.

HELB shall issue a *compliance certificate* valid for a period of one year to a loanee whose loan is being repaid and is not in default, loan is still within the moratorium period and Loan has not matured.

HELB shall also issue *compliance certificates* valid for a period of one year to a non-beneficiary upon duly executed request and at a cost that maybe determined by the Board.

**c) Budget Information**

The original budget for FY 2021-2022 was approved by the National Assembly in December 2021. 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 to conclude the final budget.

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.

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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.

**d) 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.

**e) 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.

Category	Depreciation Rate
<b>Buildings</b>	2.50 %
<b>Motor Vehicles</b>	25.00 %
<b>Furniture</b>	12.50 %
<b>Fixtures &amp; Fittings</b>	12.50 %
<b>Computers</b>	33.33 %
<b>Office Equipment</b>	12.50 %

**f) Leases**

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

**g) 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

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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%.

**h) 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.

**i) Provisions**

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

**j) Nature and purpose of reserves**

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

**k) 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.

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**l) Employee Benefits - Retirement benefit plans**

The Board operates a defined benefit and define 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 benefit pension scheme and the National Social Security Fund (NSSF). The Board's contributions to the defined benefit scheme and NSSF are charged to the statement of financial performance in the year to which they relate.

**m) 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 GOK, the board members, the CEO and senior managers.

**n) 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.

**o) Comparative Figures**

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

**p) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**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.

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**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.

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
<b>6</b>	<b>TRANSFERS FROM GOVERNMENTS AND OTHER GOVERNMENT ENTITIES</b>		
	<b>a) Transfers from Other Government Entities</b>	<b>KShs</b>	<b>KShs</b>
	Ministry of Public Service, Youth & Gender Affairs	10,094,828	20,189,654
	County Governments of: Kakamega	27,500,000	27,500,000
	Taita Taveta	-	9,000,000
	Bomet County	9,700,000	-
	<b>Sub-Total</b>	<b>47,294,828</b>	<b>56,689,654</b>
	<b>b) Transfers from Ministry of Education, Science and Technology</b>		
	<b>i) Amount Recognized in Statement of Financial Performance</b>		
	Undergraduate Students Bursaries	137,000,000	137,000,000
	TVET Students Bursaries	100,000,000	100,000,000
	Operations	171,598,080	151,598,080
	<b>Sub-Total</b>	<b>408,598,080</b>	<b>388,598,080</b>
	<b>ii) Amount Recognized in statement of Financial Position</b>		
	Students Grants University/TVET	10,895,650,462	8,745,650,462
	<b>Sub-Total</b>	<b>11,304,248,542</b>	<b>9,134,248,542</b>
	<b>Total</b>	<b>11,351,543,370</b>	<b>9,190,938,196</b>
<b>7</b>	<b>TRANSFERS FROM ALTERNATIVE PARTNERSHIPS FUND</b>		
	ABSA Scholarship	10,256,803	23,352,053
		<b>10,256,803</b>	<b>23,352,053</b>
<b>8</b>	<b>INCOME FROM PENALTIES ON LOANEE DEFAULT</b>		
	Miscellaneous Income Penalties Loanee Default	232,518,893	166,631,459
		<b>232,518,893</b>	<b>166,631,459</b>
<b>9</b>	<b>FINANCE INCOME-SHORT TERM PLACEMENTS</b>		
	Interest on Short-term placements and Treasury bills	44,392,059	62,536,557
	<b>Total Finance Income</b>	<b>44,392,059</b>	<b>62,536,557</b>
<b>10</b>	<b>OTHER INCOME</b>		
	<b>Loan Recovery</b>		
	Interest Income Student Loans	1,344,471,471	985,720,082
	Income from Administrative Fees - Mature Loans	145,841,492	131,577,230
	<b>Total</b>	<b>1,490,312,964</b>	<b>1,117,297,311</b>
	<b>Miscellaneous</b>		
	Income from Administrative Fees - Unmature Loans	229,245,000	283,967,500
	Interest Income Staff Loans	1,600,042	2,381,063
	Debt collection fees	53,666,026	26,118,498
	Miscellaneous Income	275,658	68,895
	Miscellaneous Income Loan Forms	3,244,000	155,326,000
	Miscellaneous Income Scholarship Forms	1,017,000	501,000
	Miscellaneous Income Clearance Certificates	194,950	47,791,140
	Miscellaneous Income - Advertisements	1,600,000	100,000
	Miscellaneous Income - Boarded Stores	140,378	-
	<b>Total</b>	<b>290,983,053</b>	<b>516,254,096</b>
	<b>Total other income</b>	<b>1,781,296,017</b>	<b>1,633,551,407</b>
<b>11</b>	<b>BURSARIES AND SCHOLARSHIPS TO STUDENTS</b>		
	Bursaries to Undergraduate University Students	137,000,000	137,000,000
	Bursaries to TVET Students	100,000,000	100,000,000
	Scholarships-PG	31,300,000	31,050,000
	Alternative Funds Bursary/Scholarships	10,256,803	23,352,053
		<b>278,556,803</b>	<b>291,402,053</b>
<b>12</b>	<b>USE OF GOODS AND SERVICES</b>		
	Telecommunication Expenses	9,941,367	14,524,234
	Fuel Consumption	2,456,100	2,032,630
	Office Rent, Warehouse & Parking Charges	61,225,287	65,149,200
	Insurance Expenses	2,733,771	3,435,955
	Staff Training	36,385,546	23,832,912
	Seminars and Conferences	32,484,170	18,798,756
	Office Tea	3,630,913	2,130,819
	Office Flowers & Decorations	628,600	378,200
	Official Entertainment	1,675,192	1,341,495
	Staff Uniforms	-	563,700
	Newspapers, Journals, Periodicals & Library Books	348,540	206,960
	Advertising, Publicity & Printing	55,970,701	24,323,358
	Office Stationery & Accessories	7,744,242	6,702,630
	Legal fee	212,200	3,478,165

