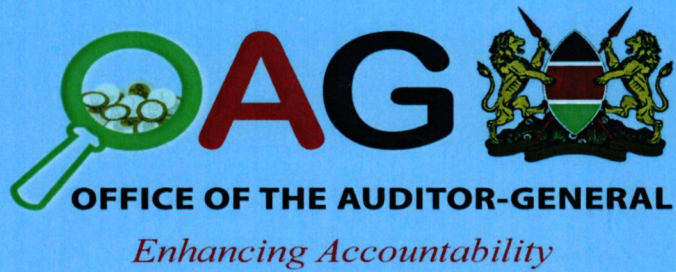


REPUBLIC OF KENYA



REPORT

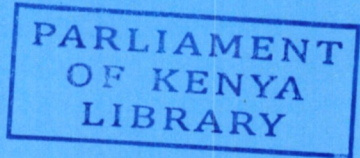
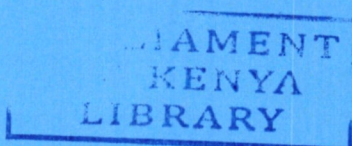
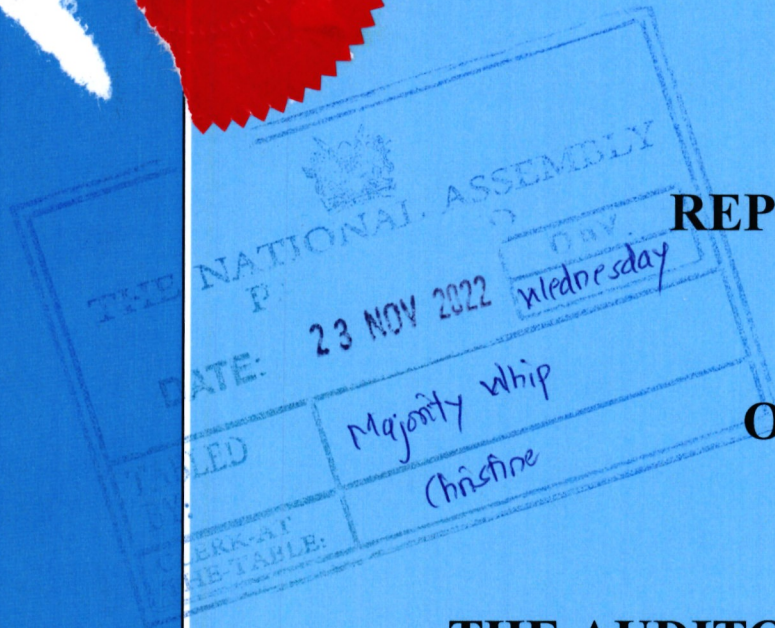
OF

THE AUDITOR-GENERAL

ON

HIGHER EDUCATION LOANS BOARD

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

21 SEP 2022

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HIGHER EDUCATION LOANS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 30 JUNE 2021

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CORPORATE INFORMATION AND MANAGEMENT

(a) Background information

The Higher Education Loans Board (HELB) is a state corporation in the Ministry of Education established in July 1995 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



HIGHER EDUCATION LOANS BOARD
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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, there is now a smarter way to finance your studies. We empower your dreams with lower capped repayments while you study and flexible repayment modes after you catch your big break in the career of your choice.

| 1 LOANS | 2 BURSARIES | 3 SCHOLARSHIPS |
|---|--|--|
| <p>UNDERGRADUATE</p> <p>Direct Entry</p> <ul style="list-style-type: none"> ☞ Government Sponsored ☞ Self-sponsored <p>Salaried</p> <p>TVET</p> <ul style="list-style-type: none"> ☞ Government Sponsored ☞ Self-sponsored <p>IIELIMISHE</p> <ul style="list-style-type: none"> ☞ TVET ☞ Undergraduate ☞ Postgraduate | <p>UNDERGRADUATE</p> <ul style="list-style-type: none"> ☞ You must have applied for the Undergraduate Loan <p>TVET</p> <ul style="list-style-type: none"> ☞ You must have applied for the TVET Loan | <p>POSTGRADUATE</p> <ul style="list-style-type: none"> ☞ The Scholarship award is for Masters’ and PhD <p>ABSA BANK</p> <ul style="list-style-type: none"> ☞ Awards to orphans and PWDs pursuing degree programs in the universities |
| 4 PARTNER | | |
| <p>INSTITUTIONAL FUNDS</p> <ul style="list-style-type: none"> ☞ AIC Kijabe Hospital ☞ Bar Examination Loan ☞ Community Health Promotion ☞ Digital Divide Data ☞ Eastlands College of Technology ☞ Kenya School of Integrated Medicine ☞ Simba Foundation ☞ St. Kizito Vocational Training ☞ Tenwek Medical Fund ☞ Training Revolving Fund ☞ Advocates’ Benevolent Association ☞ ABSA Bank Scholarship ☞ Council for Legal Education ☞ Kenya Institute of Mass Communication ☞ Kenya School of Law | <p>COUNTY FUNDS</p> <ul style="list-style-type: none"> ☞ Kakamega County ☞ Kakamega County Afya Elimu Loan ☞ Bomet County ☞ Busia County ☞ Taita Taveta County <p>CONSTITUENCY FUNDS</p> <ul style="list-style-type: none"> ☞ Chuka Igambang’ombe ☞ Tigania West ☞ Igembe North Education Fund ☞ Karachuonyo Education Fund ☞ Tharaka Nithi Constituency Fund ☞ Awendo Education Fund | |

HIGHER EDUCATION LOANS BOARD
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(b) Our Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2021 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---|----------------------------|
| 1 | Chief Executive Officer & Board Secretary | Mr. Charles M. Ringera |
| 2 | Chief Strategy & Customer Exp. Officer & Ag. Chief Finance Officer | Mrs. Mary Wachira-Muchee |
| 3 | Chief Innovation and Technology Officer | Mr. Josephat K. Nzuki |
| 4 | Chief Operations Officer (Up to 30 th November 2020) | Mr. Geoffrey O. Monari |
| 5 | Head of Legal Services & Corporation Secretary & Ag. Chief Operations | Mrs. Bernadette N. Masinde |
| 6 | Head of Human Resource & Administration | Mrs. Zipporah Onyoni |
| 7 | Head, Audit Risk Management and Compliance | Mr. Justus K. Mwangi |
| 8 | Head of Corporate Communication & Customer Experience | Ms. Wavinya Mung'ala |
| 9 | Head of Debt Management (Up to 27 th August 2020) | Mr. Naftal Michira |
| 10 | Ag. Head of Debt Management | Mrs. Rachel C. Kenei |
| 11 | Manager, Finance | Ms. Kerin Lidoroh |
| 12 | Manager, External Resources & Fund Management | Mr. James Gachari |
| 13 | Manager, Lending | Mr. Joseph Ndegwa |
| 14 | Manager, Procurement and Logistics | Mr. Elijah W. Wekesa |

(d) 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; |

HIGHER EDUCATION LOANS BOARD
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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 | | |

HIGHER EDUCATION LOANS BOARD
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(e) HELB Headquarters and Registered Office

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

(f) HELB Contacts

Telephone: (020) 2278000


Cisco: 0711052000

Email: contactcentre@helb.co.ke

Website: www.helb.co.ke

 [Twitter.com/HELBpage](https://twitter.com/HELBpage)

 [Facebook.com/HELBpage](https://facebook.com/HELBpage)

 [Linkedin.com/higher-education-loans-board](https://linkedin.com/higher-education-loans-board)

(g) HELB Bankers

| | BANK | BRANCH |
|----------|------------------|--------------------------------|
| 1 | KCB Bank Limited | University Way Branch, Nairobi |

Other Banks

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

(h) Independent Auditors




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

(i) Principal Legal Adviser


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

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

THE BOARD OF DIRECTORS

| Board Member | Key Qualifications and Experience |
|---|--|
|  <p>RHT Hon. Ekwee Ethuro Chairman of the Board</p> | <p>RHT Hon. Senator Ekwee Ethuro holds an MSc in Agriculture and Economics and a Bachelor of Science in Agriculture from the University of Nairobi. He is former Speaker of the Senate having been elected to this position on 28th March 2013. He served for three terms as a Member of Parliament for Turkana Central Constituency in 1997, 2002 and 2007. Senator Ethuro was the Chairman of the Constituency Development Fund Committee. He also served as an Assistant Minister in the Ministry of Planning and National Development from 2005 to 2007 and an Assistant Minister in the Ministry of Labour and Human Resource Development from 1998 to 2002. He was born in 1963.</p> <p>Appointed on 20th September 2018</p> |
|  <p>CPA Charles Ringera CEO- HELB</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 1st March 2019</p> |
|  <p>Prof. Mumo Kisau, Board Member</p> | <p>Prof. Mumo Kisau is the Vice-Chancellor of Scott Christian University. He was appointed to the Board on 20th 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 20th September 2018 to represent the Kenya Association of Private Universities (KAPU)</p> |



HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| Board Member | Key Qualifications and Experience |
|--|--|
|  Mrs. Jacqueline A. Mugo, Board Member and Chairman Loans Disbursement and Recovery Committee | <p>Jacqueline Mugo, EBS, MBS, OGW is the Executive Director and Chief Executive Officer of the Federation of Kenya Employers (FKE). 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 1956.</p> <p>Appointed on 15th February 2021 to represent the Federation of Kenya Employers (FKE)</p> |
|  Mr. Samuel Mugambi Mutwiri Board Member | <p>Mr. Samuel Mugambi holds a Bachelor of Commerce from the University of Nairobi, a Master of Business Administration from Esami / Maustritch University, and a Diploma in Finance from Kenya School of Accountancy. He has worked in the Ministry of Health, Ministry of Planning and National Development, Central Kenya Dry Areas Project as a Project Administrative and Liaison Officer. He has also worked as Chief Finance Officer at State House, Ministry of Education, State Department for University Education & Research. He was born in 1965.</p> <p>Appointed on 28th May 2020 to represent The Permanent Secretary, State Department of University Education and Research</p> |
|  Mr. Charles Onami Maranga, Board Member and Chairman Finance Staff and General- Purpose Committee | <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 15th February 2021 as an independent board member.</p> |

HIGHER EDUCATION LOANS BOARD
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| Board Member | Key Qualifications and Experience |
|--|--|
|  Ms. Cheryl Majiwa, Board Member | <p>Ms. Majiwa is the Alternate to the PS, National Treasury. She is currently working as a Chief Investment Officer in the Directorate of Public Investments and Portfolio Management at The National Treasury & Planning. She holds a Bachelor of Commerce (Accounting & Finance) from Strathmore University and Master of Business Administration (Strategic Management) from the University of Nairobi. She represents the Cabinet Secretary, National Treasury in selected Boards of State Corporations and in Public Accounts and Public Investments Committees of Parliament. She previously worked as Head of Accounting Unit and Administration of an advertising company for 6 years. She is a member of the Institute of the Certified Accountants of Kenya. An associate member of the Institute of Certified Investments/Financial Analyst and member of the secretariat of the Public Accounting Standards Board. She was born in 1978.</p> <p>Appointed on 1st January 2020 to represent The Permanent Secretary to The National Treasury</p> |
|  Dr. Habil O. Olaka, Board Member and Chairman Audit, Risk Management and Compliance Committee | <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 29th September 2021 representing Kenya Bankers Association.</p> |
|  Prof. Mwenda Ntarangwi, Board Member | <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 15th February 2021 representing Commission for University Education (CUE).</p> |

HIGHER EDUCATION LOANS BOARD
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| Board Member | Key Qualifications and Experience |
|---|---|
|  <p>Prof. Francis W. O. Aduol, Board Member</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>Mrs. Wambui Kosgey, Board Member</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 & Governance – a key adviser to various companies on legal, compliance and risk. Operational Oversight & Change Management - has led large multi-disciplinary teams providing technical and operational advice and support, delivering projects or undertaking transformative change initiatives. Culture, Talent & People Management - a graduate of the Diageo Leadership Performance Program and voted as The Most Inspirational Senior Woman Executive Leader at EABL. Delivery & Performance – nominated by Legal 500 (a global ranking agency) as one of the Most Influential Lawyers in the Business Sector and included in the General Counsel Power list for Africa 2017. She was born in 1973.</p> <p>Appointed on 20th September 2018 as an independent board member</p> |

HIGHER EDUCATION LOANS BOARD
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MANAGEMENT TEAM

| Management Team | Key Qualifications and Experience |
|--|--|
|  <p>CPA Charles Ringera Chief Executive Officer /Board Secretary</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, 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> |
|  <p>CPA Mary Wachira-Muchee Chief Strategy & Customer Experience Officer & Ag. Chief Finance Officer</p> | <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 & 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. Appointed Acting Chief Finance Officer from 27th September 2019.</p> |
|  <p>Mr. Geoffrey O. Monari Chief Operations Officer</p> | <p>Mr. Monari has served the Board in various capacities as an Assistant Loans Officer, Loans Officer and Senior Loans Officer from 1997 when he joined the Board. He has over 20 years working experience in various positions at the Board. Geoffrey has been the team leader of the Operations Division which oversees the Documentation, Lending, Institutional Relations and Debt Management departments since March 2016. He is the patron of HELB Sacco and a trustee of HELB Staff Retirement Scheme. He is a member of the Institute of Directors of Kenya and a Non-Executive Director at the Institute of Economic Affairs. He holds B. Com degree and Master of Business Administration degree from Jomo Kenyatta University of Agriculture and Technology.</p> <p>Chief Operations Officer until 30th November 2020</p> |




HIGHER EDUCATION LOANS BOARD
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| Management Team | Key Qualifications and Experience |
|---|---|
|  Mr. Josephat Nzuki Chief Innovation and Technology Officer | <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> |
|  Mrs. Bernadette N. Masinde Head of Legal Services & Corporation Secretary & Ag. Chief Operations Officer | <p>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 1st December 2020.</p> |
|  Mrs. Zipporah Onyoni Head of Human Resource & Administration | <p>Mrs. Onyoni is a Human Resource practitioner specialized in Human Resource Management and Administration for over fifteen (15) years. She holds a Master of Science in Human Resources Management [MSc-HRM] and a bachelor's degree in Human Resources & Administration [BBA]. She previously worked in Non-Governmental Organizations, banking sector, airline industry, private as well as government sector. She is specialized in policy formulation, recruitment and selection, performance management, strategy formulation, corporate governance, training and development, staff retention, talent management, compensation and benefits, industrial relations, mentorship and coaching, administrative functions, staff welfare, Performance Contracting among others. She is member of the Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM)</p> |



**HIGHER EDUCATION LOANS BOARD
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| Management Team | Key Qualifications and Experience |
|---|---|
|  <p>CPA Justus K. Mwangi Head of Internal Audit, Risk Management and Compliance</p> | <p>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.</p> <p>He joined the Board from the National Gender & Equality Commission where he was the Head of Internal Audit and Risk. He also worked as an Internal Auditor with the Ethics & Anti-Corruption Commission (EACC) and Financial and Information Systems Auditor with the Kenya National Audit Office (KENAO). He holds MBA Finance (UoN), BA AGBM [Egerton University], CPA (K), CISA and a Certified Audit Quality Assessor. Justus is an active member of ICPAK and ISACA.</p> |
|  <p>CPA James Maina Gachari Manager, External Resources</p> | <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 & 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> |
|  <p>CPA Kerin Lidoroh Manager, Finance</p> | <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> |

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| Management Team | Key Qualifications and Experience |
|---|---|
|  <p>Ms. Wavinya Mung'ala Manager, Corporate communication & Customer Experience</p> | <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> |
|  <p>The Late Mr. Naftal Michira Head of Debt Management</p> | <p>The late Mr. Michira had served the Board in various capacities as an Assistant Loans Officer, Loans Officer and Senior Loans Officer from 1998 when he joined the Board. He had over 20 years working experience in various positions at the Board. He had attended several courses on Credit/Debt Management both locally and internationally, prosecution/investigation among other trainings key to the delivery of his current position. He held a Bachelor of Education degree (Moi University) and Master of Education degree from Catholic University of Eastern Africa. He was a member of the Institute Economic Affairs. Head of Debt Management until 27th August 2020.</p> |
|  <p>Mrs. Rachel J. Kenei Ag. Head of Debt Management</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. Appointed Acting Head of Debt from 1st September 2020.</p> |

HIGHER EDUCATION LOANS BOARD
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| Management Team | Key Qualifications and Experience |
|--|---|
|  Mr . Joseph Kingori Ndegwa Manager, Lending | <p>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.</p> |
|  Mr. Elijah W. Wekesa Manager Procurement and Logistics | <p>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)</p> |

CHAIRMAN'S STATEMENT



"As a higher education financing institution, we are an important player in the education sector and intend to continue the good work of empowering dreams to enrich employer/employee pool with skills and competence"

It is always our joy to annually present this report every year as it offers us the opportunity to give an accountability statement to Kenyans and other key stakeholders on key activities and achievements in the period and also a preview into our plans and vision for the future in **Empowering Dreams** of our youth. During the year under review, HELB advanced loans, bursary and scholarships aimed at Empowering Dreams of Kenyans pursuing higher education in institutions of higher learning. Despite the macro-economic environment being impacted by new waves of COVID-19 in the financial year 2020/2021 that slowed learning in institutions of higher learning who are our key stakeholders that hampered overall growth, HELB remained committed and on course towards the achievement of the 2019-2023 Corporate Strategic Plan (dubbed as the "HELB Agenda 2019-2023").

Prof. Sarah Anyang Agbor, Commissioner for Human Resources, Science & Technology at the African Union Commission aptly reminds us that sustained growth, competitiveness and economic transformation will require investments in new technology and innovation that support education and skills training for empowerment, inventiveness, employability, entrepreneurship and responsible citizenship.

During the year under review, the board managed to register a 11.2% growth in balance sheet while revenue grew by 5.2%. The budget utilization stood at 103% as most of the activities were finalized at 62.1%. However, operational efficiency improved from 6.9% in June 2020 to 6.7% in June 2021 implying that for every Shilling awarded to the student, 0.067 cents were spent on operations and capital expenses.

In this regard, and 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 Lifelong learning. The financial interventions ensure support to needy students in private and public universities as well as technical and vocational training institutions with the aim of facilitating the required skills to grow our economy. Through skills acquisition, HELB continues to play a key role in providing safe spaces to our youth.



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Statement of Corporate Identity



A statement of corporate identity is an articulation of the uniqueness of the organization which identifies the basis of the organization's brand. The corporate identity has immense value to HELB in terms of acceptance and positioning in the society and this value will need to be appreciated and built upon. The corporate identity promotes the Vision, Mission and Core Values of the Board.

Our Multi-Dimensional – Vision, Mission, Purpose, Values and our behaviors continues to re-assure our stakeholders of our promise of EMPOWERING DREAMS.

