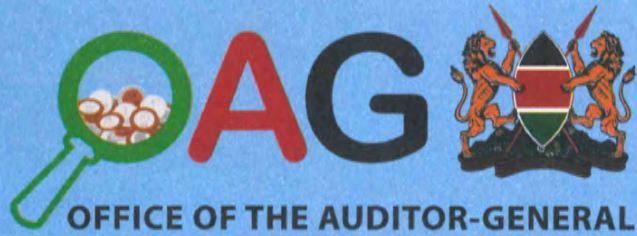


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

HIGHER EDUCATION LOANS BOARD

FOR THE YEAR ENDED

30 JUNE, 2023



HIGHER EDUCATION LOANS BOARD



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
04 DEC 2023
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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Table of Contents

ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS.....	iv
1. KEY ENTITY INFORMATION AND MANAGEMENT.....	v
2. BOARD MEMBERS.....	x
3. MANAGEMENT TEAM.....	xv
4. CHAIRMAN'S STATEMENT.....	xx
5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xxiii
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY2022/2023.....	xxxix
7. CORPORATE GOVERNANCE STATEMENT.....	xxxiii
8. MANAGEMENT DISCUSSION AND ANALYSIS.....	xl
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xlvi
10. REPORT OF THE DIRECTORS.....	lvii
11. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	lviii
12. REPORT OF THE INDEPENDENT AUDITOR FOR HIGHER EDUCATION LOANS BOARD.....	lix
13. HIGHER EDUCATION LOANS BOARD (HELB) FINANCIAL REPORT AND FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2023.....	1
1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023.....	1
2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023.....	2
3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023.....	3
4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023.....	4
5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023.....	5
6. NOTES TO THE FINANCIAL STATEMENTS.....	6
14. APPENDICES.....	27
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	27
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	30
APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	31
APPENDIX IV: INTER-ENTITY TRANSFERS.....	32
APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES.....	33
ANNEX I: STUDENTS LOANS SELF PROTECTION SCHEME(SLSPS) FINANCIAL REPORT AND FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2023.....	34
7. STATEMENT OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2023.....	34
8. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023.....	35
9. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2023.....	36

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

10. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023	37
11. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023	38
12. NOTES TO FINANCIAL STATEMENTS	39
ANNEX II: STAFF LOANS AND MORTGAGE SCHEME FINANCIAL REPORT AND FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2023	42
1. STATEMENT OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2023	42
2. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023	43
3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2023	44
4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023	45
5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023	46
6. NOTES TO FINANCIAL STATEMENTS	47

ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

HELB	Higher Education Loan Board
CEO	Chief Executive Officer
SLSPS	Students Loans Self Protection Scheme
KDIC	Kenya Deposit Insurance Corporation
A-I-A	Appropriation- In-Aid
SCL&MS	Staff Car Loans and Mortgage Scheme
J & J	Jonson and Jonson
KMTC	Kenya Medical Training College
NCPWD	National Council for People With Disability
EDMS	Electronic Document Management Systems
ERP	Enterprise Resource Planning
PAYE	Pay As You Earn
VAT	Value Added Tax
WHT	Withholding Tax
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Higher Education Loans Board (HELB) was established by an Act of Parliament (Cap 213A) in 1995. The mandate of HELB is to disburse loans, bursaries and scholarship to Kenyans pursuing higher education in recognized institutions within and outside Kenya and to recover loaned out funds from the beneficiaries. HELB services are also devolved throughout the country through HELB desks in twenty-eight (28) Huduma Centres. The Board is domiciled and operates within the Republic of Kenya with Headquarters in the City of Nairobi. It is governed by Board Members and the Chief Executive Officer (CEO) who are responsible for policy and strategic direction of the HELB. The CEO is also the Secretary to the Board.