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
	Audit Fees	1,160,000	1,160,000
	Office Security Expenses	5,892,000	5,841,207
	Office Cleaning and Maintenance	3,354,537	4,802,865
	Subscriptions to Professional Bodies	2,347,352	2,250,600
	Subsistence Expenses	37,170,936	19,108,655
	Travelling Expenses - External	4,450,568	-
	Travelling Expenses - Internal	10,320,556	3,496,025
		<b>280,132,579</b>	<b>203,558,364</b>
<b>13</b>	<b>EMPLOYEE COSTS</b>		
	Staff Emoluments (Salaries and wages)	279,887,985	297,349,668
	Commuter And Fuel Allowance	40,020,671	39,264,527
	Housing Benefit	116,654,973	115,878,774
	Gratuity and Pension (Employer contribution to gratuity & pension schemes)	53,227,435	50,549,411
	Staff Welfare Expenses	17,386,890	14,649,451
	Medical Expenses (Employer contribution to health insurance schemes)	52,127,405	49,021,155
	Performance Contract Dynamics	8,163,464	4,318,022
		<b>567,468,822</b>	<b>571,031,008</b>
<b>14</b>	<b>BOARD MEMBERS EXPENSES</b>		
	Chairman's Honoraria	960,000	960,000
	Sitting allowances	6,122,000	4,927,000
	Medical Insurance	489,228	14,555
	Induction and Training	1,637,750	2,024,500
	Travel and accommodation	3,988,797	1,143,694
	Telephone Expenses	77,000	84,000
	Official entertainment	588,835	195,414
		<b>13,863,610</b>	<b>9,349,163</b>
		<b>13,863,610</b>	<b>9,349,163</b>
<b>15</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
	Property, Plant and Equipment	41,984,237	30,455,652
	Intangible Assets	22,451,120	26,067,965
		<b>64,435,357</b>	<b>56,523,617</b>
<b>16</b>	<b>REPAIRS AND MAINTENANCE</b>		
	Repair & Maint. -Motor Vehicle	2,614,252	1,344,736
	Repair & Maint. Fixture & Fit	102,364	19,675
	Repair & Maint. -Equipment	491,070	419,091
	Repair & Maint. -Furniture	613,340	364,560
	Repair & Maint. Office Premises	184,775	575,408
	Computer & Software Maintenance	144,894,989	142,820,773
		<b>148,900,790</b>	<b>145,544,243</b>
<b>17</b>	<b>CONTRACTED SERVICES</b>		
	Contracted Professional Services	37,083,701	28,447,743
		<b>37,083,701</b>	<b>28,447,743</b>
<b>18</b>	<b>FINANCE COST - BANK CHARGES &amp; COMMISSIONS</b>		
	Bank Charges & Commissions	24,846,932	25,000,063
		<b>24,846,932</b>	<b>25,000,063</b>
<b>19</b>	<b>DEBT COLLECTION FEES</b>		
	Debt collection fees	53,666,026	26,118,498
		<b>53,666,026</b>	<b>26,118,498</b>
<b>20</b>	<b>BAD DEBT WRITTEN OFF</b>		
	Bad debt Written Off	53,760	-
		<b>53,760</b>	<b>-</b>
<b>21</b>	<b>GAIN OR LOSS ON DISPOSAL</b>		
	Proceeds from asset disposal	2,049,822	-
	Less:		
	Revalued cost of assets disposed	6,654,489	-
	Accumulated depreciation	(1,432,936)	-
		<b>5,221,553</b>	<b>-</b>
	Gain/Loss	<b>(3,171,731)</b>	<b>-</b>
<b>22</b>	<b>LOSS ON REVALUATION OF FIXED ASSETS</b>		
	Revaluation Loss	-	57,333,267
		<b>-</b>	<b>57,333,267</b>
<b>23</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Current account	231,924,511	42,654,944
	On- call deposits	212,000,000	50,219,782