Corporate governance

The Board 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, values, exercise control and remained accountable through effective leadership, structure & organization, corporate performance, viability and financial sustainability, responsibility to stakeholders, corporate compliance, internal control procedures, Board performance, corporate culture and risk management.

I sincerely thank the diverse Board of HELB composed of Mr. Charles Maranga (Independent member), Mrs. Jacqueline Mugo (FKE), Dr. Habil Olaka (KBA), Prof. Francis Aduol (Public Universities), Prof. Mumo Kisau (Private Universities), Prof. Mwenda Ntarangwi (CUE), Mrs. Wambui Kosgey (Independent member), Mr. Samuel Mugambi (PS University Education), Ms. Cheryl Majiwa (PS National Treasury) and CPA. Charles Ringera (CEO) for their selfless service that remained independent and flexible, pragmatic, objective and focused on balanced and sustainable performs of the organization. During the year under review there were 23 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.

On an annual basis, the Board evaluates its own performance keeping in mind the evaluation parameters set out by State Corporations Advisory Committee (SCAC), after evaluation the Chairman holds a one-on-one discussion with each Board member to develop a capacity building program in the coming year. I am proud to report that the average Board performance index over the last 5 years has averaged over 96%.

Outlook

Although HELB has served the higher education sector since 1995, we still have a lot to accomplish to cope with the dynamic financing sector. As HELB grows into a mature and vibrant brand aimed at **empowering dreams** through well thought out strategies, we acknowledge customer centered leadership is essential to delivery of our promise to the Kenyan Citizenry. 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.

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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.

Appreciation

On behalf of the Board of Directors, I take this opportunity to thank our customers for their continued support and partnership. I also recognise the support accorded to HELB by our Parent Ministry – Ministry of Education and The National Treasury. We also recognize the various strategic funders who have partnered with us to ensure establishment of a sustainable National Higher Education Revolving fund. We look forward to your continued support as we intensify our activities.

To management and staff, I commend you all for your tireless effort and commitment to the attainment of the set targets and goals. As a result of COVID-19, the year under review was challenging and presented us with a “New Normal” but your dedication and commitment to playing your individual roles religiously has not only enabled the organization to remain relevant but also stayed true to our promise of *empowering dreams*.

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 strategic goals and objectives. The Board remains optimistic as we transition into the third year of the Strategic Plan and shall remain committed to transforming the lives of Kenyans by providing universal financing to Kenyans pursuing higher education as a key weapon to confront the challenge of poverty.



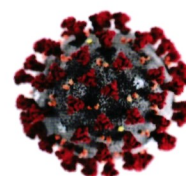
HON. EKWEE ETHURO
CHAIRMAN OF THE BOARD

REPORT OF THE CHIEF EXECUTIVE OFFICER



I write this letter with a sense of delight and pride as I look at what HELB has been able to achieve over the past financial year – 2020/2021. 2020/2021 marked 26 years of HELB operations as a corporate body in transforming lives through education. Beyond the impressive financial results, the Corporation continues to do more to support in our communities in empowering dreams. Our focus to finance the fragile and vulnerable members of society in realizing their education dreams anchored on SDG #4 on *Lifelong learning* has been transformational to many livelihoods within the country. This remarkable progress has been as a result of immeasurable support which we have received from our stakeholders mainly the various funding partners and the student community.

2020/2021 had its own fair share of challenges as COVID-19 radically reshaped how higher education is delivered, Institutions of higher learning globally faced two existential challenges: how to provide a high quality, socially distant learning experience, and how to develop a viable business model amid growing calls for greater affordability, HELB was no exception rapidly adjusting to a COVID-19 induced New Normal.



As the COVID-19 crisis continues to unfold, it is driving major regulatory and competitive shifts in the evolution of education. Digitalization of academic and administrative processes is becoming the new normal for the sector. Anticipated trends for the coming decade include accelerated adoption of advanced technology, further development of private-public partnerships, and mobilization of a new wave of triple bottom-line-driven capital as governments seek alternative funding to grow and innovate human capital development.

COVID-19 has forced organisations to shift rapidly to remote working at scale. This is likely to have a significant impact on both IT infrastructure requirements and the attack surface. Threat actors are already exploiting the uncertainty and extraordinary response caused by the COVID-19 pandemic.

Transforming Lives - 26 years of *Empowering Dreams*

In July 2020 HELB marks 26 years of operation as a body established through an Act of parliament HELB Act CAP213A of 1995. HELB as a corporate succeeded both the Higher Education Loans Management Fund established by the Higher Education Loans Fund Act (Cap 213, now repealed) and the Loans Disbursement and Recovery Unit (University Student Loan Scheme (USLS) which was a department in the Ministry of Education. USLS which was started in 1974 funded



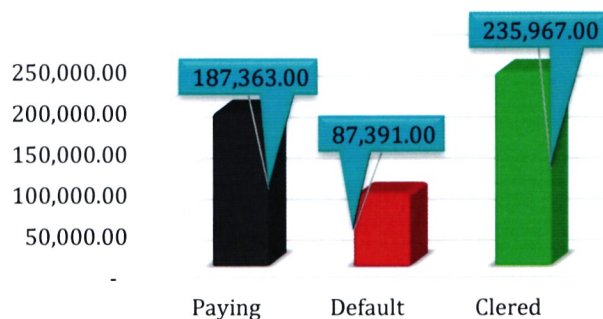
Kenyan students pursuing higher education in Makerere, Dar es salaam and Nairobi. However, it is important to note that, financing of higher education started way back in 1952 when the colonial government awarded loans under the Higher Education Loans Fund (HELFF) to Kenyans pursuing university education in universities outside East Africa notably Britain, USA, the former USSR, India and South Africa. A deep introspection of organizational performance

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reflects gigantic milestones in empowering dreams of our youth empowerment program through higher education financing, thereby impacting on the lives of ordinary people has produced impeccable results. This impressive journey as at 30th June 2021, has empowered dreams of more than **1,126,308 students** and disbursed over **Kshs.117.8B**. As of 30 June 2021, a total of **556,991** loanees holding **Kshs.48.2B** had not matured for repayment while **569,317** accounts worth **Kshs. 69.6 B** were mature for recovery. Out of these mature loans, **187,368** accounts holding **Kshs.28.5B** are repaying their loans while a total of **87,391** loanees holding

Kshs.8.4B are in default. We appreciate and applaud **235,967** loanees who have cleared their loans amounting to **Kshs.23.3B**.

Comparison of Matured Loans



The HELB Agenda 2019 – 2023- Our Promise to the Customer

2020/2021 marked the second year of HELB’s 5-year strategic plan dubbed HELB Agenda 2019-2023. Anchored on a 4 point National, Continental and Global development agendas’ namely: - Vision 2030, the Big 4, the 17 Sustainable Development Goals (SDGs) and Africa Union (AU) Agenda 2063, the plan envisages a reformed, bolder, agile, client focused, FINTECH enabled and Risk Intelligent organization which accords our Employees a great place to work. The strategy is driven by the following thematic areas; Leadership in delivering first class customer experience, Sustainable Financing to students, FINTECH penetration in service delivery, branch network spread, youth agenda, digital financial services, new businesses, robust IT platform, and transformative strategic partnerships.

done but continues to roll over subsequent plan period, 19.3% were ongoing while only 5.2% were pending or not started.



A preview across the 4 Strategic pillars on implementation of the plan shows good traction and momentum of the plan implementation. As at June 30th 2021, 2.2% was not due, 11.2% of the plan activities had been finalized, 62.1% were



Operational Environment

In the year under review, Kenyan economy continued to perform below its potential, inflation was within range, and the shilling remained stable against major currencies, sustained by increasing diaspora remittances and earnings from tourism. The economy however continued to face various downside risks that ranged from adverse weather patterns to stress from currency fluctuations and the pressure from oil imports. On the global arena, the main challenges were witnessed around the trade tensions between the east and west; uncertainties brought about by the nature and form of Brexit; as well as challenges in the

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Euro-zone area. The world grappled with the spread and impact of the COVID-19 virus which unfortunately has cost numerous lives and will further impact the global economic growth for at least 12 months looking ahead.

Real gross domestic product (GDP) growth is projected to decelerate from an annual average of 5.7% (2015-2019) to 1.5% in 2021. However, if it takes longer than expected to bring the COVID-19 pandemic under control, GDP could contract by 1.0% in 2020, and see a delay in the projected recovery to 5.2% growth in 2021. The downside risks include a protracted global recession undermining Kenya's export, tourism and remittance inflows, further tightening of COVID-19 health response measures that disrupt the domestic economic activity, fiscal slippages and weather-related shocks.

To ensure sustainable financing initiative, the HELB implemented the students loan self-protection scheme aimed at securing the loan portfolio. As at the end of FY 2020/2021 a total of Kshs.4.5Billion had been secured through the scheme.

In line with the FINTECH optimization for digital service delivery, HELB adopted Virtual Desktop and Virtual Private Networks (VPN), Video conferencing (Microsoft Teams and Zoom), USSD/Mobile Apps as well as Cisco soft phone technology to enable staff to work from home from March 2020 thereby ensuring business continuity with minimum disruption to service delivery in a deliberate effort to contain the spread of COVID-19.

Performance Overview

Revenues

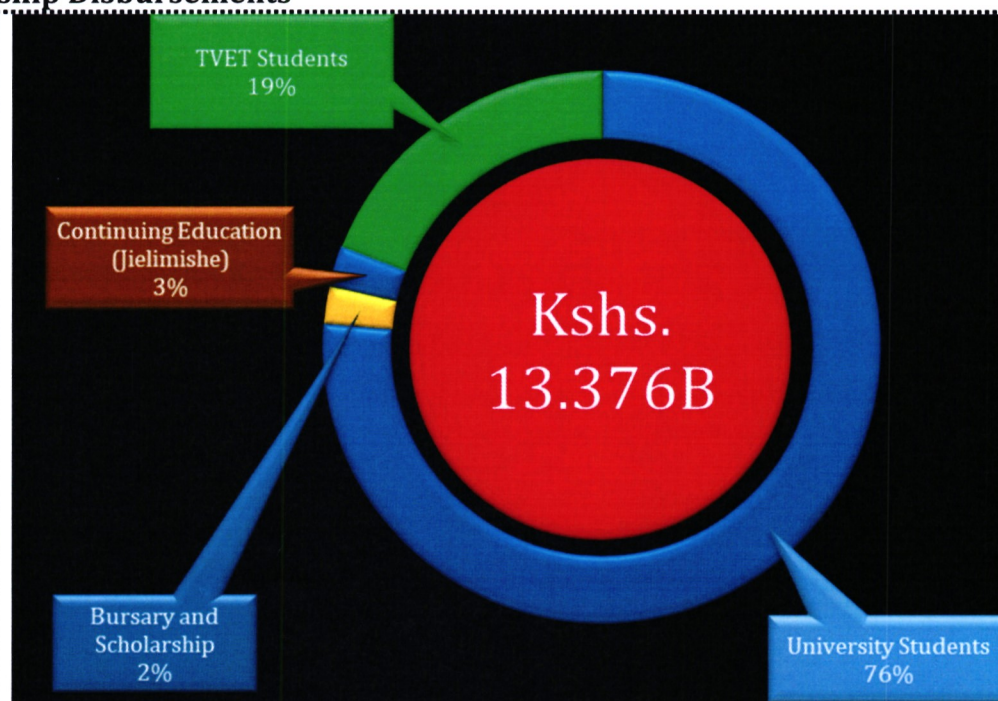
During the year under review total revenues generated from various sources amounted to **Kshs.14.190B** (102% of the rationalized budgeted revenues of **Kshs.13.955B**) compared to **Kshs.13.631B** in 2020. The performance of the overall largely affected by budget rationalization by the government during supplementary I budget amounting to **Kshs.2.2B** and subdued loan recovery which missed the target by about 2.2% due to impact of COVID-19 on Government revenues and high-level un/under-employment.

Loans, Bursaries and Scholarship Disbursements



Targets to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Pursuant to this goal, a total of **Kshs.13.376B** was disbursed to **303,643** students by June 2021 as compared to Kshs.15.36B was disbursed to 347,114 in 2020; an average decrease of 13%.

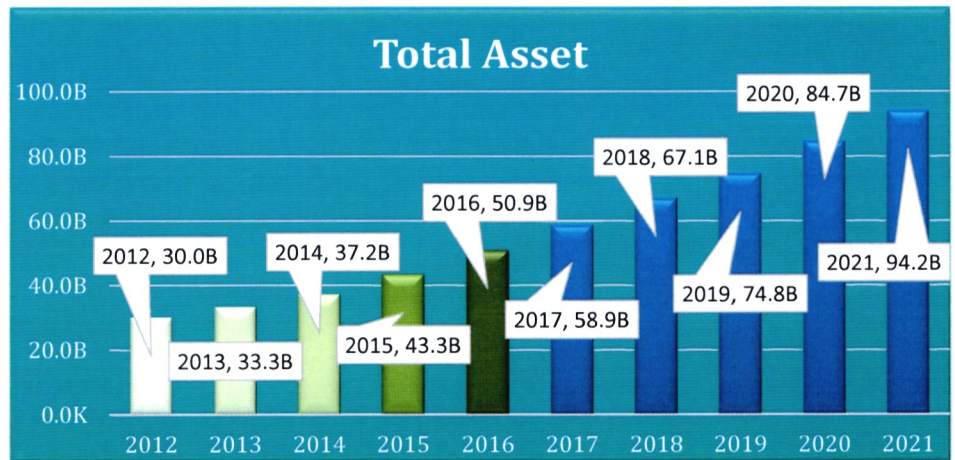
The Disbursements were in the form of various products – Loans, Bursaries and Scholarships.



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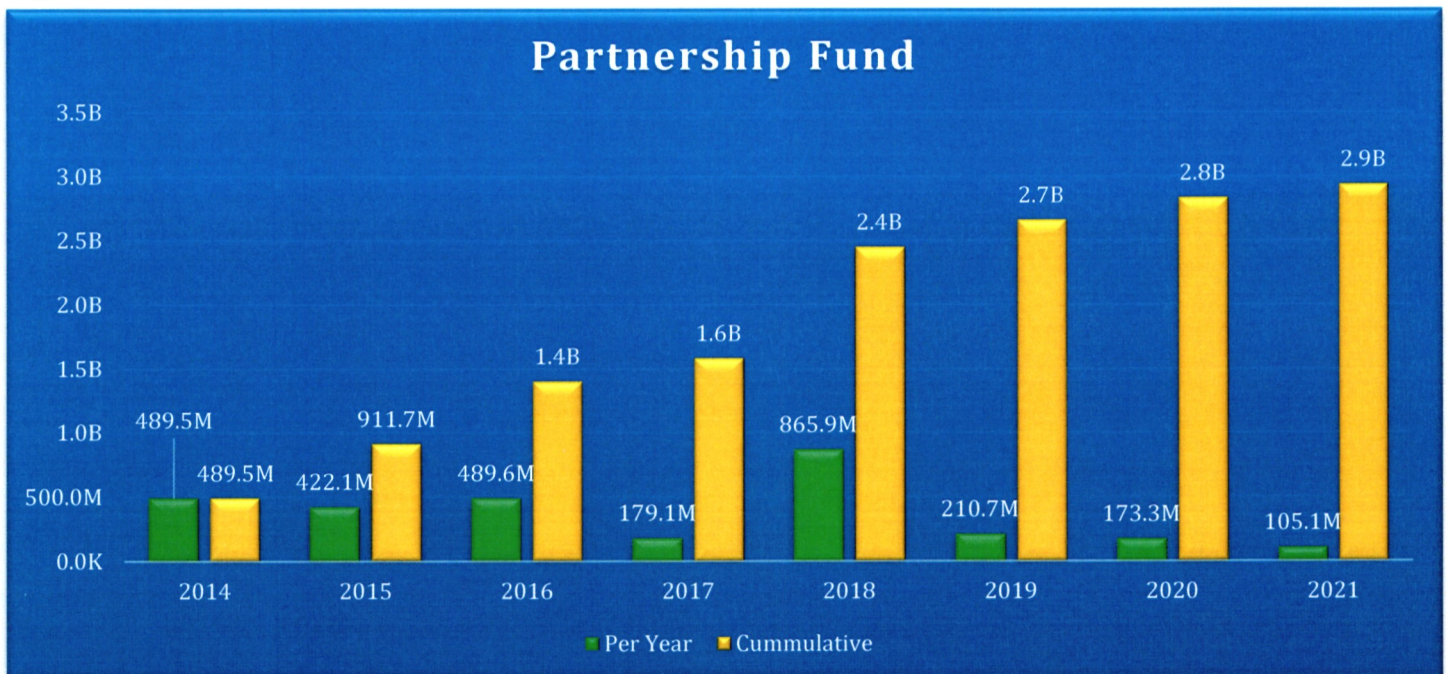
Financial Position

Despite the budget rationalization of **Kshs. 2.2B** from the National Treasury, the total Balance Sheet grew to **Kshs.94.17B** by close of June 2021 from **Kshs.84.7B** in 2020 representing an 11% growth buoyed by the **Kshs.13.38B** loans to students during the year under review. Overall Accounting surplus declined by 24% from **Kshs.0.672B** to **Kshs.0.506B**.



Efficiencies and cost optimization - Our strategy focuses on disciplined operational efficiency with key emphasis being on cost optimisation. To this end a continued improved efficiency in operations through automation of the various processes and procedures whilst expanding services to 28 outlets saw the operational efficiency improve from 6.9% in June 2020 to 6.7% in June 2021. This implies that for every Shilling awarded to the student, 0.067 cents were spent on operations and capital expenses.

Transformative Partnerships - SDG number 17, seeks to strengthen and revitalize the global partnership for sustainable development clearly refers to the UN process of developing the global sustainable development agenda. Financial sustainability is key to the realization HELB Agenda 2019 - 2023 through creation of a Self-Sustainable National revolving fund anchored on prudent financial management & stewardship, integrity & accountability, optimization of loan recoveries, resource mobilization through exchequer funding and strategic partnerships through partnerships with Counties/Constituencies, Scholarship granting organizations, Corporates, Development Partners, Individuals and sector specific funds. Since 2014 when focus was placed on External Resources Mobilization, there has been a steady growth closing the year at Kshs.2.935B.