Our Multi-Dimensional Purpose and Values



HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

(b) Principal Activities

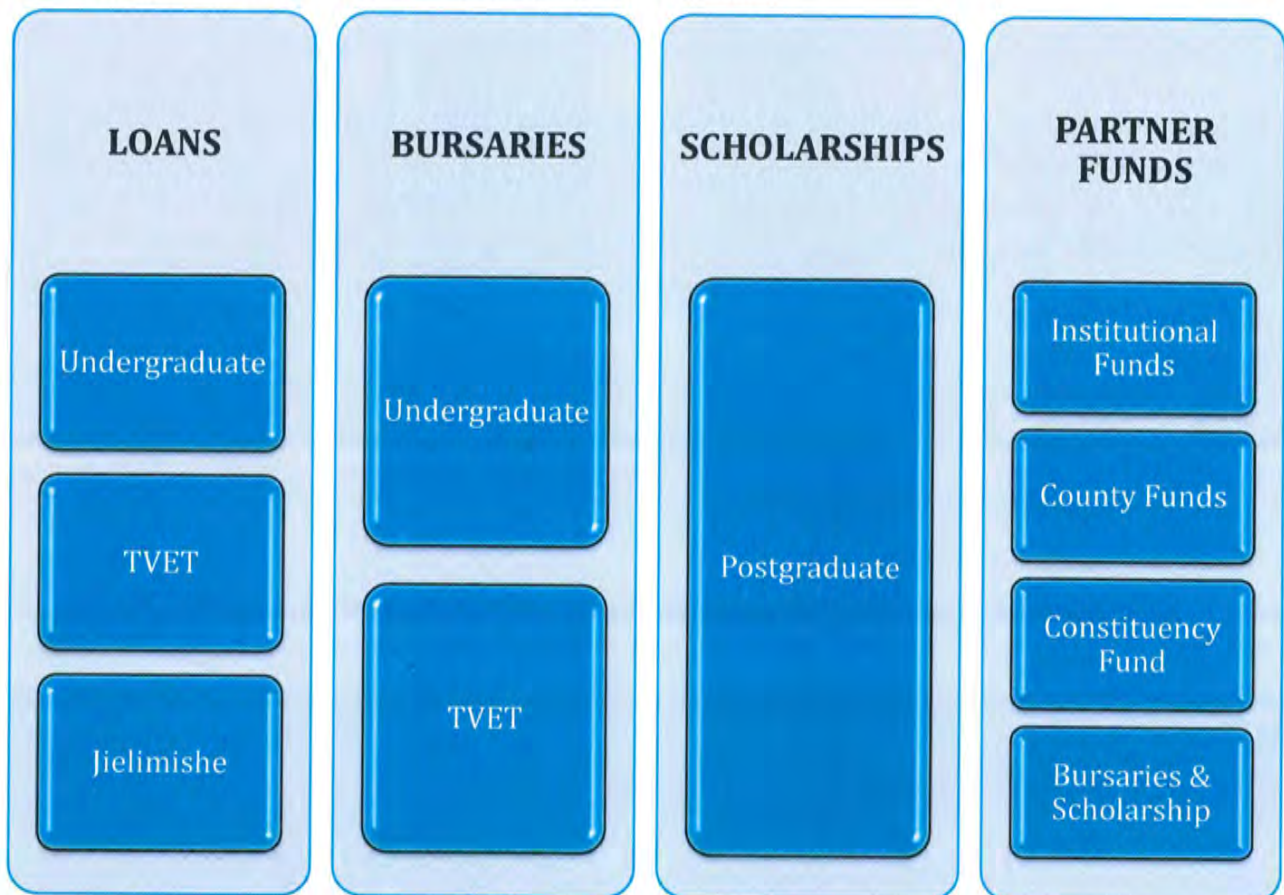
As stipulated in the Higher Education Loans Act of 1995 the objective and the purpose for which the Board was established is “for the management of a fund to be used for granting loans to assist Kenyan students to obtain higher education at recognized institutions within and outside Kenya and for matters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

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

- a) To source for funds to finance 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

HELB empower dreams with affordable loans and flexible repayment plan to Kenyan Students pursuing higher education. The products are as shown below.



HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer & Board Secretary	FCCA Charles M. Ringera
2	Chief Strategy & Customer Exp. Officer & Ag. Chief Finance	CPA Mary Wachira-Muchee
3	Chief Innovation and Technology Officer	Mr. Josephat K. Nzuki
4	Head of Legal Services & Corporation Secretary & Ag. Chief Operations Officer	Mrs. Bernadette N. Masinde
5	Head, Audit Risk Management and Compliance	CPA Justus K. Mwangi
6	Head of Human Resource & Administration	CHRP (K) Zipporah Onyoni
7	Head of Corporate Communication & Customer Experience (Until 5th May 2023)	Ms. Wavinya Mung'ala MPRSK
8	Head of Debt Management	CPA Fritz N.C. Achola
9	Manager, Finance	CPA Kerin Lidoroh
10	Manager, External Resources & Fund Management	CPA James Gachari
11	Manager, Lending	Mr. Joseph Ndegwa
12	Manager, Procurement and Logistics	Mr. Elijah W. Wekesa
13	Ag. Head of Corporate Communication & Customer Experience (WEF 5th May 2023)	Mr. Collins Wenje

(e) Fiduciary Oversight Arrangements

Board Committee Functions

The Higher Education Loans Board is led by board members whose mandate is 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;

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Loans Disbursement and Recovery Committee	Finance, Staff & General-Purpose Committee	Audit, Risk Management and Compliance Committee
Functions	Functions	Functions
<p>To formulate policies for sound management of the scholarship facility.</p> <p>To formulate and recommend for approval the criteria to be used in loan allocation/award;</p> <p>To formulate policies and conditions to guide the process of loan waivers.</p> <p>To submit to the Board quarterly reports on the activities of the Committee in regard to disbursement and recovery performance;</p> <p>To review the Credit management and scholarship policy on a regular basis;</p> <p>To hold meetings on a quarterly basis or as may need demands;</p> <p>Provide oversight of the risk management framework for controlling credit risks arising from ongoing lending activities in both the undergraduate and postgraduate loan;</p> <p>Perform any other function assigned by the Board</p>	<p>To review and report to the Board on the annual audited accounts;</p> <p>To review and recommend approval of policies and conditions for sound management of HELB's property and financial investments;</p> <p>To formulate policies and conditions for sound management of the HELB Human Resources;</p> <p>To formulate policies and conditions for sound management of the HELB Funds;</p> <p>To formulate policies and conditions for sound management of the HELB ICT systems;</p> <p>To submit to the Board quarterly reports on the activities of the Committee</p> <p>Perform any other function assigned by the Board</p>	<p>Examine internal and external audit reports and recommendations after management response to ensure action is taken;</p> <p>Follow up to ensure positive action is taken to resolve unsettled and unimplemented Public Accounts Committee and Public Investment Committee. (PAC/PIC) recommendations.</p> <p>Provide oversight on HELB Governance, risk management and internal control processes;</p> <p>Enhance communication between Management, Internal and External Audit and fostering an effective internal audit function;</p> <p>Review the procedures put in place aimed at ensuring that there is compliance with pertinent laws and regulations.</p> <p>Review the activities of the internal audit function; including its risk based annual work plan, coordination with the external auditors, reports of significant investigations and the responses of management to specific recommendations.</p> <p>Any other duties set out in the Audit, Risk Management and Compliance Committee charter.</p>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

(f) HELB Headquarters and Registered Office

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

(g) HELB Contacts

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

(h) HELB Bankers

BANK	BRANCH
KCB Bank Limited	University Way Branch, Nairobi

Other Banks

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

(i) Independent Auditors




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

(j) Principal Legal Adviser

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

2. BOARD MEMBERS

Board Member	Key Qualifications and Experience
 <p>RHT Hon. Ekwee Ethuro: Chairman of the Board</p>	<p>RHT Hon. Senator Ekwee Ethuro holds an MSc in Agriculture and Economics and a Bachelor of Science in Agriculture from the University of Nairobi. He is former Speaker of the Senate having served for the period between 2013 to 2017. He served for three terms as a Member of Parliament for Turkana Central Constituency in 1997, 2002 and 2007. Senator Ethuro was the Chairman of the Constituency Development Fund Committee. He also served as an Assistant Minister in the Ministry of Planning and National Development from 2005 to 2007 and an Assistant Minister in the Ministry of Labour and Human Resource Development from 1998 to 2002. He was born in 1963.</p> <p>Appointed on 20th September 2018. He is an Independent Board Member.</p>
 <p>FCCA/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 immediate 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 June 30, 2023