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
	Fixed Deposits	181,257,517	82,290,260
	Staff car loan/ Mortgage	47,866,511	55,710,215
	Cash at hand	110,000	91,372
	<b>Total cash and cash equivalents</b>	<b>673,158,539</b>	<b>230,966,573</b>
<b>24</b>	<b>DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
	<b>a) Current account</b>		
	<b>Financial institution</b>		
	KCB Bank- Operations	28,870,377	351,330
	KCB Bank- Student loan	50,194,181	1,265,554
	KCB Bank- Revolving fund	73,675,410	2,435,770
	Citibank Student Disbursement	1,171,910	7,959,825
	Citibank collection	25,405,150	6,995,713
	Citibank Direct Debits	360,036	303,313
	Co-operative Bank- collections	6,156,238	5,407,481
	ABSA Bank- collection	3,750,142	3,956,966
	Equity Bank- collections	10,822,258	3,797,844
	Family Bank- collection	3,897,755	1,041,535
	Standard Chartered Bank - collection	2,312,661	2,391,067
	SBM Bank (Kenya) Limited- collection	7,051,445	189,996
	Kingdom Bank- collection	1,911,722	366,829
	NCBA Bank	997,701	805,099
	National Bank of Kenya- collection	6,562,691	5,386,621
	Mpesa Collection Account	8,784,834	-
	<b>Sub- total</b>	<b>231,924,511</b>	<b>42,654,944</b>
	<b>b) On- Call deposits</b>		
	SBM Bank (Kenya) Limited	-	50,219,782
	Co-operative Bank	212,000,000	-
	<b>Sub- Total</b>	<b>212,000,000</b>	<b>50,219,782</b>
	<b>c) Fixed Deposits Account</b>		
	Students Loans Self Protection Scheme-Short Term Placement	181,257,517	82,290,260
	<b>Sub- total</b>	<b>181,257,517</b>	<b>82,290,260</b>
	<b>d) Staff Car Loan/ Mortgage</b>		
	KCB Bank- Staff Loans	542,395	2,309,834
	KCB Savings & Loans- mortgage	471,226	458,332
	Housing Finance mortgage	6,385,655	15,761,744
	KCB Savings & Loans- mortgages	40,467,235	37,180,305
		<b>47,866,511</b>	<b>55,710,215</b>
	<b>e) Others- Cash in Hand</b>		
	Cash in hand	110,000	91,372
	<b>Sub- Total</b>	<b>110,000</b>	<b>91,372</b>
	<b>Grand Total</b>	<b>673,158,539</b>	<b>230,966,573</b>
<b>25</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS AND PREPAYMENTS</b>		
	<b>i) Current Receivable</b>		
	Staff Imprest	-	-
	Staff Salary Advances	76,195	87,735
	Medical Over expenditure	2,115,339	2,471,036
	Accrued Interest on short term placements	5,290,989	987,257
	<b>Total</b>	<b>7,482,522</b>	<b>3,546,028</b>
	Less: Provision for Bad & Doubtful Debt	(374,126)	(177,301)
	<b>Total Current Receivable form Exchange Transactions</b>	<b>7,108,396</b>	<b>3,368,727</b>
	<b>ii) Prepayment</b>		
	Official Entertainment	51,000	43,200
	Less: Provision for Bad & Doubtful Debt	(2,550)	(2,160)
<b>a)</b>	<b>Total Prepayments</b>	<b>48,450</b>	<b>41,040</b>
	<b>Total Current Receivable form Exchange Transactions &amp; Prepayments</b>	<b>7,156,846</b>	<b>3,409,767</b>
	<b>iii) Non-Current Receivables</b>		
	Hospital Deposit	725,000	725,000
	Utilities & Rent Deposit	9,568,667	9,904,848
	Other Accounts Receivable	15,771,957	16,733,279
	Court Deposits	10,000,000	-
	Kenya Deposit Insurance Corporation (KDIC)	100,439,561	100,439,561
	<b>Total</b>	<b>136,505,185</b>	<b>127,802,688</b>
	Less: Provision for Bad & Doubtful Debt	(6,825,259)	(6,390,134)
	<b>Total Non-Current Receivable form Exchange Transactions</b>	<b>129,679,926</b>	<b>121,412,554</b>
	<b>TOTAL RECEIVABLE FROM EXCHANGE TRANSACTIONS</b>	<b>136,836,772</b>	<b>124,822,320</b>