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Driving a Loan Repayment Culture

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

Outlook

Despite the impact of COVID19 on learning institutions in Kenya we are optimistic about the future. It offers a considerable upside for the increased push for Digitalization of learning and administrative processes. It offers HELB opportunities to increase product offering to the students for e-learning. Covid-19 is only accelerating the pressures after years of untrammelled growth and approbation. In 2020/2021 Kenya Budget Education sector, was allocated **KShs.503.9Billion** of the National Budget of **Kshs. 3.66Trillion** up from **KShs.497.7Billion** in 2019/2020 was dedicated to Education. The Government is in the process of injecting a Post Covid19 Education Stimulus financial stabilization package to absorb the shocks of COVID19 impact. This however comes with a caveat to embrace reforms in higher education; - Universities squeezed by domestic pressures, need to answer the underlying debate on the value of education, and its accessibility to the broadest possible numbers, in order to form a coherent education system. Working with key stakeholders HELB will identify opportunities that the markets present to expand customer reach through enhanced and digitalized non-contact services.

This year, we are committed to accelerating the delivery of our strategy – HELB Agenda 2019 – 2023 while pushing the agenda for sustainable Financing Initiatives through elaborate Risk analysis and a framework for managing the underlying risks.

I am grateful to The National Treasury, Ministry of Education, Board of Directors, Management and Staff for the support provided in delivering this year's exceptional performance and look forward to our collective effort creating a lasting impact in empowering our youth for the country to truly gain from the youth dividend.



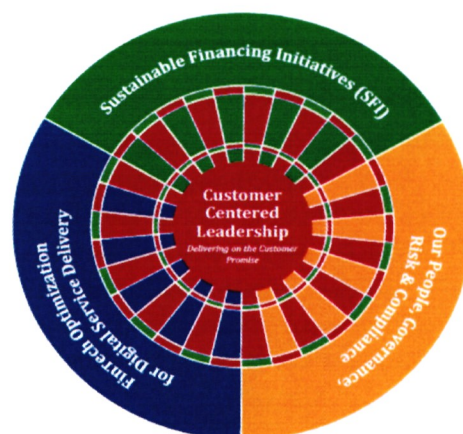
CPA CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER & BOARD SECRETARY

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STATEMENT OF HELB PERFORMANCE AGAINST STRATEGIC PLAN IMPLIMENTATION FOR FY2020/2021

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”.*



Implementation status of the Strategic Plan - HELB Agenda 2019 - 2023

The table below shows the implementation status of the planned activities for FY2020/2021 as at 30th June 2021.

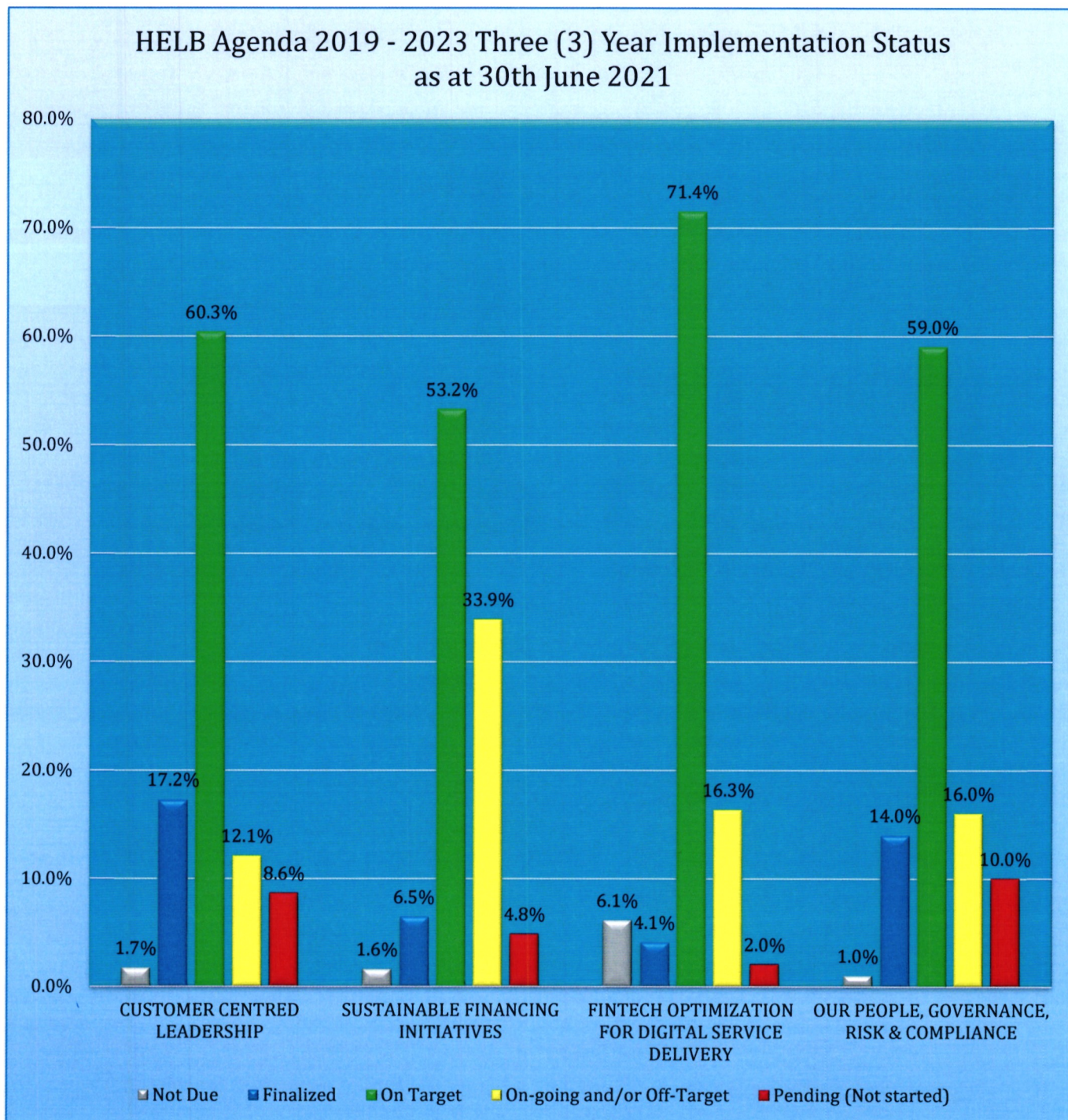
HELB AGENDA 2019 - 2023: THREE (3) YEARS IMPLEMENTATION ANALYSIS AS AT 30TH JUNE 2021

| S/NO | STATUS OF ACTIVITIES | CUSTOMER CENTRED LEADERSHIP | SUSTAINABLE FINANCING INITIATIVES | FINTECH OPTIMIZATION FOR DIGITAL SERVICE DELIVERY | OUR PEOPLE, GOVERNANCE, RISK & COMPLIANCE | TOTAL | % |
|------|----------------------------|-----------------------------|-----------------------------------|---|---|-------|-------|
| 1 | Not Due | 1 | 1 | 3 | 1 | 6 | 2.2% |
| 2 | Finalized | 10 | 4 | 2 | 14 | 30 | 11.2% |
| 3 | On Target | 36 | 33 | 35 | 63 | 167 | 62.1% |
| 4 | On-going and/or Off-Target | 7 | 21 | 8 | 16 | 52 | 19.3% |
| 5 | Pending (Not started) | 4 | 3 | 1 | 6 | 14 | 5.2% |
| | TOTAL | 58 | 62 | 49 | 100 | 269 | 100% |

- Planned activities for the five (5) years that are not yet due for implementation as of 30th June 2021 are 2.2% (6 out of 269).
- Activities that have been completed and do not recur are 11.2% (30 out of 269).
- Activities that have been implemented and are on-target are 62.1% (167 out of 269).
- Activities that should have been started, are ongoing but are off target are 19.3% (52 out of 269).
- Planned activities that are due as at the FY 2020/2021 and have not been started are 5.2% (14 out of 269).

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



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CORPORATE GOVERNANCE STATEMENT

The Board of Directors and Senior Management are committed to the highest standards of Corporate Governance and business ethics. We consider this to be critical to business integrity and to maintaining stakeholders' trust. We foster a culture that values and rewards the highest ethical standards and personal and corporate integrity. HELB expects its directors, employees, and suppliers to act with honesty, integrity and fairness. Recognising that good corporate governance is key to the enhancement of our business performance, the Board of Directors seeks to discharge their duties and responsibilities in the best interest of the organisation, its shareholders, stakeholders and the wider community. Our corporate values are entrenched in our strategic and business objectives and are focused on transformation and accelerating growth for the benefit of all stakeholders.

The Board determines strategic objectives, values, key policies and procedures in accordance with the law and best practice.

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 'Higher Education Loans Board Act' Cap 213A. It is headed by the Chief Executive Officer and Board Secretary who is responsible for implementation of the Board policy decisions and the day-to-day operation of the organization.

b. Constitution and Appointment of Board of Directors

Board Members are appointed by the Cabinet Secretary for Education except for the Chairman who is appointed by the President. The membership of the Board of Directors 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.

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c) The Board members as of 30th June 2021 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. Samuel Mugambi | Member | 28-May-20 | 27-May-25 |
| 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 | 29-Sep-21 | 28-Sep-26 |
| 11 | Mr. Charles M. Ringera | CEO, HELB | 1-Mar-19 | 28-Feb-25 |

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

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.

HIGHER EDUCATION LOANS BOARD
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The below is individual remuneration: -

| | Name | Remuneration (Kshs) |
|----|----------------------------|---------------------|
| 1 | Hon. Ekwee Ethuro | 1,680,000.00 |
| 2 | Mrs. Jacqueline Mugo | 400,000.00 |
| 3 | Dr. Habil Olaka | 241,000.00 |
| 4 | Mr. Samuel Mugambi Mutwiri | 360,000.00 |
| 5 | Prof. Francis W. O. Aduol | 380,000.00 |
| 6 | Mr. Charles Maranga | 620,000.00 |
| 7 | Prof. Mwenda Ntarangwi | 321,000.00 |
| 8 | Prof. Mumo Kisau | 561,000.00 |
| 9 | Mrs. Wambui Kosgey | 381,000.00 |
| 10 | Ms. Cheryl Majiwa | 441,000.00 |
| | Total | 5,385,000.00 |

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 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 2020/2021.

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

The Committees are provided with all necessary resources to enable them to undertake their duties effectively.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 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.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

k) Board and Committees Meetings Attendance 2020/2021

a. Full Board Meeting

| Members | 30 th Jul 2020 | 29 th Oct 2020 | 29 th Jan 2021 | 29 th Apr 2021 | 29 th Jun 2021 | Count |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------|
| Rt. Hon. Ekwee Ethuro-Chairman | √ | √ | √ | √ | √ | 5/5 |
| Mrs. Jacqueline Mugo | √ | √ | √ | √ | √ | 5/5 |
| Prof. Mumo Kisau | √ | √ | √ | √ | √ | 5/5 |
| Prof. Mwenda Ntarangwi | √ | √ | √ | √ | √ | 5/5 |
| Mr. Samuel M. Mutwiri | √ | √ | √ | √ | √ | 5/5 |
| Mrs. Rita W. Kosgey | √ | √ | √ | √ | √ | 5/5 |
| Prof. Francis W. O. Aduol | √ | √ | √ | √ | √ | 5/5 |
| Mr. Charles Maranga | √ | √ | √ | √ | √ | 5/5 |
| Dr. Habil Olaka | √ | √ | √ | ** | ** | 3/5 |
| Ms. Cheryl Majiwa | √ | √ | √ | √ | √ | 5/5 |
| CPA. Charles Ringera CEO HELB | √ | √ | √ | √ | √ | 5/5 |

b. Loans Disbursement and Recovery Committee

| Members | 9 th Jul 2020 | 13 th Oct 2020 | 13 th Jan 2021 | 12 th Apr 2021 | 14 th Jun 2021 | Count |
|--------------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------|
| Mrs. Jacqueline Mugo | √ | √ | √ | √ | √ | 5/5 |
| Mr. Samuel M. Mutwiri | √ | √ | √ | √ | √ | 5/5 |
| Mrs. Rita Wambui Kosgey | √ | √ | √ | √ | √ | 5/5 |
| Prof. Francis W. O. Aduol | √ | A | √ | √ | √ | 4/5 |
| Prof. Mumo Kisau | √ | √ | √ | √ | √ | 5/5 |
| CPA. Charles Ringera (In Attendance) | √ | √ | √ | √ | √ | 5/5 |

**HIGHER EDUCATION LOANS BOARD
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c. Finance Staff and General-Purpose Committee

| Members | 14 th July 2020 | 14 th Oct 2020 | 14 th Jan 2021 | 16 th Mar 2021 | 13 th Apr 2021 | 24 th May 2021 | 15 th Jun 2021 | Count |
|--|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------|
| Mr. Charles Maranga | √ | √ | √ | √ | √ | √ | √ | 7/7 |
| Ms. Cheryl Majiwa | √ | √ | √ | √ | √ | √ | √ | 7/7 |
| Mrs. Wambui Kosgey | A | √ | √ | √ | A | √ | √ | 5/7 |
| Prof. Francis W. O. Aduol | A | A | √ | √ | √ | √ | √ | 5/7 |
| Prof. Mumo Kisau | A | √ | √ | √ | √ | √ | √ | 6/7 |
| Prof. Mwenda Ntarangwi (In Attendance) | √ | ** | ** | ** | ** | ** | ** | 1/7 |
| Mr. Samuel M. Mutwiri (In Attendance) | √ | ** | ** | ** | ** | ** | ** | 1/7 |
| Mrs. Jacqueline Mugo (In Attendance) | √ | ** | ** | ** | ** | ** | ** | 1/7 |
| Mr. Charles Ringera (In Attendance) | √ | √ | √ | √ | √ | √ | √ | 7/7 |
| | | | | | | | | |
| | | | | | | | | |

d. Audit, Risk Management and Compliance Committee

| Members | 16 th Jul 2020 | 22 nd Sep 2020 | 21 st Oct 2020 | 19 th Jan 2021 | 9 th Feb 2021 | 16 th Apr 2021 | Count |
|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|-------|
| Dr. Habil Olaka | √ | √ | √ | √ | √ | ** | 5/6 |
| Mr. Samuel M. Mutwiri | ** | ** | √ | √ | √ | √ | 4/6 |
| Mrs. Jacqueline Mugo | ** | ** | √ | √ | √ | √ | 4/6 |
| Ms. Cheryl Majiwa | √ | √ | √ | √ | √ | √ | 6/6 |
| Prof. Mwenda Ntarangwi | √ | √ | √ | √ | √ | √ | 6/6 |
| Mrs. Wambui Kosgey | √ | √ | ** | ** | ** | ** | 2/6 |
| Prof. Mumo Kisau | √ | √ | ** | ** | ** | ** | 2/6 |
| Mr. Charles Ringera (In Attendance) | √ | √ | √ | √ | √ | √ | 6/6 |

HIGHER EDUCATION LOANS BOARD
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l) The Management Team

Members of the management team are appointed by the Board through a competitive recruitment process. The membership consists of the Chief Executive Officer and the head of various functional areas as per the Board's establishment. In the year 2020/2021 the management team was as disclosed on page (xvi-xxi).

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 Board's objectives. Risk based audits are carried out by the internal audit department and reports on internal control and risk forwarded to the Board through the Audit, Risk Management and Compliance Committee.

n) Conduct of Business and Performance Reporting

The Business of HELB was conducted in accordance with a carefully formulated strategy, annual business plans and approved budget that is aligned to clear objectives. Currently HELB has a 5-year Strategic Plan dubbed HELB Agenda 2019-2023, anchored on 4 pillars. 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 performance of the agreed upon performance targets is monitored continuously and quarterly reports filed with the relevant authorities as per the requirement of Performance Contract guidelines.

o) Compliance with Laws

As at the end of the financial year 2020/2021, 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 was 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.

HIGHER EDUCATION LOANS BOARD
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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 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.

s) Procurement policy, top contracts, 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. A list of the top ten tenders awarded during the year is appended as appendix iii.

There were no legal challenges faced during the year that required the intervention of Parliament or the Public Procurement Regulatory Authority of Kenya.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

(a) HELB MANDATE AND STRATEGIC PLAN

The implementation of HELB Agenda 2019-2023 commenced on 1st July 2018 with a focus on creating a sustainable revolving fund through elaborate resource mobilisation including getting into partnerships with counties, constituencies, scholarships granting organizations, corporate foundations, developments partners, philanthropic individuals, and other higher education financiers. The four strategic objectives that the Board strives to implement to achieve its vision and objectives are;

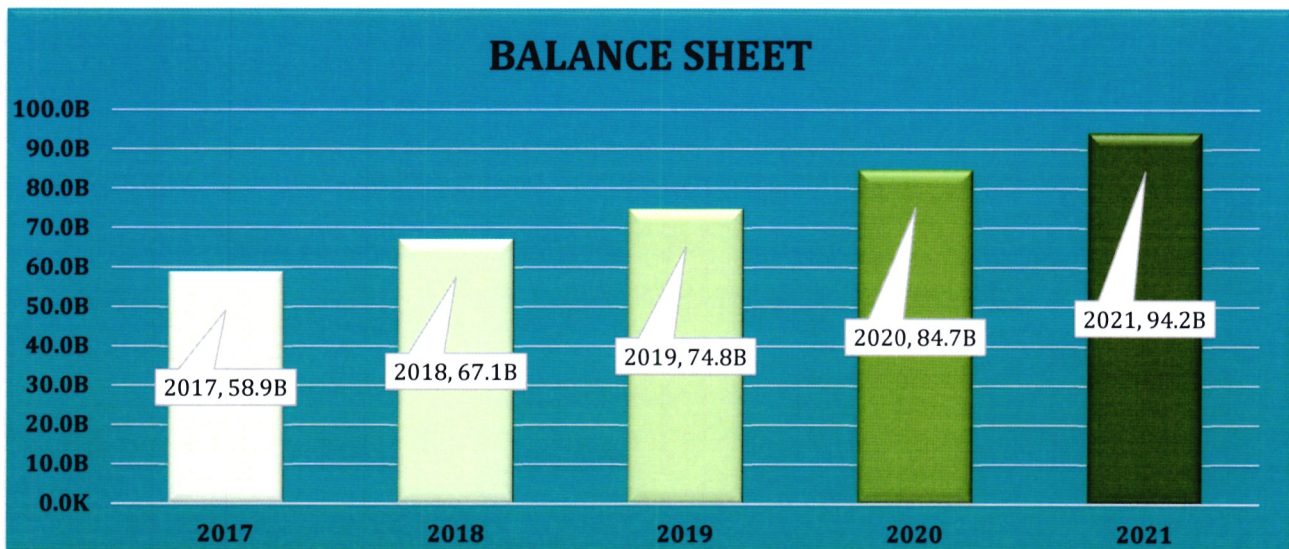


HIGHER EDUCATION LOANS BOARD
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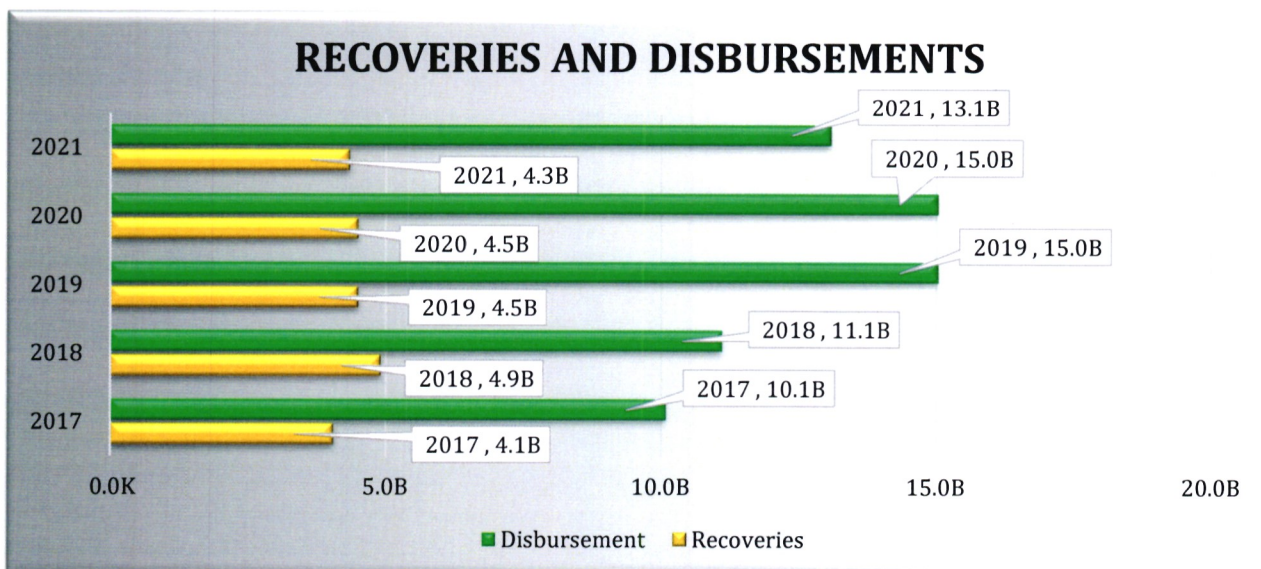
(b) OPERATIONAL AND FINANCIAL PERFORMANCE OF THE ORGANISATION

As at 30th June 2021 the Board's assets had grown by 11% from **Kshs.84.75Billion** in June 2020 to **Kshs.94.17Billion**. In the same year HELB awarded students loans and bursaries amounting to **Kshs.13.375Billion** and recovered a total of **Kshs.4.349Billion** from past beneficiaries. HELB also received funds from the exchequer totalling **Kshs.9.134Billion** and **Kshs.128.476Million** from other higher education financing partners.