Board Member	Key Qualifications and Experience
 <p style="text-align: center;">Mrs. Jacqueline A. Mugo, Board Member and Chairman Loans Disbursement and Recovery Committee</p>	<p>Jacqueline Mugo, EBS, MBS, OGW is the Executive Director and Chief Executive Officer of the Federation of Kenya Employers. She plays a strong leadership role in the continent and represents employers and the private sector at the regional and international level including the Governing Body of the International Labour Organization (ILO) and the International Organization of Employers (IOE), both based in Geneva, Switzerland, The ACP-EU Follow-up Committee in Brussels and several public sector boards in Kenya. She is an advocate of the High Court of Kenya. She holds a Bachelor of Laws (LLB, Hons) degree, from the University of Nairobi and a Higher Diploma in Human Resource Management from the Institute of Personnel Management and is also a graduate of Kenya School of Law. She has over 30 years' experience acquired from serving in the public and private sector covering legal, human resource management, governance, advocacy and leadership. She was born in 1957.</p> <p>Appointed on 16th March 2021 to represent Kenya Federation of Employers.</p>
 <p style="text-align: center;">Mrs. Diana Mutisya Board Member Alternate to the Permanent Secretary, State Department for Higher Education and Research</p>	<p>Mrs Diana Mutisya is a Financial Analyst and currently working with the State Department for University Education & Research. She holds a master's degree in business administration {MBA} (Finance option) at Kenyatta university, a degree in Business Administration (Accounting and Finance option) at Kenya Methodist University (KEMU), Diploma in Information Technology, Higher Diploma in Human Resources, Strategic Leadership Development Programme from KSG, Public Finance Management Course from KSG, Senior Management Course from KSG. In addition, Mrs Diana Mutisya has successfully completed an Effective Board & Board Audit Committee and Internal Audit Function training from Institute of Internal Auditor Kenya and induction program for Public Sector Boards from Kenya school of Government (KSG), Board Master class from the Institute of Certified Public Accountants of Kenya (ICPAK). Mrs Diana Mutisya further holds a Certification from the Kenya School of Government on Corporate Governance and other various relevant short courses obtained both locally and outside the country. She has a wealth of experience in Government functions and operations for over 40 years. She was born in 1960.</p> <p>Appointed on 5th December 2022 to represent PS, State Department for University Higher and Research.</p>


HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Board Member	Key Qualifications and Experience
 <p>Mr. Charles Onami Maranga, Board Member and Chairman Finance Staff and General- Purpose Committee</p>	<p>Mr. Charles holds BA (Hons) Sociology and Government (University of Nairobi) Kenya and MSC Business Studies – HR Option (University of Salford) United Kingdom. Charles has over 25 years’ experience in Human Resource Management. He has worked as Director HR in KCB and CBK; Head of Human Resources ABSA and Kenya Airways and is currently the CEO/Managing Partner-Human Capital Consultancy LTD (HCMC). He was born in 1964.</p> <p>Appointed on 15th February 2021. He is an Independent Board Member.</p>
 <p>Ms. Cheryl Majiwa, Board Member Alternate to the Permanent Secretary, The National Treasury</p>	<p>Ms. Majiwa is the Alternate to the PS, National Treasury. She is currently working as an Assistant Director Investments in the Directorate of Public Investments and Portfolio Management at The National Treasury & 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 permanent Secretary, National Treasury in selected Boards of State Corporations and in Public Accounts and Public Investments Committees of Parliament. She previously worked as Head of Accounting Unit and Administration of an advertising company for 6 years. She is a member of the Institute of the Certified Accountants of Kenya. An associate member of the Institute of Certified Investments/Financial Analyst and member of the secretariat of the Public Accounting Standards Board. She was born in 1978.</p> <p>Appointed on 1st January 2020 to represent the PS, The National Treasury.</p>
 <p>Dr. Habil O. Olaka, Board Member and Chairman Audit, Risk Management and Compliance Committee</p>	<p>Dr. Habil Olaka is the Chief Executive Officer of the Kenya Bankers Association since October 2010. Previously he was the Director of Operations of the East African Development Bank (EADB) based in Kampala after serving as the Resident Manager in Kenya. He earlier served the bank as the Head of Risk Management and as the Chief Internal Auditor. Before joining the EADB, he had been with Banque Indosuez (now Bank of Africa) as the Internal Auditor. He started his career at PricewaterhouseCoopers, Nairobi in the Audit and Business Advisory Services Division. He holds a Doctor of Business Administration from USIU-Africa, a First-Class Honours BSc degree in Electrical Engineering from the University of Nairobi, and an MBA in Finance from the Manchester Business School in the UK. He is a member of ICPAK and a seasoned banker. He was born in 1964.</p> <p>Appointed on 27th August 2021 to represent the Kenya Bankers Association.</p>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Board Member	Key Qualifications and Experience
 Prof. Mike Kuria CEO/Secretary Commission for University Education, Board Member	<p>Prof. Mike Kuria is the CEO and Commission Secretary for Commission for University Education (CUE). He holds a Bachelor of Education from Moi University and Master of Philosophy {MPhil} at the university of Moi University. He also holds Master of Arts in Creative Writing, at the Open University in United Kingdom and a Doctor of Philosophy at the University of Leeds, in UK. Before his appointment at the CUE, Prof. Mike Kuria served as the Deputy Executive Secretary, Inter-University Council for East Africa (2016-2022), and the Director, Centre for Quality Assurance at Daystar University (2006-2016). He also served as the Senior Lecturer, Daystar University (2004-2005) and Secretary General of the East African Quality Assurance Network (EAQAN) in 2012. He was born in 1966.</p> <p>Appointed 10th October 2022 as HELB Board Member to represent the Commission for University Education (CUE).</p>
 Prof. Francis W. O. Aduol, Board Member	<p>Prof. Francis Aduol is the immediate 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>
 Mrs. Rita Wambui Kosgey, Board Member	<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</p>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023