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
	<b>RECONCILIATION FOR PROVISION FOR BAD &amp; DOUBTFUL DEBT</b>		
b)	At the beginning of the year	6,569,596	8,483,113
	Additional provisions during the year	632,340	(1,913,517)
	Recovered during the year	-	-
	<b>At the end of the year</b>	<b>7,201,935</b>	<b>6,569,596</b>
<b>26</b>	<b>INVENTORIES</b>		
	Balance B/f	5,227,073	6,975,282
	Purchase	6,633,166	5,037,140
	Consumable stores	(5,625,434)	(6,785,350)
	<b>Total inventories at the lower of cost and net realizable value</b>	<b>6,234,805</b>	<b>5,227,073</b>
<b>27</b>	<b>WORK IN PROGRESS</b>		
	Project in progress- Renovation of Ground Floor and Industrial Area	1,425,250	-
		<b>1,425,250</b>	<b>-</b>
<b>28</b>	<b>STAFF LOANS</b>		
	KCB Savings & Loans	108,544,043	109,990,008
	Housing finance company	46,793,051	51,022,142
	Staff car loans	13,126,983	15,382,674
	SBM Bank-Mortgage Account	129,887,235	84,358,288
		<b>298,351,312</b>	<b>260,753,112</b>
<b>29</b>	<b>MATURE LOANS TO STUDENT</b>		
	Balance brought forward	43,593,030,118	36,428,087,452
	Add: Mature loans during the year	11,100,829,122	10,075,793,466
		<b>54,693,859,240</b>	<b>46,503,880,918</b>
	Add: Accrued interest in the year	1,344,471,471	985,720,082
	Administrative Fees Income - Mature Loans	145,841,492	131,577,230
	Penalties on matured Loans	232,518,893	166,631,459
	Less: Loan recovery during the year - GOK	(5,217,693,961)	(4,349,133,776)
		<b>51,198,997,136</b>	<b>43,438,675,912</b>
	Add: Overpaid Loans movement	(138,847,518)	178,402,035
	Refunds during the year	(31,946,500)	(24,047,829)
		<b>51,028,203,118</b>	<b>43,593,030,118</b>
	Less: Provision for bad & doubtful debts	(2,551,410,156)	(2,179,651,506)
		<b>48,476,792,962</b>	<b>41,413,378,612</b>
<b>30</b>	<b>UN-MATURE LOANS TO STUDENT</b>		
	Balance brought forward-Unmatured loans	51,034,715,567	48,026,313,708
	Add: Loans awarded during the year - GOK	14,524,691,178	13,084,195,321
	Loans awarded during the year - Partnership Funds	118,752,410	-
	Less: Mature loans during the year	(11,100,829,122)	(10,075,793,466)
		<b>54,577,330,033</b>	<b>51,034,715,567</b>
<b>31</b>	<b>LOANS, BURSARIES &amp; SCHOLARSHIPS PAYABLE</b>		
	Loans Payable	132,890,866	570,253,163
	Scholarships Payable	16,717,500	14,522,300
	Bursaries Payable- Undergraduate & TVET	3,088,100	49,703,000
		<b>152,696,466</b>	<b>634,478,463</b>
<b>32</b>	<b>PAYABLE- STUDENTS LOAN SELF-PROTECTION SCHEME</b>		
	<b>Premiums Payable- Students Loan Self Protection Scheme</b>		
a)	Opening Balance	90,396,212	32,827,049
	Premiums Earned in the Year	92,531,950	57,569,163
	<b>Total</b>	<b>182,928,162</b>	<b>90,396,212</b>
	<b>Interest Payable- Students Loan Self Protection Scheme</b>		
b)	Opening Balance	4,636,145	1,105,287
	Interest Earned in the Year	9,889,694	3,530,858
	<b>Total</b>	<b>14,525,839</b>	<b>4,636,145</b>
	<b>Grand Total</b>	<b>197,454,001</b>	<b>95,032,357</b>
<b>33</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade payables	82,349,131	112,732,810
	Employee expenses	-	184,000
	Third-party payments	2,709,495	2,709,495
	<b>Total Trade and Other Payables</b>	<b>85,058,626</b>	<b>115,626,305</b>
<b>34</b>	<b>OVER PAID LOANS</b>		
	Balance B/Forward	913,937,693	759,583,487
	Overpaid Loans Movement	(138,847,518)	178,402,035
	Loanee refunds in the year	(31,946,500)	(24,047,829)
		<b>743,143,675</b>	<b>913,937,693</b>
		<b>743,143,675</b>	<b>913,937,693</b>