Balance Sheet growth for the past 5 years



Loan Disbursements and Recoveries for the period 2017 to 2021

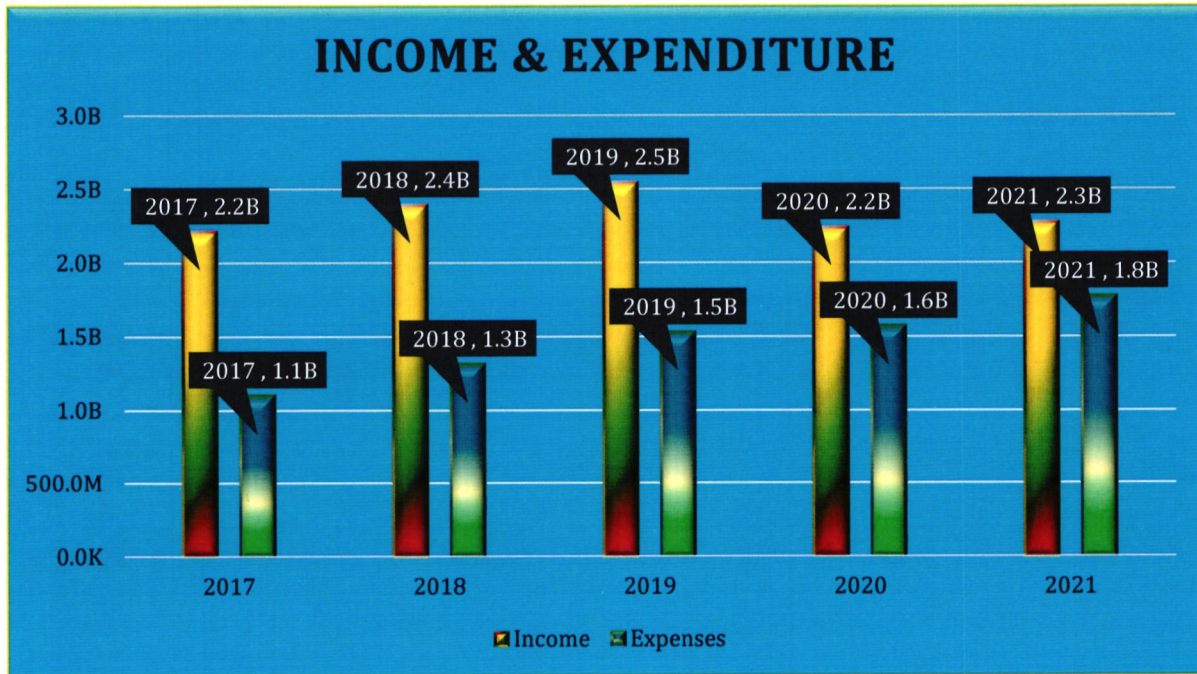


The difference between amount disbursed to students and loan recovered is funded through the annual Exchequer allocation.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Incomes and Expenditure for the period 2020/2021

The income received for the FY 2020/2021 is **Kshs.2.275Billion** and the expenditure is **Kshs.1.771Billion**, thus achieving an accounting surplus of **Kshs.504.0Million**.



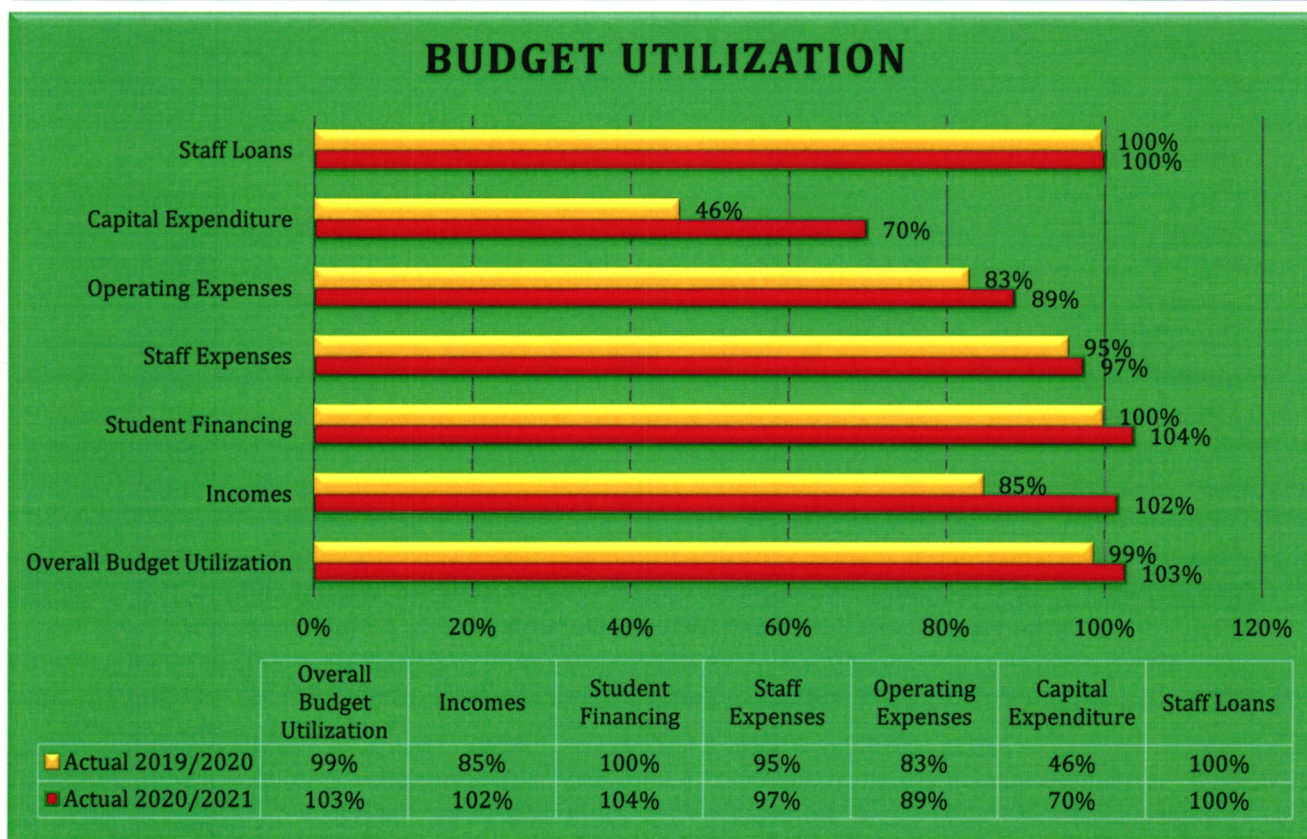
HIGHER EDUCATION LOANS BOARD
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Budget Utilization

The incomes received during the period was **Kshs.14.191Billion** while the expenditure incurred was **Kshs.14.550Billion** resulting into a budget deficit of **Kshs.360.077Million**.

The budget deficit is due to student loans committed yet to be disbursed. The budget utilization was at 102% of the annual budget, the 2% being the awarded loans before the budget cut. There has been an upward growth in all the activities of the Board.

| BUDGET PERFORMANCE AS AT 30 TH JUNE 2021 | | | | |
|---|------------------------------------|-----------------------|-----------------------|-------------|
| No. | Details | Actual Year to date | Budget year to date | Usage % A/B |
| 1 | Sources of finance | | | |
| 1.1 | GOK capitation | 9,134,248,542 | 9,134,248,542 | 100% |
| 1.2 | Alternative funds | 128,476,307 | 175,000,000 | 73% |
| 1.3 | Loan Recovery | 4,349,133,776 | 4,400,000,000 | 99% |
| 1.4 | Interest income | 62,536,557 | 70,832,392 | 88% |
| 1.5 | Miscellaneous Income | 516,254,096 | 175,000,000 | 295% |
| | Total finances | 14,190,649,278 | 13,955,080,934 | 102% |
| 2 | Recurrent expenses | | | |
| 2.1 | Student financing | 13,375,597,374 | 12,897,090,525 | 104% |
| 2.2 | Staff expenses | 571,031,008 | 586,279,747 | 97% |
| 2.3 | Operating expenses | 438,018,073 | 494,012,262 | 89% |
| | Total recurrent exp. | 14,384,646,455 | 13,977,382,534 | 103% |
| 3 | Capital & staff loans | | | |
| 3.1 | Capital expenditure | 81,387,139 | 116,458,328 | 70% |
| 3.2 | Staff loans | 84,693,135 | 84,693,135 | 100% |
| | Total Cap. & Staff loan | 166,080,274 | 201,151,463 | 100% |
| | Total expenditure | 14,550,726,729 | 14,178,533,997 | 103% |
| | Surplus / (Deficit) | (360,077,451) | (223,453,063) | 161% |



**HIGHER EDUCATION LOANS BOARD
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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 | 5,135 | 213,919,905.00 | 414 | 2,343,000.00 | 3 | 900,000.00 | 3 | 900,000.00 | 900,000.00 | 5,552 | 217,162,905.00 | |
| BOMET | 11,309 | 474,022,633.00 | 1,110 | 5,996,000.00 | 2 | 450,000.00 | 2 | 450,000.00 | 450,000.00 | 12,421 | 480,468,633.00 | |
| BUNGOMA | 15,798 | 654,847,694.00 | 1,720 | 9,380,000.00 | 3 | 650,000.00 | 3 | 650,000.00 | 650,000.00 | 17,521 | 664,877,694.00 | |
| BUSIA | 8,183 | 342,358,060.00 | 989 | 5,376,000.00 | 3 | 1,050,000.00 | 3 | 1,050,000.00 | 1,050,000.00 | 9,175 | 348,784,060.00 | |
| ELGEYO/MARAKWET | 4,353 | 181,998,277.00 | 381 | 2,080,000.00 | 3 | 900,000.00 | 3 | 900,000.00 | 900,000.00 | 4,737 | 184,978,277.00 | |
| EMBU | 4,165 | 176,102,737.00 | 378 | 2,195,000.00 | 5 | 1,150,000.00 | 5 | 1,150,000.00 | 1,150,000.00 | 4,548 | 179,447,737.00 | |
| GARISSA | 62 | 3,058,898.00 | 29 | 196,000.00 | - | - | - | - | - | 91 | 3,254,898.00 | |
| HOMA BAY | 14,637 | 629,808,266.00 | 2,314 | 13,702,000.00 | 2 | 700,000.00 | 2 | 700,000.00 | 700,000.00 | 16,953 | 644,210,266.00 | |
| ISIOLO | 234 | 12,211,165.00 | 119 | 823,000.00 | - | - | - | - | - | 353 | 13,034,165.00 | |
| KAJIADO | 2,712 | 118,857,127.00 | 330 | 1,998,000.00 | 3 | 900,000.00 | 3 | 900,000.00 | 900,000.00 | 3,045 | 121,755,127.00 | |
| KAKAMEGA | 18,293 | 765,695,452.00 | 2,047 | 11,141,000.00 | 2 | 850,000.00 | 2 | 850,000.00 | 850,000.00 | 20,342 | 777,686,452.00 | |
| KERICHO | 10,216 | 426,571,943.00 | 1,023 | 5,749,000.00 | 3 | 650,000.00 | 3 | 650,000.00 | 650,000.00 | 11,242 | 432,970,943.00 | |
| KIAMBU | 9,633 | 410,732,089.00 | 758 | 4,703,000.00 | 4 | 1,300,000.00 | 4 | 1,300,000.00 | 1,300,000.00 | 10,395 | 416,735,089.00 | |
| KILIFI | 3,957 | 201,506,360.00 | 2,304 | 16,577,000.00 | 2 | 450,000.00 | 2 | 450,000.00 | 450,000.00 | 6,263 | 218,533,360.00 | |
| KIRINYAGA | 4,345 | 183,709,662.00 | 311 | 1,814,000.00 | 2 | 850,000.00 | 2 | 850,000.00 | 850,000.00 | 4,658 | 186,373,662.00 | |
| KISII | 14,396 | 613,726,816.00 | 1,225 | 7,139,000.00 | 2 | 700,000.00 | 2 | 700,000.00 | 700,000.00 | 15,623 | 621,565,816.00 | |
| KISUMU | 11,223 | 484,245,401.00 | 1,587 | 9,563,000.00 | - | - | - | - | - | 12,810 | 493,808,401.00 | |
| KITUI | 9,290 | 397,474,176.00 | 832 | 5,037,000.00 | 5 | 1,150,000.00 | 5 | 1,150,000.00 | 1,150,000.00 | 10,127 | 403,661,176.00 | |
| KWALE | 1,414 | 71,992,969.00 | 717 | 5,143,000.00 | 2 | 700,000.00 | 2 | 700,000.00 | 700,000.00 | 2,133 | 77,835,969.00 | |
| LAIKIPIA | 3,331 | 141,715,051.00 | 346 | 2,093,000.00 | 2 | 600,000.00 | 2 | 600,000.00 | 600,000.00 | 3,679 | 144,408,051.00 | |
| LAMU | 247 | 12,678,661.00 | 124 | 871,000.00 | - | - | - | - | - | 371 | 13,549,661.00 | |
| MACHAKOS | 8,139 | 439,733,478.00 | 639 | 3,907,000.00 | 2 | 700,000.00 | 2 | 700,000.00 | 700,000.00 | 8,780 | 444,340,478.00 | |
| MAKUJENI | 10,067 | 437,859,746.00 | 884 | 5,357,000.00 | 2 | 700,000.00 | 2 | 700,000.00 | 700,000.00 | 10,953 | 443,916,746.00 | |
| MANDERA | 59 | 2,907,584.00 | 15 | 107,000.00 | 2 | 600,000.00 | 2 | 600,000.00 | 600,000.00 | 76 | 3,614,584.00 | |
| MARSABIT | 456 | 23,455,478.00 | 170 | 1,211,000.00 | 3 | 800,000.00 | 3 | 800,000.00 | 800,000.00 | 629 | 25,466,478.00 | |
| MERU | 9,544 | 400,490,216.00 | 1,120 | 6,152,000.00 | 2 | 450,000.00 | 2 | 450,000.00 | 450,000.00 | 10,666 | 407,092,216.00 | |

**HIGHER EDUCATION LOANS BOARD
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| County Name | Loans | | | Bursary | | | Scholarship | | | Total Number of Records | | Total Amount Awarded |
|--------------------|----------------|-----------------------|--|---------------|-----------------------|--|-------------|----------------------|--|-------------------------|-----------------------|----------------------|
| | Awards | Amount | | Awards | Amount | | Awards | Amount | | Total Awards | Total Amount | |
| MIGORI | 9,138 | 390,879,378.00 | | 1,301 | 7,699,000.00 | | 3 | 650,000.00 | | 10,442 | 399,228,378.00 | |
| MOMBASA | 2,267 | 96,962,306.00 | | 180 | 1,076,000.00 | | - | - | | 2,447 | 98,038,306.00 | |
| MURANGA | 7,929 | 337,260,275.00 | | 586 | 3,608,000.00 | | 2 | 700,000.00 | | 8,517 | 341,568,275.00 | |
| NAIROBI | 10,359 | 456,122,156.00 | | 809 | 5,204,000.00 | | 7 | 2,050,000.00 | | 11,175 | 463,376,156.00 | |
| NAKURU | 14,554 | 617,832,789.00 | | 1,191 | 7,027,000.00 | | 2 | 450,000.00 | | 15,747 | 625,309,789.00 | |
| NANDI | 8,246 | 343,404,800.00 | | 799 | 4,295,000.00 | | - | - | | 9,045 | 347,699,800.00 | |
| NAROK | 4,555 | 231,074,560.00 | | 2,652 | 18,432,700.00 | | - | - | | 7,207 | 249,507,260.00 | |
| NYAMIRA | 8,066 | 343,767,228.00 | | 683 | 3,965,000.00 | | 5 | 1,350,000.00 | | 8,754 | 349,082,228.00 | |
| NYANDARUA | 5,439 | 230,564,623.00 | | 466 | 2,828,900.00 | | 2 | 700,000.00 | | 5,907 | 234,093,523.00 | |
| NYERI | 7,266 | 305,348,389.00 | | 739 | 4,385,000.00 | | 2 | 700,000.00 | | 8,007 | 310,433,389.00 | |
| SAMBURU | 758 | 39,145,922.00 | | 460 | 3,257,000.00 | | - | - | | 1,218 | 42,402,922.00 | |
| SIAYA | 11,462 | 495,579,239.00 | | 1,880 | 11,230,000.00 | | 3 | 1,000,000.00 | | 13,345 | 507,809,239.00 | |
| TAITA TAVETA | 1,538 | 77,389,396.00 | | 844 | 5,731,000.00 | | 5 | 1,900,000.00 | | 2,387 | 85,020,396.00 | |
| TANA RIVER | 239 | 12,133,206.00 | | 112 | 796,000.00 | | - | - | | 351 | 12,929,206.00 | |
| THARAKA-NITHI | 3,740 | 156,494,439.00 | | 428 | 2,350,000.00 | | 3 | 1,150,000.00 | | 4,171 | 159,994,439.00 | |
| TRANS NZOIA | 8,280 | 349,378,802.00 | | 927 | 5,233,000.00 | | 7 | 2,050,000.00 | | 9,214 | 356,661,802.00 | |
| TURKANA | 930 | 46,596,549.00 | | 533 | 3,451,000.00 | | 2 | 700,000.00 | | 1,465 | 50,747,549.00 | |
| UASIN GISHU | 9,652 | 400,157,688.00 | | 894 | 4,948,000.00 | | 2 | 450,000.00 | | 10,548 | 405,555,688.00 | |
| VIHIGA | 5,459 | 233,854,948.00 | | 614 | 3,472,000.00 | | - | - | | 6,073 | 237,326,948.00 | |
| WAJIR | 53 | 2,816,071.00 | | 22 | 160,000.00 | | - | - | | 75 | 2,976,071.00 | |
| WEST POKOT | 2,411 | 119,101,766.00 | | 1,022 | 7,285,000.00 | | - | - | | 3,433 | 126,386,766.00 | |
| Grand Total | 303,539 | 13,107,544,374 | | 39,028 | 237,086,600.00 | | 104 | 31,050,000.00 | | 342,671 | 13,375,680,974 | |

HIGHER EDUCATION LOANS BOARD
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SECTION B

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.95.504Million** to the Kenya Revenue Authority in tax payments, **Kshs.4.678Million** to the NHIF, **Kshs.2.719Million** to HELB and **Kshs.1.367Million** to the NSSF.