Board Member	Key Qualifications and Experience
	<p>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.</p> <p>She is an Independent Board Member.</p>
 <p>Mrs. Bernadette N. Masinde Head of Legal Services & Corporation Secretary Ag. Chief Operations Officer</p>	<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, the Law Society of East Africa and a member of the Institute of Certified Secretaries of Kenya. 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>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023




3. MANAGEMENT TEAM

Management Team	Key Qualification and Experience
 FCCA/CPA Charles Ringera Chief Executive Officer /Board Secretary	<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>
 CPA Mary Wachira-Muchee Chief Strategy & Customer Experience Officer & Ag. Chief Finance Officer	<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.</p> <p>Appointed Acting Chief Finance Officer from 27th September 2019 as an additional role to overseeing Strategy and Customer Experience function.</p>
 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>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Management Team	Key Qualification and Experience
 <p>Mrs. Bernadette N. Masinde Head of Legal Services & Corporation Secretary Ag. Chief Operations Officer</p>	<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, the Law Society of East Africa and a member of the Institute of Certified Secretaries of Kenya. 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>
 <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 18 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 Office of Auditor General (OAG). He holds MBA Finance (UoN), BA AGBM [Egerton University], CPA (K), CISA and a Certified Audit Quality Assessor. Justus is an active member of ICPAK and ISACA.</p>
 <p>CHRP (K) Zipporah Onyoni (Mrs) Head of Human Resource and Administration</p>	<p>Mrs. Onyoni is a Human Resource practitioner specialized in Human Resource Management and Administration for over nineteen (19) years. She holds a Master of Science in Human Resources Management [MSc-HRM] and a bachelor's degree in human resources and administration [BBA] specialized in HRM. She previously worked in Non-Governmental Organizations, Banking Sector, Airline Industry, Private and Public sector. She is specialized in human capital management. She is a Certified Human Resource Professional (CHRP-K), an accredited member of the Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM).</p>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Management Team	Key Qualification and Experience
 <p>CPA James Maina Gachari Manager, External Resources</p>	<p>CPA James Gachari joined the Board from CPF 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.</p>
 <p>CPA Kerin Lidoroh Manager, Finance</p>	<p>CPA Lidoroh has over 20 years' experience in the field of Finance and Accountancy with a focus on public finance management and taxation . She is a Certified Public Accountant of Kenya [CPAK] and a member of Institute of Certified Public Accountants of Kenya(ICPAK) and Association of Women Accountants of Kenya(AWAK) . 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. She is a Board Member of HELB Sacco Society she Chairs the Supervisory Committee .</p>
 <p>Ms. Wavinya Mung'ala, MPSRK Manager, Corporate Communication & Customer Experience. (Until 5th May 2023)</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] and also an active member in the Institute of Customer Service [ICS] – Kenya. She served HELB as the Manager, Corporate Communication & Customer Experience, until 5th May 2023, where she left HELB to serve in another corporate world.</p>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Management Team	Key Qualification and Experience
 <p data-bbox="103 712 491 880">Mr. Collins Wenje Ag. Head of Corporate Communication & Customer Experience (From 5th May 2023)</p>	<p data-bbox="528 315 1516 862">Mr. Collins Wenje is passionate about communication and is an enthusiastic customer <i>advocate</i> with over 15 years customer relationship management experience that cuts across banking and public sectors. He previously worked at KCB Bank as Team Leader in charge of Customer Experience & Communication as well as Sales & Marketing Team Leader; He worked with Barclays Bank of Kenya [ABSA] as a credit administrator; and Kenya National Bureau of Statistics as a Research Assistant. He is a holder of MBA [Operations Management] from the UoN; B. Ed [Science] from KU; Advanced Diploma from the Chartered Institute of Public Relations [CIPR-UK]; Diploma in Purchasing & Supplies Management from the Kenya Institute of Management; and is a Certified Public Speaker.</p>