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
<b>35</b>	<b>CURRENT PROVISIONS</b>		
	<b>Leave Liability</b>		
	Balance as at 1st July 2021	8,352,801	-
a)	Additional provisions during the year	6,122,528	8,352,801
	Provision Utilized	(4,843,836)	-
	<b>Total Provision as at 30th June 2022</b>	<b>9,631,493</b>	<b>8,352,801</b>
	<b>Gratuity and Pension</b>		
	Balance as at 1st July 2021	9,276,170	4,308,240
b)	Additional provisions during the year	4,835,324	5,254,370
	Provision Utilized	(4,421,506)	(286,440)
	<b>Total Provision as at 30th June 2022</b>	<b>9,689,988</b>	<b>9,276,170</b>
	<b>Total Current Provision</b>	<b>19,321,481</b>	<b>17,628,971</b>
<b>36</b>	<b>CUMMULATIVE G.O.K GRANTS</b>		
	<b>Balance B/Forward (GOK Funds)</b>	75,408,050,743	66,662,400,281
	Capitation received in the year for Students Loans	10,895,650,462	8,745,650,462
		<b>86,303,701,205</b>	<b>75,408,050,743</b>
	Capitation for TVET Fund	(1,192,000,000)	(1,192,000,000)
	Partnership with Afya Elimu Fund	(308,000,000)	(308,000,000)
		<b>84,803,701,205</b>	<b>73,908,050,743</b>
	<b>Capitation for TVET Fund</b>		
	Capitation for TVET Fund	1,192,000,000	1,192,000,000
	Partnership with Afya Elimu Fund	308,000,000	308,000,000
		<b>1,500,000,000</b>	<b>1,500,000,000</b>
<b>37</b>	<b>CUMULATIVE PARTNERSHIP FUNDS</b>		
	Ministry of Foreign Affairs	58,624,889	58,624,889
	Technical, Vocational & Entrepreneurship	1,192,000,000	1,192,000,000
	HELB Education Fund	1,923,874	1,923,874
	Training Revolving Fund	352,487,957	342,393,129
	Kenya Revenue Authority	25,000,000	25,000,000
	Busia County Fund	55,000,000	55,000,000
	Kakamega County Fund	127,500,000	100,000,000
	Taita Taveta County Fund	52,000,000	52,000,000
	Kakamega County Afya Elimu Fund	22,500,000	22,500,000
	Bomet County Fund	38,800,000	29,100,000
	Awendo Constituency Fund	2,500,000	2,500,000
	Igembe North Constituency Fund	9,000,000	9,000,000
	Karachuonyo Constituency Fund	10,800,000	10,800,000
	Tinderet Constituency Fund	2,000,000	2,000,000
	Tigania West Constituency Fund	2,800,000	2,800,000
	Tharaka Constituency Fund	6,384,000	6,384,000
	Chuka Igambang'ombe Constituency	4,700,000	4,700,000
	Afya Elimu Fund	817,514,608	817,514,608
	Digital Divide Data Fund	21,848,498	21,848,498
	Ford Foundation Project	1,579,000	1,579,000
	AIC Kijabe Hospital Fund	5,872,000	5,050,000
	Tenwek Hospital Revolving Fund	3,680,000	3,680,000
	Community Health Promotion Fund	24,958,500	24,486,500
	St. Kiziti VTI Revolving Fund	3,581,366	3,581,366
	Simba Foundation Training Revolving fund	6,646,436	5,199,038
	Eastlands College of Technology Training	1,320,300	1,320,300
	Kenya School For Integrated Medicine	2,000,000	2,000,000
	<b>BAR EXAMINATION LOAN</b>	<b>119,000,000</b>	<b>80,000,000</b>
	Advocates Benevolent Association Revolving	6,600,000	3,600,000
	Kenya Institute of Mass Communication	10,500,000	5,000,000
	Kenya School Of Law	22,680,700	10,000,000
	Maritime Education Training Scheme -Accad	30,000,000	30,000,000
	Kenya Institute of Professional Studies	550,000	550,000
	Beacon of Hope Technical Training Institute	1,000,000	500,000
	KASNEB Foundations	6,424,000	-
	Catherine MacAulay Nursing School Training Revolving Fund	2,500,000	-
	Kenya Water and Sanitation Training Fund	3,000,000	-
	Barclays Bank Scholarship Scheme	2,746,300	2,746,300
	<b>Capitation to Revolving Fund</b>	<b>3,058,022,428</b>	<b>2,935,381,502</b>
		<b>3,058,022,428</b>	<b>2,935,381,502</b>