SECTION C

Key projects and investment decisions being planned/implemented.

HELB commenced the digitization of all its records in the current financial year and is working towards the adoption of Electronic Data Management System (EDMS) which will be financed through Appropriation in Aid (AIA). In the year under review, HELB relaunched the employer portal expected to improve efficiency and convenience for employer in remitting loan deduction. The portal is integrated to our ERP Microsoft dynamics AX system is expected that it will minimize the time taken to update loanee records.

The imperative today in the society as result of the Corona Virus Pandemic demands that ICT be alive to the greater call for the facilitation of remote working. The following are the key technology drivers adopted to mitigate on service delivery; Virtual desktop, Virtual Private Networks (VPN), Video conferencing (Skype, Teams, Zoom), USSD/Mobility/Web portal and Soft call phones/ social media for customer interactions.

SECTION D

Enterprise Risk Management

The Board undertakes risk assessment and management activities to identify and manage the key risks that could potentially impact on our ability to meet our corporate objectives. These are documented within the HELB Corporate Risk Register, which is owned by Senior Management Team and includes the actions we have taken to reduce risk and to respond should they arise. Our risk management approach and activities are overseen by the Board through the Board Audit, Risk Management and Compliance Committee chaired by a Non-Executive Board Member.

The Risk Community Champions, comprising representatives from each strategic business area, manage the functional level risk registers and escalate to the Corporate Risk Register. They are also responsible for coordinating risk activities across the organization, reviewing, and updating the risk framework and reporting to Senior Management Team on risk management.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Key Risks to the Board

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



The heat map above provides a graphical view of; (i) credit and portfolio limits, (ii) budget constraints and rationalization, (iii) COVID-19 and workforce capabilities, (iv) disaster recovery and business sustainability, (v) data handling and integrity, (vi) quality targets and key projects deliverability, (vii) customer expectations, and (viii) political landscape and policy changes.

Throughout the course of the year the highest corporate level risks were credit, liquidity, and technological but, from July 2020, the COVID-19 pandemic, business continuity and sustainability were having a significant impact on HELB and its successful delivery of core business: the business continuity plan was invoked, and the entire Board moved to remote working in March 2020. The uncertainty around amendment to the HELB Act and the related impact on student funding policies is still currently a key risk.

HELB is working closely with the both The National Treasury and Ministry of Education and other key stakeholders to mitigate on the identified risks.

Risk Assessment

During 2020-21 financial year, the board has continued to develop and strengthen its risk management approach in alignment with the HELB Agenda 2019-2023 Strategic Plan.

Throughout the reporting period, the HELB Senior Management Team, Audit Risk Management and Compliance Committee and the full Board have continued to take an active lead in risk management within the organization.

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The organization maintains a Corporate Risk Register which records key internal and external risks and identifies the mitigating actions needed to reduce the likelihood and impact they may have on the Board. The Corporate Risk Register is owned by Senior Management Team and reviewed every three months. As well as the Corporate Risk Register, each business area and change project maintain their own Risk Register and reports to Senior Management Team for awareness, escalation or advice as required.

Our Risk Management Team facilitates shared knowledge of risk across the organization and manages the Department level Risk Registers which feed into the Corporate Risk Register via escalation to Senior Management Team.

Review of risk Effectiveness

As the accounting Officer, the chief executive officer has responsibility for reviewing the effectiveness of the risk and control framework. The review is informed by:

Formal assurances from the Senior Management Team who have responsibility for the development and maintenance of the internal control framework;

The Strategic Business Unit Managers within the organization who have responsibility for the development and maintenance of the risk and control framework;

HELB Board which considers the plans, risks and management of the institution and advises on the overall strategic direction and performance;

Finance, Strategy and General-Purpose Committee which provides a direct link with Strategic Plan and liaison with the Board of Directors;

Audit, Risk Management and Compliance Committee which meets quarterly to consider the internal controls of the Board and how effective those controls are;

Lending and Debt Management Committee which oversees the management of the Board's credit portfolio;

The work of our Internal Auditors who submit regular reports to the Board's Audit Risk management and Compliance Committee;

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Comments made by our External Auditors in their management letters and other reports;

The Corporate Risk Register in place for all critical elements of our operations; and

Regular reports on managing risks on key projects.

The Board's risk and control framework is based on an on-going process designed to identify the principal risks to the achievement of the Board's goals and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. It can, however, only provide reasonable and not absolute assurance of effectiveness. More generally, the organization is committed to a process of continuous development and improvement and as such we will continue to focus on improving our corporate governance arrangements.

SECTION E

Material arrears in statutory/financial obligations

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

SECTION F

The entity's financial probity and serious governance issues

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

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Introduction

As the leading financier of higher education in Kenya, the Higher Education Loans Board (HELB) remains committed to empowering the dreams of Young Kenyans by financing their higher education. In addition, HELB takes part in the Corporate Social Investment (CSI) activities as well as the Environmental Conservation and Forest Restoration as one of its CSI activities. By engaging in Environmental Conservation, HELB seeks to protect, preserve, manage, and restore natural environments and the ecological communities that inhabit them. The breakdown below shows the activities for the year 2020-2021.

Sustainable Financing

The HELB Sustainability report presents the progress made toward fulfilling our mandate. We hold onto our promise of Empowering the Dreams of Kenyan students by financing their education as well as establishing an educated and skilful nation. We believe in holding ourselves accountable to our stakeholders by sharing our achievements and our challenges in a transparent manner.

There have been notable challenges namely; unemployment of loan beneficiaries, retrenchment and downsizing by employers in various sectors due to the impact of COVID-19 pandemic, under employment of loan beneficiaries, changing employment trends from long term to short term contracts, slow economic growth and escalated cost of living and migration of loanees to other countries.

However, HELB implementation of the various strategies has mitigated the adverse effects of the macro-economic dynamics making the Board defy all odds and post an upward trajectory in operations. This has been actualised through aggressive external resource mobilization other than from the Government and loan recovery and operationalisation of self-protection scheme.

These interventions are aligned to the Government development blueprint, The Big 4 Agenda comprising of Universal Health Care, Food Security, Manufacturing, and Affordable Housing, Standard Development Goals and GRI applicable standards.

Environmental performance

Climate change has become a major cause of concern in the country due to its far fetching effect to the economic performance of the country. It affects the food security, investment especially in agriculture, trade and countries stability. His excellency, President Uhuru Kenyatta noted that "Environment is the foundation of development, and it can no longer continue being taken for granted", he presided over a national tree planting campaign to plant 1.8 Billion trees targeting a 10%

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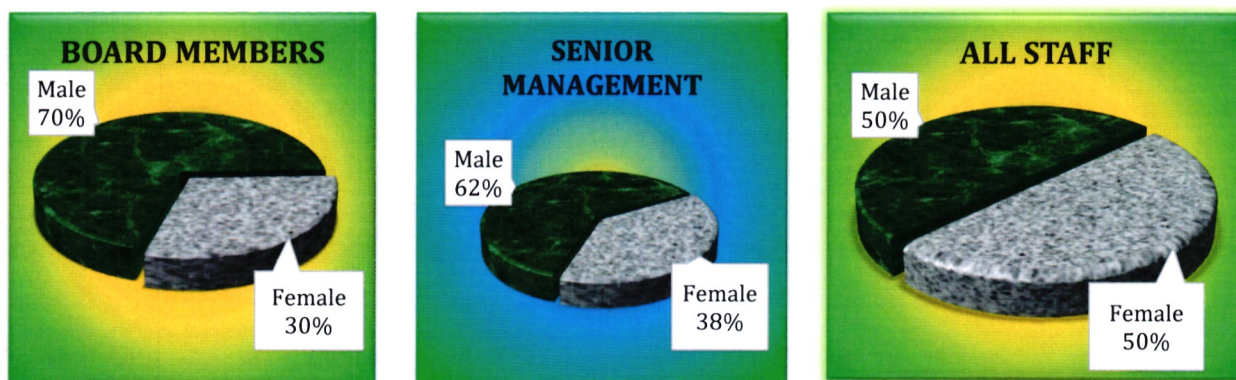
forest cover from the current 7% by 2022, this is in tandem with the UN Sustainable Development Goals, SDG number 15, which addresses the need to sustainably manage forests, combat desertification, halt & reverse land degradation and halt biodiversity loss.

HELB is engaged in activities that supports efforts towards environmental stability, by engaging in conservation activities as well as any other activity deemed to support financing of higher education, managed funds or potential partners to come on board.

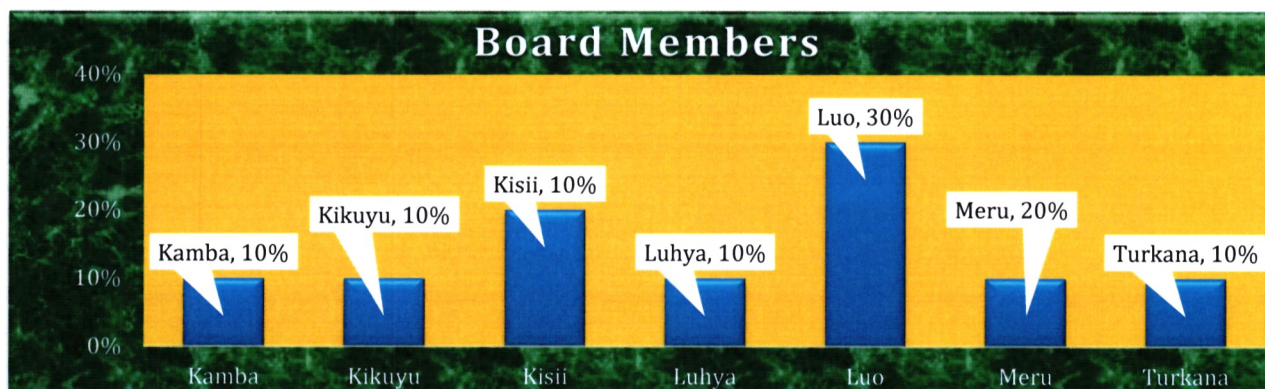
Employee Welfare

As at 30 June 2021, there were ten (10) Non- executive Board members, twelve (12) senior management and two hundred and forty-eight (248) staff members. Out of the 260 staff of the board i.e. is both senior management and other staff members, 83% were on permanent and pensionable terms and 17% were on fixed term contract, four staff were persons living with disabilities.

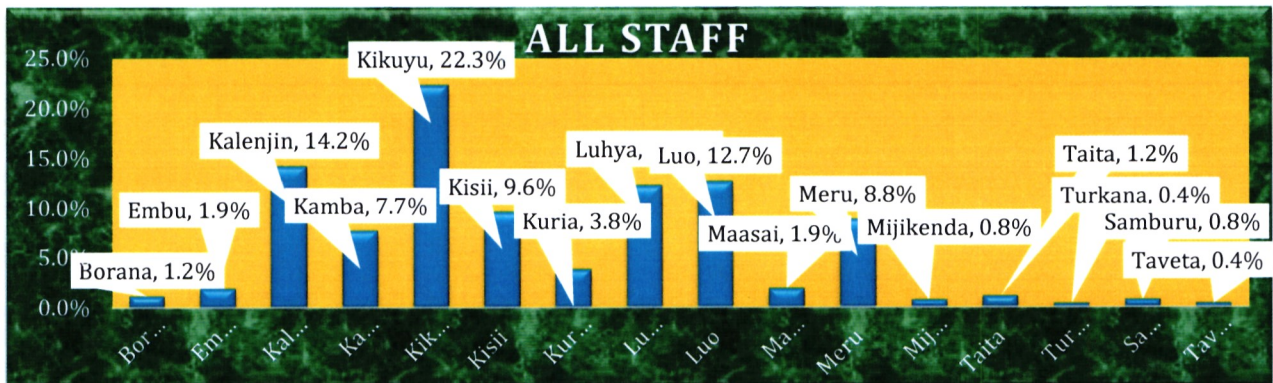
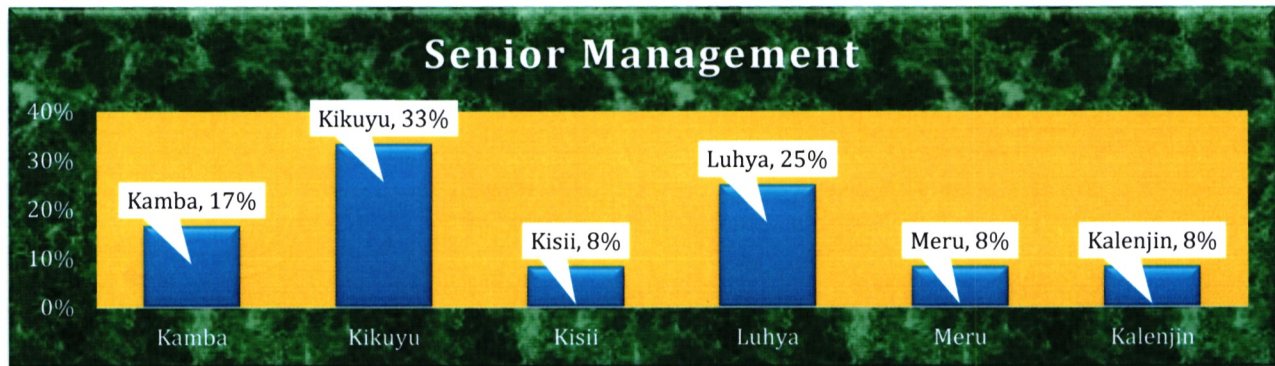
Gender Composition



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 (gaming), 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



Market place practices

HELB has established and operationalized a Customer Excellence Council to conduct regular review of adherence to HELB Service Charter and has streamlined service efficiency at the various Customer touchpoints through reduction of Turn-Around-Time [TAT] in customer service delivery. It has also improved First Contact Resolution [FCR], decentralized most of its services to the Huduma Centres and online self-service portals.

HELB adheres to compliance expectation by the Commission for Administrative Justice [Ombudsman's Office] by ensuring that all complaints are satisfactorily resolved and communicated to the customer.

To enhance management of all incoming and outgoing audio calls, Social Media interactions, Email communication as well as Bulk Messaging for ease of communication with customers as well as report generation and management an integrated Customer Relationship Management [CRM] System has been implemented. It also leverages on digital media to enhance business growth such as Landing Pages for Business Leads, as well as leveraging on Data Analytics to drive mass personalization in bulk messaging.

**HIGHER EDUCATION LOANS BOARD
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Corporate Social Responsibility and Community Engagements

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

HELB has been engaged in partnership with other development partners in helping the government to achieve the national Big Agenda 4 goal of achieving Universal healthcare in accordance to vision 2030 by facilitating health care workers to achieve the required training through one of the most successful partnership products -The Afya Elimu loan.

HIGHER EDUCATION LOANS BOARD
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REPORT OF THE BOARD OF DIRECTORS

We the Board of HELB submit the Annual report together with the Audited financial statements for the year ended June 30, 2021, which show the state of the Board's affairs.

Principal activities

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

Our Mission

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

Our Vision

Universal Financing for Kenyans pursuing Higher Education.

Results

The accounting surplus for the year 2020/2021 of Kshs.504.0 Million (2020: Kshs.672Million) has been added to accumulated surplus. HELB awarded loans, bursaries and scholarships, worth Kshs.13.375bn to 301,480 students. The Financial results of HELB for the year ended June 30, 2021, are set out on pages 1-6.

Board Members

The Board Members who served during the year are shown on page x-xv. During the year there was renewal of contracts for the members of the board whose term had expired.

Auditors

The Auditor General is responsible for the statutory audit of the HELB in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021.

By Order of the Board



CPA CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

**HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF BOARD 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 2021.

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, 2021.

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, 2021, 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 _____ 2021 and signed on its behalf by:



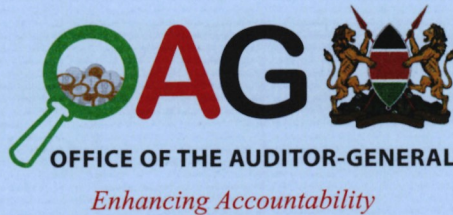
**HON. EKWEE ETHURO
CHAIRMAN OF THE BOARD**



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

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

REPORT OF THE AUDITOR-GENERAL ON HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30 JUNE, 2021

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 intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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

Opinion

I have audited the accompanying financial statements of the Higher Education Loans Board Education set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2021 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, the financial statements present fairly, in all material respects, the financial position of the Higher Education Loans Board as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Higher Education Loans Board Act, 1995, CAP 213.