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

4. CHAIRMAN'S STATEMENT



I am pleased to present the performance report for the fiscal year 2022/2023. This comprehensive report encompasses various activities, accomplishments, challenges, and our future vision, all centered around our promise of empowering dreams of the Kenyan youths, a significant segment of our population. Our primary goal is to enrich the pool of talented and competent individuals within the employer/employee domain. The process commences with sourcing funds and extends to the distribution of these resources in the form of loans, bursaries, and scholarships to

Kenyan students. As we progress, we aim to recover outstanding loans, thus creating a sustainable revolving fund to support future generations and continue the journey of *Empowering Dreams*.

Performance and Successes

HELB navigated through an extraordinary financial year, which was impacted by post Covid-19 effects, new waves of Covid-19, inflation increase and the effects of political campaigns due to the August 2022 elections. In this period, HELB provided loans, bursaries, and scholarships amounting to **Kshs. 15.693 Billion** to **370,192 students**. This brought the total funding to **Kshs. 162.714 Billion**, benefiting a student population of **1,382,840** since the organization's inception. Additionally, HELB demonstrated significant growth, with a **10%** increase in the balance sheet and a **7%** rise in revenue. The budget utilization reached 100%, indicating the completion of planned activities, standing at **90%** for the strategic plan. The Operational efficiency index stood at 1:0.07 as at 30th June 2023, meaning that for every Kshs.100.00 awarded to a student, Kshs.7.00 were utilized for operational expenses. These achievements showcase the Board's commitment to its mission and the effective management of its financial and operational aspects during the period. According to the latest National Government's Plan,

"Education is the ultimate means of ensuring an equitable society. Equitable education ensures that every child has a chance to fulfill their potential and rise to the highest level of accomplishment, irrespective of their social background". We at HELB have adopted this as our driving force as we continue to empower dreams of Kenyans by facilitating their education through higher education financing.



HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Challenges Being Faced and the Way forward.

HELB remains steadfast in its commitment to aid post-secondary Kenyan students in their educational pursuits, in accordance with our Strategic Plan. This dedication aligns with the principles stated in Article 43 (f) of the Kenyan constitution and SDG 4, which emphasize the provision of inclusive and equitable quality education for everyone and the promotion of lifelong learning opportunities. Nevertheless, the previous year was marked by an economic slowdown caused by the aftermath of the COVID-19 pandemic and a surge in inflation. The rising cost of living has presented obstacles to the efficacy of the average student loan awarded and its overall impact. Additionally, a growing concern is the disparity between student placement by KUCCPS, the actual loan application, and the loans granted, which hinders our vision of providing universal financing for Kenyan students seeking higher education. Despite these challenges, the board has taken necessary actions to ensure the well-being of staff and other stakeholders, aiming for business continuity amidst the prevailing conditions.