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
<b>38</b>	<b>PARTNERSHIP FUNDS RECEIVED IN THE PERIOD</b>		
	Training Revolving Fund	10,094,828	20,189,654
	Kakamega County Fund	27,500,000	27,500,000
	Taita Taveta County Fund		9,000,000
	Bomet County Fund	9,700,000	-
	AIC Kijabe Hospital Fund	822,000	600,000
	Tenwek Hospital Revolving Fund		1,000,000
	Community Health Promotion Fund	472,000	980,000
	Simba Foundation Training Revolving fund	1,447,398	-
	<b>BAR EXAMINATION LOAN</b>	39,000,000	-
	Advocates Benevolent Association Revolving	3,000,000	-
	Kenya Institute of Mass Communication	5,500,000	5,000,000
	Kenya School Of Law	12,680,700	10,000,000
	Maritime Education Training Scheme -Accad		30,000,000
	Kenya Institute of Professional Studies		550,000
	Beacon of Hope Technical Training Institute	500,000	500,000
	KASNEB Foundations	8,000,000	
	Catherine MacAulay Nursing School Training Revolving Fund	2,500,000	
	Kenya Water and Sanitation Training Fund	3,000,000	
	Barclays Bank Scholarship Scheme	8,680,803	23,156,653
	<b>Capitation from partnership received for the year</b>	<b>132,897,729</b>	<b>128,476,307</b>
<b>39</b>	<b>ACCUMULATED FUND</b>		
	Balance B/f	14,596,934,864	14,092,906,943
	Surplus for the Year	632,490,752	504,027,921
	Revaluation reserve	5,290,017	-
	<b>Balance ending</b>	<b>15,234,715,633</b>	<b>14,596,934,864</b>
<b>40</b>	<b>REVALUATION RESERVE</b>		
	Revaluation reserve buff	949,426,610	706,050,708
	Revaluation reserve on Asset disposal	(5,290,017)	-
	Revaluation Reserve	-	243,375,902
		<b>944,136,593</b>	<b>949,426,610</b>
<b>41</b>	<b>ACCUMULATED PROVISIONS FOR DOUBTFUL DEBTS</b>		
	<b>Noncurrent provision for the year</b>		
	Balance buff	2,179,651,506	1,821,404,373
	Add: Noncurrent provisions for the year	371,758,650	358,247,133
		<b>2,551,410,156</b>	<b>2,179,651,506</b>
	<b>Current provisions for the year</b>		
	Balance buff	6,569,596	8,483,113
	Add: Provisions for the year	632,340	(1,913,517)
		<b>7,201,935</b>	<b>6,569,596</b>
	Balance c/d	<b>2,558,612,091</b>	<b>2,186,221,102</b>
<b>42</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Cost</b>		
	<b>As at 1st July 2021</b>	<b>257,682,949</b>	<b>233,696,468</b>
	Additions during the year	-	23,986,480
	<b>As at 30th June 2022</b>	<b>257,682,949</b>	<b>257,682,949</b>
	<b>Amortization and impairment</b>		
	<b>As at 1st July 2021</b>	<b>227,236,334</b>	<b>201,168,368</b>
	Amortization for the year	22,451,120	26,067,965
	<b>As at 30th June 2022</b>	<b>249,687,454</b>	<b>227,236,334</b>
	<b>Net Book Value</b>	<b>7,995,495</b>	<b>30,446,615</b>
<b>43</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	<b>Surplus for the period before tax</b>	<b>632,490,752</b>	<b>504,027,921</b>
	<b>Adjusted for:</b>		
	Depreciation	64,435,357	56,523,617
	Gains and losses on disposal of assets	3,171,731	57,333,267
	Contribution to provisions (Bad & Doubtful Debts)	372,390,990	356,333,616
		<b>439,998,077</b>	<b>470,190,501</b>
	<b>Working Capital adjustments</b>		
	Matured Loans Movement	(7,916,954,997)	(7,586,911,849)
	Disbursements to Students	(3,542,614,466)	(3,008,401,855)
		<b>(11,459,569,463)</b>	<b>(10,595,313,704)</b>
	<b>Net cash flow from operating activities</b>	<b>(10,387,080,633)</b>	<b>(9,621,095,283)</b>
		<b>(10,387,080,633)</b>	<b>(9,621,095,283)</b>