Basis for Opinion

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

Emphasis of Matter

Land in Dispute

The statement of financial position reflects property, plant and equipment balance of Kshs.1,072,162,907 as disclosed in Note 42 to the financial statements. The balance includes land valued at Kshs.950,000,000 which further include a parcel of land in Nairobi's Upper Hill with historical cost of Kshs.44,588,742. Review of ownership documents revealed that, although the parcel of land belongs to the Board, a discrepancy exists between the deed plan and the actual position on the ground with regard to the perimeter wall on the property.

Further, the Kenya Railways Corporation (KRC) claims that the plot was illegally excised from the Corporation's land, by the Commissioner of Land. Although Management indicated, that a tripartite meeting was held between the Board, Kenya Railways Staff Retirement Benefits Scheme and KRC following a directive by The National Treasury to amicably resolve the matter, a resolution on the matter had not been attained at the time of the audit.

In the circumstances, the shape and size of the land could therefore not be confirmed.

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

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 are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Procurement of Computers

During the year under review, the Board procured sixty-five (65) computers through restricted tendering at a contract sum of Kshs.10,436,700. Review of the procurement records revealed that professional opinion by the head of procurement was dated 5 February, 2019 while the procurement proceedings were held on 2 September, 2019. Further, the Inspection and Acceptance Report did not indicate the description of the items purchased as per the specifications and was not signed by both the head of the procurement department and the Chief Executive Officer. In addition, the list of registered suppliers from ICT was used in procurement. However, the firms were subjected to competition to determine the costs instead of using the negotiated framework costs.

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

2. Procurement of Information Communication Technology (ICT)

During the period under review, the Board engaged two suppliers to undertake supply delivery, installation and configuration of SAN system and the provision of computer equipment respectively at a contract sum of Kshs.31,059,140 through direct procurement method. However, the Board did not justify the procurement method used. Further, a comprehensive market survey report was not provided for audit.

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

3. Irregular Payment of Staff Bonuses

The statement of financial position reflects accounts payable and accrual balance of Kshs.121,601,579 as disclosed in Note 32 to the financial statements. The balance includes trade payables of Kshs.112,732,810 that constitute an amount of

Kshs.21,868,000 in the ledger which has been recognized as staff bonuses. However, the Board's Human Resources Policy does not recognize staff bonuses as part of employees' compensation. Further, correspondences between the Board and the Public Service Commission (PSC) or the Salaries and Remuneration Commission (SRC) were not availed for audit verification.

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

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 complying, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Outstanding Matured Loans to Students

The statement of financial position reflects matured students' loans balance of Kshs.41,413,378,612 (2020 - Kshs.34,606,683,080) which is net of provision for bad and doubtful debts of Kshs.2,179,651,506. Examination of the records relating to loans revealed that the loans have been outstanding beyond the stipulated period of ten (10) years. Management indicated that recovery measures had been put in place to address the increasing matured loans.

In the circumstances, the recoverability of student loans is doubtful as measures taken by Management appear to be inadequate.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 consolidated financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as

Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the consolidated financial statements, Management is responsible for assessing the Board's ability to continue to sustain its 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.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of 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 October, 2022

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

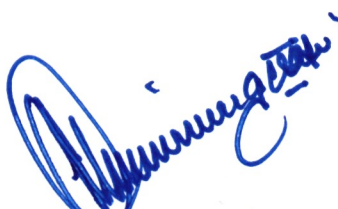
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

| PARTICULARS | | 2020/2021 | 2019/2020 |
|---|-------|----------------------|----------------------|
| DETAILS | NOTES | KSHS | KSHS |
| INCOME | | | |
| Revenue from non-exchange transactions | | | |
| Transfers from Governments Entities-GOK Grants | 6b(i) | 388,598,080 | 291,448,560 |
| Transfers from Alternative Partnerships Fund | 7 | 23,352,053 | 42,903,219 |
| Income from Penalties on Loanee Default | 8 | 166,631,459 | 98,000,339 |
| Total Revenue from Non-Exchange Transactions | | 578,581,592 | 432,352,118 |
| Revenue from exchange transactions | | | |
| Finance Income-Short Term Placements | 9 | 62,536,557 | 96,258,511 |
| Other Incomes | 10 | 1,633,551,407 | 1,712,000,497 |
| Total Revenue from Exchange Transactions | | 1,696,087,964 | 1,808,259,008 |
| TOTAL INCOME | | 2,274,669,556 | 2,240,611,126 |
| LESS: EXPENSES | | | |
| Bursaries to Students | 11 | 237,000,000 | 236,985,000 |
| Scholarships to Students | 11 | 54,402,053 | 73,253,219 |
| Use of Goods and Services | 12 | 203,558,364 | 211,087,276 |
| Employee Costs | 13 | 571,031,008 | 504,491,458 |
| Board Members Expenses | 14 | 9,349,163 | 16,467,847 |
| Depreciation & Amortization for the year | 15 | 56,523,617 | 65,981,911 |
| Repairs and Maintenance | 16 | 145,544,243 | 110,512,692 |
| Contacted Services | 17 | 28,447,743 | 20,053,247 |
| Bank Charges, Commissions & Debt collection fee | 18&19 | 51,118,560 | 57,721,788 |
| TOTAL EXPENSES | | 1,356,974,752 | 1,296,554,438 |
| OTHER GAINS/LOSSES | | | |
| Gain or Loss on Disposal | 20 | - | 583,388 |
| Revaluation Losses | 21 | (57,333,267) | - |
| Provision for Bad & Doubtful Debts | 40 | (356,333,616) | (271,700,563) |
| TOTAL GAINS OR LOSSES | | (413,666,884) | (271,117,175) |
| ACCOUNTING SURPLUS | | 504,027,921 | 672,939,513 |

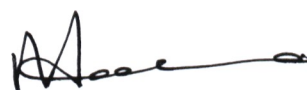
The notes set out on pages 7 to 29 form an integral part of these Financial Statement.
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



EKWEETHURO
CHAIRMAN OF THE BOARD



CPA CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER



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

Date:

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| PARTICULARS | | 2020/2021 | 2019/2020 |
|---|-------------|-----------------------|-----------------------|
| DETAILS | NOTES | KSHS | KSHS. |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 22 | 230,966,573 | 825,391,410 |
| Current Proportion of Receivable from Exchange Transactions | 24 a(i)&b | 29,404,738 | 65,761,557 |
| Inventories | 25 | 5,227,073 | 6,975,282 |
| Projects in Progress | 26 | - | 4,879,219 |
| TOTAL CURRENT ASSETS | | 265,598,384 | 903,007,469 |
| NON-CURRENT ASSETS | | | |
| Non-Current Proportion of Receivable from Exchange Transactions | 24 (a) (ii) | 95,417,583 | 95,417,583 |
| Staff Loans | 27 | 260,753,112 | 226,416,220 |
| Matured Students Loans | 28 | 41,413,378,612 | 34,606,683,080 |
| Un-Matured Students Loans | 29 | 51,034,715,563 | 48,026,313,708 |
| Intangible Assets | 41 | 30,446,615 | 32,528,100 |
| Property, Plant and Equipment | 42 | 1,072,162,907 | 859,175,265 |
| TOTAL NON-CURRENT ASSETS | | 93,906,874,392 | 83,846,533,956 |
| TOTAL ASSETS | | 94,172,472,776 | 84,749,541,425 |
| FUNDS AND LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Loans, Bursaries and Scholarships Payable | 30 | 634,478,458 | 1,056,447,642 |
| Students Loan Self Protection Scheme Payable | 31 | 95,032,357 | 33,932,336 |
| Accounts Payable & Accrual | 32 | 121,601,579 | 103,654,540 |
| Loanee Refundable Deposits | 33 | 913,937,693 | 759,583,487 |
| Current Provisions | 34 | 17,628,971 | 4,308,240 |
| TOTAL CURRENT LIABILITIES | | 1,782,679,058 | 1,957,926,245 |
| REVOLVING FUNDS | | | |
| G.O.K. Grants | 35 | 73,908,050,743 | 65,162,400,281 |
| Funding Partnerships | 36 | 2,935,381,502 | 2,830,257,248 |
| Accumulated Fund | 38 | 14,596,934,864 | 14,092,906,943 |
| Revaluation Reserve | 39 | 949,426,610 | 706,050,708 |
| TOTAL NON-CURRENT LIABILITIES | | 92,389,793,718 | 82,791,615,180 |
| TOTAL FUNDS AND LIABILITIES | | 94,172,472,776 | 84,749,541,425 |

The notes set out on pages 7 to 29 form an integral part of these Financial Statement.

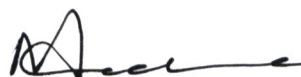
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



EKWE ETHURO
CHAIRMAN OF THE BOARD



CPA CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER



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

Date:

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

| Year ended 30 June 2020 | ACCUMULATED FUND | REVALUATION RESERVE | FUNDING PARTNERSHIPS | GOK GRANTS | TOTAL |
|--|-------------------------|----------------------------|-----------------------------|-----------------------|-----------------------|
| DETAILS | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. |
| Opening balance | 13,418,785,305 | 707,232,833 | 2,656,949,607 | 56,878,162,435 | 73,661,130,179 |
| Surplus/ Capital for the year | 672,939,513 | | 173,307,641 | 8,284,237,846 | 9,130,485,000 |
| Movement | 1,182,125 | (1,182,125) | | | - |
| Balance at the end of June 2020 | 14,092,906,943 | 706,050,708 | 2,830,257,248 | 65,162,400,281 | 82,791,615,180 |
| Year ended 30 June 2021 | ACCUMULATED FUND | REVALUATION RESERVE | FUNDING PARTNERSHIPS | GOK GRANTS | TOTAL |
| | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. |
| 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 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

| PARTICULARS | NOTES | 2020/2021 | 2019/2020 |
|---|-----------|------------------------|-------------------------|
| DETAILS | NOTES | KSHS. | KSHS. |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| RECEIPTS | | | |
| Matured Loans Movement | 28&29 | (7,586,911,849) | (4,950,590,926) |
| Transfers from Governments Entities-GOK Grants | 6 | 388,598,080 | 291,448,560 |
| Transfers from Partnerships-BBKS | 7 | 23,352,053 | 42,903,219 |
| Income from Penalties on Loanee Default | 8 | 166,631,459 | 98,000,339 |
| Finance Income-Short Term Placements | 9 | 62,536,557 | 96,258,511 |
| Other Incomes | 10 | 1,633,551,407 | 1,712,000,497 |
| TOTAL RECEIPTS | | (5,312,242,293) | (2,709,979,799) |
| PAYMENTS | | | |
| Disbursements to Students | 29 | 3,008,401,855 | 7,034,194,241 |
| Bursaries to Students | 11 | 237,000,000 | 236,985,000 |
| Scholarships to Students | 11 | 54,402,053 | 73,253,219 |
| Use of Goods and Services | 12 | 203,558,364 | 211,087,276 |
| Employee Costs | 13 | 571,031,008 | 504,491,458 |
| Board Members Expenses | 14 | 9,349,163 | 16,467,847 |
| Repairs and Maintenance | 16 | 145,544,243 | 110,512,692 |
| Contacted Services | 17 | 28,447,743 | 20,053,247 |
| Bank Charges, Commissions & Debt collection fee | 18&19 | 51,118,560 | 57,721,788 |
| TOTAL PAYMENTS | | 4,308,852,989 | 8,264,766,768 |
| NET CASH FROM OPERATING ACTIVITIES | | (9,621,095,283) | (10,974,746,567) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase/Capitalization of PPE and Intangible Assets | 41&42 | (81,387,139) | (87,951,984) |
| Work in Progress (Capitalized in FY 2021) | 26 | 4,879,219 | (4,879,219) |
| Disposal of assets | 20 | - | 624,450 |
| Accounts Receivables (Non-Current) | 24 a(ii) | - | - |
| Staff loans | 27 | (34,336,892) | (49,559,496) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (110,844,812) | (141,766,249) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Capitation received from G.O.K for Student Loans | 35 | 8,745,650,462 | 8,284,237,846 |
| Funds from Capitation transferred to TVET & Afya Elimu fund | 35 | - | - |
| Capitation received from Funding Partnerships | 36 | 105,124,254 | 173,307,641 |
| Inventory | 25 | 1,748,209 | (811,456) |
| Accounts Receivables (Current) | 24 a(i)&b | 38,270,336 | 4,203,908 |
| Payable- Students Loan Self-Protection Scheme | 31 | 61,100,022 | 33,932,336 |
| Accounts Payables | 32 | 17,947,039 | 61,930,041 |
| Over-Paid Loans | 33 | 154,354,206 | 293,816,950 |
| Current Provisions | 34 | 13,320,731 | (6,501,223) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 9,137,515,258 | 8,844,116,041 |
| Net Increase / (Decrease) in Cash | | (594,424,836) | (2,272,396,775) |
| Cash and Cash Equivalents at the Beginning of the Year | | 825,391,410 | 3,097,788,185 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 22 | 230,966,574 | 825,391,410 |

The notes set out on pages 7 to 29 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:



EKWE ETHURO
CHAIRMAN OF THE BOARD



CPA CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER



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

Date:

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

| Sources of finance | Original budget | Adjustments | Final budget | Actual Year to date | Variance | Usage | Remarks |
|--|-----------------------|------------------------|-----------------------|-----------------------|----------------------|-------------|--|
| Income | | | | | | | |
| Transfer From Government Entity-Student Loans GOK Fund | 11,045,650,462 | (2,300,000,000) | 8,745,650,462 | 8,745,650,462 | - | 100% | |
| Loan Recoveries | 3,664,719,667 | (614,719,667) | 3,050,000,000 | 3,065,205,006 | 15,205,006 | 100% | |
| Partnership Fund-Student loans | 250,000,000 | - | 250,000,000 | 128,476,307 | (121,523,693) | 51% | Effect of Covid-19 in the Economy |
| Income from Non -Exchange transactions-GOK Grants | 288,598,080 | 100,000,000 | 388,598,080 | 388,598,080 | - | 100% | |
| Income from Non -Exchange Transactions-Penalties | 150,000,000 | - | 150,000,000 | 166,631,459 | 16,631,459 | 111% | Reduced Repayment of Loan |
| Income from Exchange transactions- Finance Income Short term placement | 101,812,612 | (30,980,220) | 70,832,392 | 62,536,557 | (8,295,835) | 88% | Reduced Capitalization of Kshs. 2.2B |
| Income from Exchange Transactions-Loan Recovery | 1,200,000,000 | - | 1,200,000,000 | 1,117,297,311 | (82,702,689) | 93% | |
| Income from Exchange Transactions-Miscellaneous | 156,467,721 | (56,467,721) | 100,000,000 | 516,254,096 | 416,254,096 | 516% | Increased Disbursements |
| Total finances | 16,857,248,542 | (2,902,167,608) | 13,955,080,934 | 14,190,649,278 | 235,568,344 | 102% | |
| Expenses | | | | | | | |
| Disbursements (Loan awards to students) | 15,056,627,507 | (2,427,586,982) | 12,629,040,525 | 13,107,547,374 | 478,506,849 | 104% | |
| Bursaries to students | 237,000,000 | - | 237,000,000 | 237,000,000 | - | 100% | |
| Scholarships | 31,050,000 | - | 31,050,000 | 31,050,000 | - | 100% | |
| Use of Goods and Services | 402,404,720 | (112,232,833) | 290,171,887 | 203,558,364 | (86,613,522) | 70% | Re-alignment of planned activities |
| Employee Costs | 662,701,303 | (76,421,556) | 586,279,747 | 571,031,008 | (15,248,739) | 97% | |
| Board Members Expenses | 26,764,000 | (17,009,445) | 9,754,555 | 9,349,163 | (405,392) | 96% | |
| Repairs and Maintenance | 129,760,000 | (7,852,456) | 121,907,544 | 145,544,243 | 23,636,699 | 119% | New System Developments |
| Contacted Services | 55,556,000 | (10,040,736) | 45,515,264 | 28,447,743 | (17,067,521) | 63% | |
| Bank Charges, Commissions & Debt collection fee | 26,663,012 | - | 26,663,012 | 51,118,560 | 24,455,548 | 192% | |
| Capital Expenditure | 128,722,000 | (12,263,672) | 116,458,328 | 81,387,139 | (35,071,189) | 70% | Re-alignment of planned activities |
| Staff loans | 100,000,000 | (15,306,865) | 84,693,135 | 84,693,135 | - | 100% | |
| Total expenditure | 16,857,248,542 | (2,678,714,545) | 14,178,533,997 | 14,550,726,729 | 372,192,733 | 103% | |
| Surplus / (Deficit) | 0 | (223,453,063) | (223,453,063) | (360,077,451) | (136,624,388) | 161% | Q4 Supplementary I Budget Cut of Kshs. 2.2Billion |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| RECONCILIATION OF THE BUDGET PERFORMANCE AND INCOME STATEMENT SURPLUS/DEFICIT | | |
|--|------------------|-------------------------|
| Details | Items | Total |
| Surplus/Deficit as per Statement of Income | | 504,027,921.01 |
| Items not in Statement of Comparison of Budget but in Income Statement | | |
| Add Expenses | | |
| Depreciation & Amortization for the year | 56,523,617 | 56,523,617.19 |
| Other Gains/Losses (Add Losses/Less Gains) | | |
| Revaluation Losses | 57,333,267 | |
| Provision for Bad & Doubtful Debts | 356,333,616 | 413,666,883.54 |
| Items in Statement of Comparison of Budget not in Income Statement | | |
| Add Income | | |
| Transfer From Government Entity-Student Loans GOK Fund | 8,745,650,462 | |
| Loan Recoveries | 3,065,205,006 | |
| Partnership Fund-Student loans | 128,476,307 | 11,939,331,775.17 |
| Less Expenses | | |
| Disbursements (Loan awards to students) | (13,107,547,374) | |
| Capital Expenditure | (81,387,139) | |
| Staff loans | (84,693,135) | (13,273,627,647.59) |
| Surplus/Deficit as per Statement of Comparison of Budget | | (360,077,450.68) |

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.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new IPSAS standards and amendments to published standards effective for the year ended 30 June 2020

| Standard | Effective date and impact: |
|--|--|
| IPSAS 41: Financial Instruments | Applicable: 1st January 2022: The board has not adopted this standard |
| IPSAS 42: Social Benefits | Applicable: 1st January 2022 The Board has not adopted this standard |

ii. There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2021

iii. Early adoption of standards

The Board did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Fees, taxes, and fines

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

ii) Revenue from exchange transactions

Interest Income

The Board receives interest from student loans, short term placements and 90 days fixed deposit treasury bills. Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

b) Budget Information

The original budget for FY 2020-2021 was approved by the National Assembly in June 2020. 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.