Future Outlook for the organization

As HELB continues to grow and evolve as a prominent brand with a mission of *Empowering Dreams*, we recognize the importance of customer-centered leadership in fulfilling our commitment to the Kenyan citizens. We understand that customers play a vital role in sustaining our revolving fund, and we are dedicated to enhancing both the customer and employee experiences. Emphasizing technology as a key aspect of our operations, we will invest in systems that promote efficiency and value for our customers. To further enhance our journey into the future, we will actively seek strategic partnerships with organizations that share our vision, particularly in sectors offering emerging opportunities for the youth, such as Oil, Gas and Blue Economy. As a lead in higher education financing institution, we understand our significant role in the education sector and are determined to champion the noble cause of empowering dreams by equipping the youth with essential skills and competence. Our mission revolves around providing sustainable finance to Kenyan students pursuing higher education through effective resource mobilization and prudent management of the resources at our disposal, the Board is confident that we can make a substantial contribution to the higher education sector in Kenya, with the New Funding Model ultimately fostering the growth and success of the country's youth. The upcoming new funding model aims to explore diverse funding sources, establish strategic partnerships with stakeholders, and introduce innovative financial mechanisms. These initiatives are geared towards meeting the increasing demands of supporting Kenyan students pursuing higher education. The goal is to develop a resilient and flexible funding framework that aligns with the organization's mission, vision, and long-term objectives during the 2024-2023 planning period.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Corporate governance

HELB's operations are guided by Section 15(1) of the State Corporations Act, the HELB Act CAP 213A, and the Mwongozo Code of Governance for state corporations. In the year under review, the HELB Board of Members actively fulfilled its oversight role, providing strategic direction. Throughout the year, 21 Board meetings were conducted, a combination of both physical and virtual gatherings, adhering to the guidelines set by the Head of Public Service to ensure the smooth functioning of meetings during the COVID-19 pandemic. The board took the initiative to evaluate its own performance, considering the evaluation parameters outlined by the State Corporations Advisory Committee (SCAC). I am proud to report that the average Board performance index over the past five years has consistently exceeded 96%, reflecting the Board's dedication and effectiveness in their roles and responsibilities.

Appreciation

On behalf of the Board of Members, I take this opportunity to express my gratitude to the management and staff for their unwavering dedication and hard work in achieving our set targets and goals, especially during the challenging times of budget cuts and post Covid-19 pandemic effects on loan recovery. We deeply appreciate the continued support and partnership from our esteemed customers, whose trust and loyalty drive our success. Furthermore, I want to acknowledge the valuable support extended to HELB by our Parent Ministry, the Ministry of Education, and The National Treasury. Their collaboration has played a vital role in our efforts to establish a sustainable National Higher Education Revolving Fund. I also want to extend our appreciation to our strategic partners, who have shown confidence in our mission and have been instrumental in ensuring the establishment of a robust financing mechanism for higher education in the country. My heartfelt thanks go out to my fellow Directors, whose commitment and sacrifices have been instrumental in the progress of the organization. It is an honor to serve alongside such dedicated individuals as we work towards fulfilling HELB's mandate. As we approach the final year of our Strategic Plan, the Board remains optimistic and fully committed to achieving our goals, determined to finish strong and make a significant impact. Together, we are driving the organization towards success and the realization of its mission.



RT HON. EKWEE ETHURO
CHAIRMAN OF THE BOARD

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



As I reflect on HELB's accomplishments during the financial year 2022/2023, I feel a deep sense of delight and pride. We began this year fully aware that the HELB 2019-2023 plan was coming to an end. Our primary objective was to achieve the remaining strategic goals and carry forward any pending ones by the end of the strategic period, while also considering the adoption of the new government's manifesto. Beyond the outstanding financial performance results, our corporation remains committed to supporting our communities in fulfilling their dreams. Our focus

remains on mobilizing funds to provide support for vulnerable members of society, enabling them to realize their educational aspirations in line with SDG #4 on *Lifelong learning*. Additionally, we continue our efforts to recover matured loans and create a national revolving fund. The remarkable progress we have made can be attributed to the invaluable support from the Board of Members, top management, the entire staff, strategic partners, stakeholders, and the student community, who are our valued customers. Together, we are making significant strides in empowering dreams and making a positive impact in the lives of those we serve.