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NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2021/2022	2020/2021
<b>44</b>	<b>TAXATION</b>		
	<b>P.A.Y. E</b>		
	<b>At beginning of the period</b>	<b>2,209,341</b>	<b>1,635,609</b>
a)	Tax charge for the period	112,972,594	94,149,187
	Tax paid during the period	113,700,521	94,722,919
	<b>At end of the period</b>	<b>2,937,268</b>	<b>2,209,341</b>
	<b>VAT Withholding</b>		
	<b>At beginning of the period</b>	<b>1,878,277</b>	<b>1,374,256</b>
b)	Tax charge for the period	7,658,691	5,814,183
	Tax paid during the period	8,103,030	6,318,204
	<b>At end of the period</b>	<b>2,322,616</b>	<b>1,878,277</b>
	<b>Withholding Tax</b>		
	<b>At beginning of the period</b>	<b>1,887,656</b>	<b>1,526,149</b>
c)	Tax charge for the period	6,144,933	6,337,886
	Tax paid during the period	6,271,166	6,699,393
	<b>At end of the period</b>	<b>2,013,889</b>	<b>1,887,656</b>
	<b>Total at end of the period</b>	<b>7,273,773</b>	<b>5,975,274</b>

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**NOTE 45: PROPERTY, PLANT AND EQUIPMENT**

	Land		Building		Motor vehicles		Equipment		Furniture		FITTINGS		Computers		Total	
	KShs		KShs		KShs		KShs		KShs		KShs		KShs		KShs	
<b>COST</b>																
As at 30- June-2020	717,500,000		2,500,001		66,311,947		28,059,335		27,446,602		113,348,239		167,438,436		1,122,604,561	
Less: Accumulated Depreciation			(312,500)		(53,772,611)		(13,383,045)		(12,797,563)		(44,127,772)		(139,035,804)		(263,429,296)	
Revaluation Loss							(1,742,090)				(57,333,267)		(16,958,332)		(76,033,689)	
Revaluation Gain	232,500,000		312,500		25,669,664				3,594,160						262,076,324	
Additions	-		-		6,424,000		2,223,899		266,354		30,894,511		17,591,894		57,400,658	
Disposals	-		-		-		-		-		-		-		-	
As at 30- June-2021	950,000,000		2,500,001		44,633,000		15,158,099		18,509,554		42,781,711		29,036,194		1,102,618,559	
Additions	-		-		-		555,000		88,000		5,048,250		36,750,345		42,441,595	
Disposals	-		-		(2,430,000)		(1,254,647)		(1,542,442)		-		(1,427,400)		(6,654,489)	
As at 30- June-2022	950,000,000		2,500,001		42,203,000		14,458,452		17,055,112		47,829,961		64,359,139		1,138,405,665	
<b>DEPRECIATION AND IMPAIRMENT</b>																
Acc. Dep at 30- June- 2020	-		312,500		53,772,611		13,383,045		12,797,563		44,127,772		139,035,804		263,429,296	
Less: Accumulated Depreciation on Revaluation			(312,500)		(53,772,611)		(13,383,045)		(12,797,563)		(44,127,772)		(139,035,804)		(263,429,296)	
Depreciation for the year	-		62,500		11,158,250		1,894,762		2,313,694		5,347,714		9,678,731		30,455,652	
Less: Accumulated deprec on disposals as at 30 June 2021	-		-		-		-		-		-		-		-	
Acc. Dep at 30- June- 2021	-		62,500		11,158,250		1,894,762		2,313,694		5,347,714		9,678,731		30,455,652	
Depreciation for the year	-		62,500		10,550,750		1,807,307		2,131,889		5,978,745		21,453,046		41,984,237	
Less: Accumulated deprec on disposals as at 30 June 2021	-		-		(607,500)		(156,831)		(192,805)		-		(475,800)		(1,432,936)	
Acc. Dep at 30- June- 2022	-		125,000		21,101,500		3,545,238		4,252,778		11,326,459		30,655,978		71,006,953	
<b>Net book values</b>																
As at 30 June 2021	950,000,000		2,437,501		33,474,750		13,263,337		16,195,860		37,433,997		19,357,463		1,072,162,907	
As at 30 June 2022	950,000,000		2,375,001		21,101,500		10,913,214		12,802,334		36,503,502		33,703,161		1,067,398,712	