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

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

c) Taxes

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

d) Property, Plant and Equipment

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

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The annual rates for this purpose are.

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

e) Leases

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

f) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The intangible assets in the statement of financial position are made up of software developed in-house and other software's purchased by the Board. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as finite and is amortized yearly at a straight-line amortization at 33.33%.

g) Inventories

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the board expects some or all provisions to be 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.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

a) 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).

b) Contingent Assets

The Board does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

i) Nature and purpose of reserves

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

j) Changes in accounting policies and estimates

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

k) Employee Benefits - Retirement benefit plans

The Board operates a defined benefit and 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.

l) Related Parties

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

m) Cash and Cash Equivalents

The Board's cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments that is Central Bank Treasury Bills with an original maturity of three months, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term petty cash.

**HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

n) Comparative Figures

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

o) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

i. Estimates and Assumptions.

The Board based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board.

ii. Useful lives and residual values

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

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

iii. Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 34. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Provisions include; provision for bad debt mature loans and account receivables.

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|--|----------------------|----------------------|
| 6 | TRANSFERS FROM GOVERNMENTS AND OTHER GOVERNMENT ENTITIES | | |
| | a) Transfers from Other Government Entities | KShs | KShs |
| | Ministry of Public Service, Youth & Gender Affairs | 20,189,654 | 30,291,806 |
| | County Governments of : Kakamega | 27,500,000 | 7,500,000 |
| | Taita Taveta | 9,000,000 | 5,000,000 |
| | Bomet County | - | 29,100,000 |
| | Busia County | - | 28,000,000 |
| | Sub-Total | 56,689,654 | 99,891,806 |
| | b) Transfers from Ministry of Education, Science and Technology | | |
| | i) Amount Recognized in statement of Financial Position | | |
| | Students Grants University/TVET | 8,745,650,462 | 8,284,237,846 |
| | Sub-Total | 9,134,248,542 | 8,575,686,406 |
| | Total | 9,190,938,196 | 8,675,578,212 |
| | ii) Amount Recognized in Statement of Financial Performance | | |
| | Undergraduate Students Bursaries | 137,000,000 | 102,750,000 |
| | TVET Students Bursaries | 100,000,000 | 75,000,000 |
| | Operations | 151,598,080 | 113,698,560 |
| | Sub-Total | 388,598,080 | 291,448,560 |
| 7 | ALTERNATIVE FUNDS-BURSARY/SCHOLARSHIP | | |
| | ABSA Scholarship | 23,352,053 | 42,903,219 |
| | | 23,352,053 | 42,903,219 |
| 8 | LEVIES, FINES AND PENALTIES | | |
| | Miscellaneous Income Penalties Loanee Default | 166,631,459 | 98,000,339 |
| | | 166,631,459 | 98,000,339 |
| 9 | FINANCE INCOME | | |
| | Interest on Short-term placements and Treasury bills | 62,536,557 | 96,258,511 |
| | Total Finance Income | 62,536,557 | 96,258,511 |
| 10 | OTHER INCOME | | |
| | Loan Recovery | | |
| | Interest Income Student Loans | 985,720,082 | 1,405,691,123 |
| | Income from Administrative Fees - Mature Loans | 131,577,230 | 72,279,963 |
| | Total | 1,117,297,311 | 1,477,971,086 |
| | Miscellaneous | | |
| | Income from Administrative Fees - Unmature Loans | 283,967,500 | 177,479,000 |
| | Interest Income Staff Loans | 2,381,063 | 4,312,351 |
| | Debt collection fees | 26,118,498 | 33,067,472 |
| | Miscellaneous Income | 68,895 | 4,144,658 |
| | Miscellaneous Income Loan Forms | 155,326,000 | 566,000 |
| | Miscellaneous Income Scholarship Forms | 501,000 | 1,005,000 |
| | Miscellaneous Income Clearance Certificates | 47,791,140 | 13,454,930 |
| | Miscellaneous Income - Advertisements | 100,000 | - |
| | Total | 516,254,096 | 234,029,411 |
| | Total other income | 1,633,551,407 | 1,712,000,497 |
| 11 | BURSARIES AND SCHOLARSHIPS TO STUDENTS | | |
| | Bursaries to Undergraduate University Students | 137,000,000 | 137,000,000 |
| | Bursaries to TVET Students | 100,000,000 | 99,985,000 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|---|--------------------|--------------------|
| | Scholarships-PG | 31,050,000 | 30,350,000 |
| | Scholarships- ABSA Scholarship | 23,352,053 | 42,903,219 |
| | | 291,402,053 | 310,238,219 |
| 12 | USE OF GOODS AND SERVICES | | |
| | Telecommunication Expenses | 14,524,234 | 16,790,892 |
| | Fuel Consumption | 2,032,630 | 2,401,196 |
| | Office Rent, Warehouse & Parking Charges | 65,149,200 | 67,922,273 |
| | Insurance Expenses | 3,435,955 | 2,633,395 |
| | Staff Training | 23,832,912 | 17,440,682 |
| | Seminars and Conferences | 18,798,756 | 20,527,277 |
| | Office Tea | 2,130,819 | 3,071,911 |
| | Office Flowers & Decorations | 378,200 | 904,100 |
| | Official Entertainment | 1,341,495 | 2,238,316 |
| | Staff Uniforms | 563,700 | 469,800 |
| | Newspapers, Journals, Periodicals & Library Books | 206,960 | 730,540 |
| | Advertising, Publicity & Printing | 24,323,358 | 21,151,725 |
| | Office Stationery & Accessories | 6,702,630 | 5,873,916 |
| | Legal fee | 3,478,165 | 580,000 |
| | Audit Fees | 1,160,000 | 1,160,000 |
| | Office Security Expenses | 5,841,207 | 5,113,862 |
| | Office Cleaning and Maintenance | 4,802,865 | 3,486,124 |
| | Subscriptions to Professional Bodies | 2,250,600 | 2,559,389 |
| | Subsistence Expenses | 19,108,655 | 22,454,060 |
| | Travelling Expenses | 3,496,025 | 13,577,818 |
| | | 203,558,364 | 211,087,276 |
| 13 | EMPLOYEE COSTS | | |
| | Staff Emoluments | 297,349,668 | 265,952,443 |
| | Commuter And Fuel Allowance | 39,264,527 | 34,017,829 |
| | Housing Benefit | 115,878,774 | 101,482,466 |
| | Gratuity and Pension | 50,549,411 | 42,101,579 |
| | Staff Welfare Expenses | 14,649,451 | 12,624,256 |
| | Medical Expenses | 49,021,155 | 41,010,379 |
| | Performance Contract Dynamics | 4,318,022 | 7,302,507 |
| | | 571,031,008 | 504,491,458 |
| 14 | BOARD MEMBERS EXPENSES | | |
| | Chairman's Honoraria | 960,000 | 960,000 |
| | Sitting allowances | 4,927,000 | 6,120,000 |
| | Medical Insurance | 14,555 | 14,595 |
| | Induction and Training | 2,024,500 | 3,245,320 |
| | Travel and accommodation | 1,143,694 | 5,709,848 |
| | Telephone Expenses | 84,000 | 84,000 |
| | Official entertainment | 195,414 | 334,083 |
| | | 9,349,163 | 16,467,847 |
| | | 9,349,163 | 16,467,847 |
| 15 | DEPRECIATION AND AMORTIZATION EXPENSES | | |
| | Property, Plant and Equipment | 30,455,652 | 44,690,839 |
| | Intangible Assets | 26,067,965 | 21,291,072 |
| | | 56,523,617 | 65,981,911 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|---|--------------------|--------------------|
| 16 | REPAIRS AND MAINTENANCE | | |
| | Repair & Maintenance. -Motor Vehicle | 1,344,736 | 2,187,624 |
| | Repair & Maintenance-Fixture & Fit | 19,675 | 67,550 |
| | Repair & Maintenance. -Equipment | 419,091 | 78,102 |
| | Repair & Maintenance. -Furniture | 364,560 | 11,860 |
| | Repair & Maintenance. -Office Premises | 575,408 | 596,550 |
| | Computer & Software Maintenance | 142,820,773 | 107,571,006 |
| | | 145,544,243 | 110,512,692 |
| 17 | CONTRACTED SERVICES | | |
| | Contracted Professional Services | 28,447,743 | 20,053,247 |
| | | 28,447,743 | 20,053,247 |
| 18 | BANK CHARGES & COMMISSIONS | | |
| | Bank Charges & Commissions | 25,000,063 | 24,654,316 |
| | | 25,000,063 | 24,654,316 |
| 19 | DEBT COLLECTION FEES | | |
| | Debt collection fees | 26,118,498 | 33,067,472 |
| | | 26,118,498 | 33,067,472 |
| 20 | GAIN OR LOSS ON DISPOSAL | | |
| | Proceeds from asset disposal | - | 624,450 |
| | Less: | | |
| | Revalued cost of assets disposed | - | 1,182,125 |
| | Accumulated depreciation | - | (1,141,063) |
| | | - | 41,063 |
| | Gain/Loss | - | 583,388 |
| 21 | LOSS ON REVALUATION OF FIXED ASSETS | | |
| | Revaluation Loss 2020/2021 | 57,333,267 | - |
| | | 57,333,267 | - |
| 22 | CASH AND CASH EQUIVALENTS | | |
| | Current account | 42,654,944 | 109,260,303 |
| | On- call deposits | 50,219,782 | 639,439,564 |
| | Fixed Deposits | 82,290,260 | 33,268,667 |
| | Staff car loan/ Mortgage | 55,710,215 | 43,355,870 |
| | Cash at hand | 91,372 | 67,007 |
| | Total cash and cash equivalents | 230,966,573 | 825,391,410 |
| 23 | DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| | a) Current account | | |
| | Financial institution | | |
| | KCB Bank- Operations | 351,330 | 17,579,346 |
| | KCB Bank- Student loan | 1,265,554 | 41,387,607 |
| | KCB Bank- Revolving fund | 2,435,770 | 835,394 |
| | Citibank Student Disbursement | 7,959,825 | 545,286 |
| | Citibank collection | 6,995,713 | 12,468,746 |
| | Citibank Direct Debits | 303,313 | 227,523 |
| | Co-operative Bank- collections | 5,407,481 | 6,864,264 |
| | ABSA Bank- collection | 3,956,966 | 4,953,176 |
| | Equity Bank- collections | 3,797,844 | 9,033,924 |
| | Family Bank- collection | 1,041,535 | 1,380,874 |
| | Standard Chartered Bank - collection | 2,391,067 | 3,090,435 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|--|--------------------|--------------------|
| | SBM Bank (Kenya) Limited- collection | 189,996 | 848,925 |
| | Kingdom Bank- collection | 366,829 | 742,592 |
| | NCBA Bank | 805,099 | 1,505,593 |
| | National Bank of Kenya- collection | 5,386,621 | 7,796,618 |
| | Sub- total | 42,654,944 | 109,260,303 |
| | b) On- Call deposits | | |
| | KCB Bank Ltd | - | 405,000,000 |
| | SBM Bank (Kenya) Limited | 50,219,782 | 100,439,564 |
| | Co-operative Bank | - | 134,000,000 |
| | Sub- Total | 50,219,782 | 639,439,564 |
| | c) Fixed Deposits Account | | |
| | Students Loans Self Protection Scheme-Short Term Placement | 82,290,260 | 33,268,667 |
| | Sub- total | 82,290,260 | 33,268,667 |
| | d) Staff Car Loan/ Mortgage | | |
| | KCB Bank- Staff Loans | 2,309,834 | 2,509,045 |
| | KCB Savings & Loans- mortgage | 458,332 | 427,478 |
| | Housing Finance mortgage | 15,761,744 | 10,037,930 |
| | KCB Savings & Loans- mortgages | 37,180,305 | 30,381,416 |
| | | 55,710,215 | 43,355,870 |
| | e) Others- Cash in Hand | | |
| | Cash in hand | 91,372 | 67,007 |
| | Sub- Total | 91,372 | 67,007 |
| | Grand Total | 175,256,358 | 782,035,541 |
| 24 | RECEIVABLES FROM EXCHANGE TRANSACTIONS AND PREPAYMENTS | | |
| a) | i) Current Receivable | | |
| | Hospital Deposit | 725,000 | 725,000 |
| | Utilities & Rent Deposit | 9,904,848 | 9,904,848 |
| | Staff Salary Advances | 87,735 | 152,919 |
| | Medical Over expenditure | 2,471,036 | 2,267,874 |
| | Accrued Interest on short term placements | 987,257 | 2,984,484 |
| | Other Accounts Receivable | 16,733,279 | 14,083,450 |
| | Total | 30,909,155 | 30,118,576 |
| | Less: Provision for Bad & Doubtful Debt | (1,545,458) | (1,505,929) |
| | Total Current Receivable form Exchange Transactions | 29,363,698 | 28,612,647 |
| | ii) Non-Current Receivables | | |
| | Kenya Deposit Insurance Corporation (KDIC) | 100,439,561 | 100,439,561 |
| | Total | 100,439,561 | 100,439,561 |
| | Less: Provision for Bad & Doubtful Debt | (5,021,978) | (5,021,978) |
| | Total Non-Current Receivable form Exchange Transactions | 95,417,583 | 95,417,583 |
| | Total Receivable form Exchange Transactions | 124,781,280 | 124,030,230 |
| b) | PREPAYMENT | | |
| | Official Entertainment | 43,200 | 39,104,116 |
| | Less: Provision for Bad & Doubtful Debt | (2,160) | (1,955,206) |
| | Total Prepayments | 41,040 | 37,148,910 |
| | TOTAL RECEIVABLE FROM EXCHANGE TRANSACTIONS & PREPAYMENTS | 124,822,320 | 161,179,140 |
| C | RECONCILIATION FOR PROVISION FOR BAD & DOUBTFUL DEBT | | |
| | At the beginning of the year | 8,483,113 | 6,706,319 |
| | Additional provisions during the year | (1,913,517) | 1,776,794 |
| | At the end of the year | 6,569,596 | 8,483,113 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|--|-----------------------|-----------------------|
| 25 | INVENTORIES | | |
| | Balance b/f | 6,975,282 | 6,163,826 |
| | Purchase | 5,037,140 | 13,676,039 |
| | Consumable stores | (6,785,350) | (12,864,583) |
| | Total inventories at the lower of cost and net realizable value | 5,227,073 | 6,975,282 |
| 26 | PROJECT IN PROGRESS | | |
| | Project in progress- Renovation of Ground Floor and Industrial Area | - | 4,879,219 |
| | | - | 4,879,219 |
| 27 | STAFF LOANS | | |
| | KCB Savings & Loans | 109,990,008 | 115,432,438 |
| | Housing finance company | 51,022,142 | 56,948,455 |
| | Staff car loans | 15,382,674 | 12,192,606 |
| | SBM Bank-Mortgage Account | 84,358,288 | 41,842,721 |
| | | 260,753,112 | 226,416,220 |
| 28 | MATURE LOANS TO STUDENT | | |
| | Balance brought forward | 36,428,087,452 | 31,029,612,070 |
| | Add: Mature loans during the year | 10,075,793,466 | 8,010,928,384 |
| | | 46,503,880,918 | 39,040,540,454 |
| | Add: Accrued interest in the year | 985,720,082 | 1,405,691,117 |
| | Administrative Fees Income - Mature Loans | 131,577,230 | 72,279,963 |
| | Penalties on matured Loans | 166,631,459 | 98,000,339 |
| | Less: Loan recovery during the year - GOK | (4,349,133,776) | (4,508,401,051) |
| | | 43,438,675,912 | 36,108,110,822 |
| | Add: Overpaid Loans movement | 178,402,035 | 306,896,790 |
| | Refunds during the year | (24,047,829) | 13,079,840 |
| | | 43,593,030,118 | 36,428,087,452 |
| | Less: Provision for bad & doubtful debts | (2,179,651,506) | (1,821,404,373) |
| | | 41,413,378,612 | 34,606,683,080 |
| 29 | LOANS TO STUDENTS NOT YET MATURED | | |
| | Balance brought forward-Unmatured loans | 48,026,313,708 | 40,992,119,467 |
| | Add: Loans awarded during the year - GOK | 13,084,195,321 | 14,289,454,035 |
| | Loans awarded during the year - Partnership Funds | - | 755,668,590 |
| | Less: Mature loans during the year | (10,075,793,466) | (8,010,928,384) |
| | | 51,034,715,563 | 48,026,313,708 |
| 30 | LOANS, BURSARIES & SCHOLARSHIPS PAYABLE | | |
| | Loans Payable | 570,253,158 | 1,001,932,642 |
| | Scholarships Payable | 14,522,300 | 10,154,000 |
| | Bursaries Payable- Undergraduate & TVET | 49,703,000 | 44,361,000 |
| | | 634,478,458 | 1,056,447,642 |
| 31 | PAYABLE- STUDENTS LOAN SELF-PROTECTION SCHEME | | |
| | Premiums Payable- Students Loan Self Protection Scheme | 90,396,212 | 32,827,049 |
| | Interest Payable- Students Loan Self Protection Scheme | 4,636,145 | 1,105,287 |
| | | 95,032,357 | 33,932,336 |
| 32 | TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| | Trade payables | 112,732,810 | 96,231,356 |
| | Employee expenses | 184,000 | 184,000 |
| | Third-party payments | 8,684,769 | 7,239,184 |
| | Total Trade and Other Payables | 121,601,579 | 103,654,540 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|--|-----------------------|-----------------------|
| 33 | OVER PAID LOANS | | |
| | Balance B/Forward | 759,583,487 | 465,766,538 |
| | Overpayments in the year | 178,402,035 | 306,896,790 |
| | Loanee refunds in the year | (24,047,829) | (13,079,840) |
| | | 913,937,693 | 759,583,487 |
| 34 | CURRENT PROVISIONS | | |
| a) | Leave Liability | | |
| | Balance as at 1st July 2020 | - | 9,390,498 |
| | Additional provisions during the year | 8,352,801 | - |
| | Provision Utilized | - | (9,390,498) |
| | Total Provision as at 30th June 2021 | 8,352,801 | - |
| b) | Gratuity and Pension | | |
| | Balance as at 1st July 2020 | 4,308,240 | 1,418,965 |
| | Additional provisions during the year | 5,254,370 | 2,889,275 |
| | Provision Utilized | (286,440) | - |
| | Total Provision as at 30th June 2021 | 9,276,170 | 4,308,240 |
| | Total Current Provision | 17,628,971 | 4,308,240 |
| 35 | CUMMULATIVE GOVERNMENT GRANTS | | |
| | Balance B/Forward (GOK Funds) | 66,662,400,281 | 58,378,162,435 |
| | Capitation received in the year for Students Loans | 8,745,650,462 | 8,284,237,846 |
| | | 75,408,050,743 | 66,662,400,281 |
| | Capitation for TVET Fund | (1,192,000,000) | (1,192,000,000) |
| | Partnership with Afya Elimu Fund | (308,000,000) | (308,000,000) |
| | | 73,908,050,743 | 65,162,400,281 |
| | Capitation for TVET Fund | | |
| | Capitation for TVET Fund | 1,192,000,000 | 1,192,000,000 |
| | Partnership with Afya Elimu Fund | 308,000,000 | 308,000,000 |
| | | 1,500,000,000 | 1,500,000,000 |
| 36 | CUMULATIVE PARTNERSHIP FUNDS AS AT 30 JUNE 2021 | | |
| | Capitation for TVET Fund | 1,192,000,000 | 1,192,000,000 |
| | Afya Elimu Fund | 807,514,608 | 807,514,608 |
| | Training Revolving Fund | 342,393,129 | 322,203,475 |
| | HELB Education Fund | 1,923,874 | 1,923,874 |
| | Students Loans - Kenya Revenue Authority Revolving Fund | 25,000,000 | 25,000,000 |
| | Students Loans - Tinderet Education Fund | 2,000,000 | 2,000,000 |
| | Students Loans - MOEST Foreign Universities Fund | 58,624,889 | 58,624,889 |
| | Students Loans - Digital Divide Data Fund | 21,848,498 | 21,848,498 |
| | Students Loans - Community Health Promotion Fund | 24,486,500 | 23,506,500 |
| | Students Loans - Tenwek Hospital Training Fund | 3,680,000 | 2,680,000 |
| | Students Loans - Busia County Fund | 55,000,000 | 55,000,000 |
| | Students Loans - Tigania West Fund | 2,800,000 | 2,800,000 |
| | Students Loans - Kakamega County Fund | 122,500,000 | 95,000,000 |
| | Students Loans - Igembe North Education Fund | 9,000,000 | 9,000,000 |
| | Students Loans - Karachuonyo Education Fund | 10,800,000 | 10,800,000 |
| | Students Loans - Tharaka Nithi Constituency Fund | 6,384,000 | 6,384,000 |
| | Students Loans - St Kizito Vocational Training Institute | 3,581,366 | 3,581,366 |
| | Students Loans - Simba Corporation | 5,199,038 | 5,199,038 |
| | Students Loans - Taita Taveta | 52,000,000 | 43,000,000 |
| | Students Loans - AIC Kijabe | 5,050,000 | 4,450,000 |

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| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|--|-----------------------|-----------------------|
| | Students Loans - Awendo Education Fund | 2,500,000 | 2,500,000 |
| | Students Loans - Strathmore University | 1,320,300 | 1,320,300 |
| | Students Loans - ABSA Bank Scholarship | 2,746,300 | 2,941,700 |
| | Students Loans - Standard Chartered Bank | 10,000,000 | 10,000,000 |
| | Students Loans - Kenya school of Integrated MEDS | 2,000,000 | 2,000,000 |
| | Students Loans - Chuka Igambang'ombe Fund | 4,700,000 | 4,700,000 |
| | Students Loans - Council for Legal Education | 80,000,000 | 80,000,000 |
| | Students Loans - Bomet County | 29,100,000 | 29,100,000 |
| | Students Loans - Ford Foundation Project | 1,579,000 | 1,579,000 |
| | Students Loans - Advocates Benevolent Association | 3,600,000 | 3,600,000 |
| | Students Loans - Kenya Institute of Mass Communication | 5,000,000 | |
| | Students Loans - Kenya School of Law | 10,000,000 | |
| | Students Loans - Kenya Maritime Authority | 30,000,000 | |
| | Students Loans - Kenya Institute of Professional Studies | 550,000 | |
| | Students Loans - Beacon of Hope Technical Training Institute | 500,000 | |
| | Capitation to Revolving Fund | 2,935,381,502 | 2,830,257,248 |
| | | 2,935,381,502 | 2,830,257,248 |
| 37 | PARTNERSHIP FUNDS RECEIVED IN THE PERIOD | | |
| | Afya Elimu Fund | | 24,600,000 |
| | Training Revolving Fund | 20,189,654 | 30,291,806 |
| | Students Loans - Kenya Revenue Authority Revolving Fund | | 5,000,000 |
| | Students Loans - Community Health Promotion Fund | 980,000 | 4,960,000 |
| | Students Loans - Tenwek Hospital Training Fund | 1,000,000 | 800,000 |
| | Students Loans - Busia County Fund | | 28,000,000 |
| | Students Loans - Kakamega County Fund | 27,500,000 | 7,500,000 |
| | Students Loans - Tharaka Nithi Constituency Fund | | 1,500,000 |
| | Students Loans - St Kizito Vocational Training Institute | | 1,448,528 |
| | Students Loans - Simba Corporation | | 1,719,938 |
| | Students Loans - Taita Taveta | 9,000,000 | 5,000,000 |
| | Students Loans - AIC Kijabe | 600,000 | 950,000 |
| | Students Loans - ABSA Bank Scholarship | 23,156,653 | 31,740,588 |
| | Students Loans - Council for legal education | | 40,000,000 |
| | Students Loans-Bomet County | | 29,100,000 |
| | Students Loans - Advocates Benevolent Association | | 3,600,000 |
| | Students Loans - Kenya Institute of Mass Communication | 5,000,000 | |
| | Students Loans - Kenya School of Law | 10,000,000 | |
| | Students Loans - Kenya Maritime Authority | 30,000,000 | |
| | Students Loans - Kenya Institute of Professional Studies | 550,000 | |
| | Students Loans - Beacon of Hope Technical Training Institute | 500,000 | |
| | Capitation from partnership received for the year | 128,476,307 | 216,210,860 |
| 38 | ACCUMULATED FUND | | |
| | Balance as at July 2020 | 14,092,906,943 | 13,418,785,305 |
| | Surplus for the Year | 504,027,921 | 672,939,513 |
| | Revaluation reserve | - | 1,182,125 |
| | Balance ending | 14,596,934,864 | 14,092,906,943 |
| 39 | REVALUATION RESERVE | | |
| | Revaluation reserve b/f | 706,050,708 | 707,232,833 |
| | Revaluation reserve on Asset disposal | - | (1,182,125) |
| | Revaluation Reserve 2020/2021 | 243,375,902 | - |
| | | 949,426,610 | 706,050,708 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| NO. | NOTES TO THE ANNUAL FINANCIAL STATEMENTS | 2020/2021 | 2019/2020 |
|-----------|--|----------------------|----------------------|
| 40 | ACCUMULATED PROVISIONS FOR DOUBTFUL DEBTS | | |
| | Noncurrent provision for the year | | |
| | Balance b/f | 1,821,404,373 | 1,551,480,603 |
| | Add: Noncurrent provisions for the year | 358,247,133 | 269,923,769 |
| | | 2,179,651,506 | 1,821,404,373 |
| | Current provisions for the year | | |
| | Balance b/f | 8,483,113 | 6,706,319 |
| | Add: Provisions for the year | (1,913,517) | 1,776,794 |
| | | 6,569,596 | 8,483,113 |
| | Balance c/d | 2,186,221,102 | 1,829,887,485 |
| 41 | INTANGIBLE ASSETS | | |
| | Cost | | |
| | As at 1st July 2020 | 233,696,468 | 190,329,589 |
| | Additions during the year | 23,986,480 | 43,366,880 |
| | As at 30th June 2021 | 257,682,949 | 233,696,468 |
| | Amortization and impairment | | |
| | As at 1st July 2020 | 201,168,368 | 179,877,297 |
| | Amortization for the year | 26,067,965 | 21,291,072 |
| | As at 30th June 2021 | 227,236,334 | 201,168,368 |
| | Net Book Value | 30,446,615 | 32,528,100 |
| | | | |

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NOTE 42: PROPERTY, PLANT AND EQUIPMENT

| a) PROPERTY, PLANT AND EQUIPMENT | Land | Building | Motor vehicles | Equipment | Furniture | FITTINGS | Computers | Total |
|--|-------------|-----------|----------------|--------------|--------------|--------------|---------------|---------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| COST | | | | | | | | |
| As at 1st JULY 2019 | 717,500,000 | 2,500,001 | 54,623,499 | 24,745,695 | 27,291,727 | 110,287,191 | 142,253,467 | 1,079,201,581 |
| Additions | - | - | 12,788,448 | 3,370,640 | 180,000 | 3,061,048 | 25,184,968 | 44,585,104 |
| Disposals | - | - | (1,100,000) | (57,000) | (25,125) | - | - | (1,182,125) |
| 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 |
| DEPRECIATION AND IMPAIRMENT | | | | | | | | |
| Acc. Dep as at 1st JULY 2019 | - | 250,000 | 38,294,624 | 9,904,129 | 9,379,300 | 29,959,242 | 132,092,224 | 219,879,519 |
| Depreciation for the year | - | 62,500 | 16,577,987 | 3,507,417 | 3,430,825 | 14,168,530 | 6,943,580 | 44,690,839 |
| Less: Accumulated depreciation on disposals as at 30 June 2020 | | | (1,100,000) | (28,500) | (12,563) | | | (1,141,063) |
| 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 depreciation 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 |
| Net book values | | | | | | | | |
| 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 2020 | 717,500,000 | 2,187,501 | 12,539,336 | 14,676,290 | 14,649,040 | 69,220,467 | 28,402,632 | 859,175,265 |

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| b). PPE LOSS ON REVALUATION | | | | | | | | |
|---|------|----------|----------------|-----------|-----------|--------------------|-----------|--------------|
| | Land | Building | Motor vehicles | Equipment | Furniture | Fixture & Fittings | Computers | Total |
| Revaluation Reserve as at 1st JULY 2020 | - | - | - | - | - | - | - | - |
| Revaluation Loss | - | - | - | - | - | (57,333,267) | - | (57,333,267) |
| Revaluation Charge for the Year. | - | - | - | - | - | (57,333,267) | - | (57,333,267) |

| c) REVALUATION | | | | | | | | | |
|-----------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------------------|----------------------|-----------------------|-----------------------|--|
| NO. | ITEM/ASSET | REVALUATION AMOUNT | | | ASSET REGISTER 2019/2020 | | | REVALUATION GAIN/LOSS | |
| | | GCRC (KSHS) | NCRC (KSHS) | | GROSS | NBV | GROSS VARIANCE | NBV VARIANCE | |
| 1 | Motor Vehicles (LINo.) | 60,180,000.00 | 38,209,000.00 | 66,311,947.19 | 12,539,335.99 | (6,131,947.19) | 25,669,664.01 | | |
| 2 | Fixtures & Fittings | 29,718,000.00 | 11,887,200.00 | 113,348,239.00 | 69,220,467.09 | (83,630,239.00) | (57,333,267.09) | | |
| 3 | Land | 950,000,000.00 | 950,000,000.00 | 717,500,000.00 | 717,500,000.00 | 232,500,000.00 | 232,500,000.00 | | |
| 4 | Building | 2,500,000.00 | 2,500,000.00 | 2,500,000.00 | 2,187,500.88 | - | 312,499.12 | | |
| 5 | Equipment | 12,739,000.00 | 12,934,200.00 | 28,059,335.43 | 14,676,289.94 | (15,320,335.43) | (1,742,089.94) | | |
| 6 | Furniture | 43,439,000.00 | 18,243,200.00 | 27,446,602.42 | 14,649,039.61 | 15,992,397.58 | 3,594,160.39 | | |
| 8 | Computers | 111,248,000.00 | 11,444,300.00 | 167,438,435.70 | 28,402,631.67 | (56,190,435.70) | (16,958,331.67) | | |
| | | 1,209,824,000.00 | 1,045,217,900.00 | 1,122,604,559.74 | 859,175,265.17 | 87,219,440.26 | 186,042,634.83 | | |

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41. RELATED PARTY BALANCES

Nature of related party relationships

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

a. Government of Kenya

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

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

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

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

d. Key Management

e. Other partners providing funding.

The transactions that were done with related parties for the financial year 2020-2021 are as below:

| RELATED PARTY BALANCES | 2020-2021 | 2019-2020 |
|--|-----------------------|-----------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Grants from the Government | | |
| Grants from National Government | 8,745,650,462 | 8,284,237,846 |
| | 8,745,650,462 | 8,284,237,846 |
| b) Expenses incurred on behalf of related party | | |
| Payments for students | 13,375,597,374 | 15,398,264,059 |
| Payments of salaries and wages for 253 employees | 571,031,008 | 427,674,328 |
| | 13,946,628,382 | 15,825,938,387 |
| c) Key management compensation | | |
| Board members' emoluments | 9,349,163 | 16,467,847 |
| Compensation to the CEO | 11,490,000 | 11,480,000 |
| Compensation to key management -12 | 60,892,117 | 65,326,630 |
| | 81,731,280 | 102,491,296 |
| d) Other government bodies | | |
| County government of Kakamega and Taita Taveta | 36,500,000 | 69,600,000 |
| Ministry of Public Service, Youth & Gender Affairs | 20,189,654 | 30,291,806 |
| e) Partners - other funding providers | | |
| | 128,476,307 | 259,949,448 |
| | 185,165,961 | 359,841,254 |
| Total | 22,959,176,085 | 24,572,508,783 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

41. EVENTS AFTER THE REPORTING PERIOD

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

42. 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.

43. CURRENCY


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

**HIGHER EDUCATION LOANS BOARD
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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 |
| 2 | Emphasis of Matter | Recoverability of mature loans amounting to Kshs. 8.5B as at 30/6/2021 older than 10 years. | Measures put in place to recover outstanding loans. | Chief Operations Officer | Work in Progress | Continuous |


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


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

**HIGHER EDUCATION LOANS BOARD
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

The Board did not undertake any project in the year 2020-2021 either funded by us or by development partners.

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APPENDIX III: TOP TEN TENDERS AWARDED

Below are the top ten tenders awarded in the financial year 2020-2021 by HELB

| S/NO | TENDER NO | DESCRIPTION | FIRM AWARDED | TENDER SUM |
|------|------------------------------|---|-----------------------------------|-----------------------|
| 1 | HELB/T/02/2020-2021 | Provision of Microsoft Products Licensing & Support | Attain Enterprise Solution Ltd | 62,865,266.60 |
| 2 | HELB/T/04/2020-2021 | Provision of staff medical insurance cover for financial years 2021/2022 and 2022/2023 | Minet Kenya Insurance Brokers Ltd | 50,811,777.00 |
| 3 | HELB/T/01/2020-2021 | Provision of Upgrade, Enhancement of Microsoft Dynamics AX 2012 R2 Enterprise Resource Planning System to Microsoft Dynamics 365 Finance, Operations, Support & Maintenance | Attain Enterprise Solutions Ltd | 35,380,000.00 |
| 4 | HELB/T/03/2020-2021 | Provision of unified communication and contact center, Maintenance and | MFI Technology Solutions Ltd | 22,377,270.28 |
| 5 | HELB/RFQ/04/2020-2021 | Provision of Internet Services for Huduma Centers | Telkom Kenya Ltd | 10,584,000.00 |
| 6 | HELB/RESTRICTED/89/2020-2021 | Supply and Installation of Metal Racks, Supply of Step on Ladder, Hand Cart Folding Plat Trolley and Jack Track Trolley | Donicy Limited | 8,341,330.00 |
| 7 | HELB/T/06/2020-2021 | Provision of General Insurance Covers | Liaison Group (I.B) Ltd | 8,266,853.00 |
| 8 | HELB/RESTRICTED/47/2020-2021 | Supply of Data Centre Core and LAN Switches | Flexiworld Online Co. Ltd | 7,438,908.00 |
| 9 | HELB/RESTRICTED/46/2020-2021 | Supply and Installation of Database Server and Domain Controllers | Reeve Technologies | 6,902,000.00 |
| 10 | SB/7/0023/19-21 | Supply of Motor vehicle MTD 1476-045-18 Double Cabin Isuzu TFS-85 Automatic | Isuzu East Africa Limited | 6,424,000.00 |
| | TOTAL | | | 219,391,404.88 |

HIGHER EDUCATION LOANS BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

APPENDIX IV: INTER-ENTITY TRANSFERS

| HIGHER EDUCATION LOANS BOARD | | | | |
|---|---------------------|----------------------------|----------------------|--|
| Break down of Transfers from the State Department of Education, Science and Technology | | | | |
| Recurrent Grants FY 20/21 | | | | |
| | Details | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
| 1 | Capitation | 18-Aug-20 | 2,736,412,615 | 2019-2020/Q1 |
| | Bursary to students | 18-Aug-20 | 59,250,000 | 2019-2020/Q1 |
| | Operations Grant | 18-Aug-20 | 37,899,520 | 2019-2020/Q1 |
| 2 | Capitation | 6-Jan-21 | 2,736,412,616 | 2019-2020/Q2 |
| | Bursary to students | 6-Jan-21 | 59,250,000 | 2019-2020/Q2 |
| | Operations Grant | 6-Jan-21 | 37,899,520 | 2019-2020/Q2 |
| 3 | Capitation | 16-Mar-21 | 2,677,162,615 | 2019-2020/Q3 |
| | Bursary to students | 16-Mar-21 | 59,250,000 | 2019-2020/Q3 |
| | Operations Grant | 16-Mar-21 | 37,899,520 | 2019-2020/Q3 |
| 4 | Capitation | 10-May-21 | 595,662,616 | 2019-2020/Q4 |
| | Bursary to students | 10-May-21 | 59,250,000 | 2019-2020/Q4 |
| | Operations Grant | 10-May-21 | 37,899,520 | 2019-2020/Q4 |
| | | | | |
| | Total | | 9,134,248,542 | |

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

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

ROBERT ASUMANI SAMUEL
HEAD OF ACCOUNTING UNIT
SDUER

Date: 26th February 2021

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

| Name of the MDA Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - Kshs | Statement of Financial Performance | Receivables | Others- Revolving fund | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|----------------------|------------------------------------|-------------|------------------------|---------------------------------|
| Ministry of Public Service, Youth & Gender Affairs | 2-Aug-20 | Others- Revolving fund | 20,189,654.00 | 20,189,654 | 0 | 20,189,654 | 20,189,654 |
| County Government of Kakamega | 21-Jan-21 | Others- Revolving fund | 27,500,000.00 | 27,500,000 | 0 | 27,500,000 | 27,500,000 |
| County Government of Taita Taveta | 24-Jan-21 | Others- Revolving fund | 9,000,000.00 | 9,000,000 | 0 | 9,000,000 | 9,000,000 |
| Total | | | 56,689,654.00 | 56,689,654 | 0 | 56,689,654 | 56,689,654 |