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**46. 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 the 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- through 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 2021-2022 are as below:

RELATED PARTY BALANCES	2021-2022	2020-2021
	KShs	KShs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Government	10,895,650,462	8,284,237,846
	<b>10,895,650,462</b>	<b>8,284,237,846</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments for students	14,922,000,391	15,398,264,059
Payments of salaries and wages for 253 employees	567,950,778	427,674,328
	<b>15,489,951,169</b>	<b>15,825,938,387</b>
<b>c) Key management compensation</b>		
Board members' emoluments	13,381,654	16,467,847
Compensation to the CEO	11,492,857	11,480,000
Compensation to key management - 13	60,892,117	65,326,630
	<b>85,766,629</b>	<b>102,491,296</b>
<b>d) Other government bodies</b>		
County government of Kakamega and Taita Taveta	37,200,000	69,600,000
Ministry of Public Service, Youth & Gender Affairs	10,094,828	30,291,806
<b>e) Partners - other funding providers</b>		
	132,897,729	259,949,448
	<b>180,192,557</b>	<b>359,841,254</b>
<b>Total</b>	<b>26,651,560,817</b>	<b>24,572,508,783</b>

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**47. EVENTS AFTER THE REPORTING PERIOD**

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

**48. 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.

**49. CURRENCY**

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

**50. DISCLOSURES**

**i) Contingency Liability**

There are pending cases against the Board yet to be determined by the court with probable amount of KShs. 10 Million.

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**19. APPENDICES**

**APPENDIX I: 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	Emphasis of Matter	Ownership of land LR No.209/13515	Pursuing dispute resolution mechanisms to ensure out of court settlement with Kenya Railways	Chief Executive Officer	Work in Progress	Continuous

**CHARLES M. RINGERA**  
**CHIEF EXECUTIVE OFFICER**

DATE: 4<sup>TH</sup> MAY 2023

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**• APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

The Board did not undertake any project in the year 2021-2022 either funded by us or by development partners.

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**APPENDIX III: 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- Training Revolving fund	Total Transfers during the Year
Ministry of Public Service, Youth & Gender Affairs	25-Aug-21	Others- Training Revolving fund		6,000,000	0	6,000,000	6,000,000
	1-Oct-21	Others- Training Revolving fund	10,094,828.00	4,094,828	0	4,094,828	4,094,828
County Government of Kakamega	1-Oct-21	Others- Training Revolving fund		20,000,000	0	20,000,000	20,000,000
	5-May-22	Others- Training Revolving fund	27,500,000.00	7,500,000	0	7,500,000	7,500,000
County Government of Bometai	4-Aug-21	Others- Training Revolving fund	9,700,000.00	9,700,000.00	0	9,700,000.00	9,700,000.00
<b>Total</b>			<b>47,294,828.00</b>	<b>47,294,828</b>	<b>0</b>	<b>47,294,828</b>	<b>47,294,828</b>

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**APPENDIX IV: INTER-ENTITY TRANSFERS**

HIGHER EDUCATION LOANS BOARD

P.O. Box 69489-00400

Nairobi, Kenya

18th Floor, Anniversary Towers University Way

The State Department of Education, Science and Technology wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below.

<b>Confirmation of Amounts Received by Higher Education Loans Board as at 30<sup>th</sup> June 2022</b>						
Reference Number	Date Disbursed	Amounts Disbursed by State Department of Education, Science and Technology (KShs) as at 30th June 2022			Amount Received by HELB (KShs) as at 30th June 2022 (E)	Differences (KShs) (F) = (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial ©		
RT21221PL52F	9-Aug-2021	2,826,062,135.000	-	-	2,826,062,135.000	-
RT21244VP8Z3	2-Sep-2021	2,826,062,136.000	-	-	2,826,062,136.000	-
RT22007Q230P	7-Jan-2022	2,826,062,135.000	-	-	2,826,062,135.000	-
FT22035D6XD7	4-Feb-2022	2,826,062,136.000	-	-	2,826,062,136.000	-
<b>Total</b>		<b>11,304,248,542.000</b>	<b>-</b>	<b>-</b>	<b>11,304,248,542.00</b>	<b>-</b>

In confirm that the amounts shown above are correct as of the date indicated.

**JOHNSON NJUGUNA**  
**HEAD OF ACCOUNTING UNIT**

Date : .....

**STATE DEPARTMENT FOR UNIVERSITY EDUCATION & RESEARCH**