Operational Environment

The year 2022/2023 had its own share of challenges. The Kenyan economy experienced a contractual growth of 5.6% growth in 2023, compared to 4.8% in the previous year (2022). However, inflation reduced to 7.3% in 2023, from 7.9% in 2022, which had been primarily driven by food and energy inflation. Despite these economic fluctuations, the fiscal deficit narrowed to 6.3% of GDP in 2022 from 8.2% in 2021. This improvement was attributed to due to improved revenue collection and adherence to the International Monetary Fund-supported fiscal consolidation path. Public debt rose to 70% of GDP from 68% in 2021, driven by higher interest payments and exchange rate depreciation. The current account deficit widened to 6.0% of GDP in 2022 from 5.5% in 2021, driven by the lower trade deficit. As the years progress, economic growth is projected GDP is projected to grow 5.6% in 2023 and 6.0% in 2024, driven by services and household consumption. Inflation is projected to rise to 8.6% in 2023 and 5.9% in 2024, driven by food and energy inflation. Monetary policy is expected to remain tight. The fiscal deficit is expected to narrow to 6.1% of GDP in 2023 and 5.4% in 2024, in line with the fiscal consolidation path. The current account deficit is projected to narrow to 5.2% of GDP in 2023 and 5.0% in 2024, attributable to a recovery in global demand.

The outlook is subject to considerable risks, including the effects of a prolongment of Russia's invasion of Ukraine on commodity prices, tight global financing, drought, and slow global economic recovery.

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

These factors remain as potential downside risks to economic stability. Overall, the economic landscape during 2022/2023 was complex, marked by various challenges at both national and international levels. However, efforts were made to address these issues and steer the economy towards growth and stability.

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

The financial year 2022/2023 marked the culmination of HELB's five-year strategic plan known as HELB Agenda 2019-2023. Throughout these five years, the organization has made significant progress in various areas, resulting in reduced customer pain points, increased brand affinity, growth in students' budget, improved loan recovery, successful resource mobilization, expanded balance sheet, and higher exchequer receipts. Additionally, the deployment of FINTECH in service delivery has contributed to these achievements. A comprehensive review of the plan's implementation, focusing on the four strategic pillars, indicates positive traction and momentum. As of June 30, 2023, **2%** of the planned activities were not done, **11%** had been successfully finalized, **79%** had been completed but continue to have an impact and roll over into subsequent plan periods, while **8%** remained ongoing and in progress. These results demonstrate the organization's dedication to achieving its strategic objectives and ensuring the success of the HELB Agenda 2019-2023



Performance Overview (Empowering Dreams)

HELB's efforts have resulted in the empowerment of more than **1,382,840** students, with disbursements totaling over **Kshs. 162.714 Billion**. In FY2022/2023 **370,192** students benefited with disbursements totaling to **Kshs. 15.693 Billion**. As at June 30, 2023, there were loanee accounts whose principal loan amounting to **Kshs. 36.343 Billion** that had not yet matured for repayment, involving **385,280** loanees. On the other hand, accounts totaling principal loan amounting to **Kshs 126.371 Billion** representing **997,761** loanees, were mature for recovery. Among these mature loans, **771,849** accounts holding **Kshs. 100.155 Billion** were actively repaying their loans, while a total of **137,793** loanees were holding **Kshs. 20.1 Billion** were in default. We extend our appreciation and applause to the **225,912** loanees who have diligently cleared their loans, amounting to **Kshs. 26.216 Billion**. Their responsible actions demonstrate the positive impact of the financial support provided by HELB in empowering students to achieve their educational goals.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Revenue Generation

In the year under review, the total revenues generated from various sources amounted to **Kshs. 16.354Billion**, shortfall of the approved budgeted revenues of **Kshs. 16.777Billion** by **3%**. This was a notable decrease compared to the revenues of **Kshs. 16.990Billion** in the previous year (2022). The exchequer receipts amounted to **Kshs. 11.093Billion**, while the A-I-A (Appropriation-In-Aid) reached **Kshs. 5.258Billion** that includes mobilized alternative funds of **Kshs. 0.766B**. The decrease in loan recoveries significantly affected overall performance. This decline was a result of the successful execution of the 2022 penalty amnesty campaign (#KamilishaMalipoYaHELB) and the in duplum ruling in August 2022.



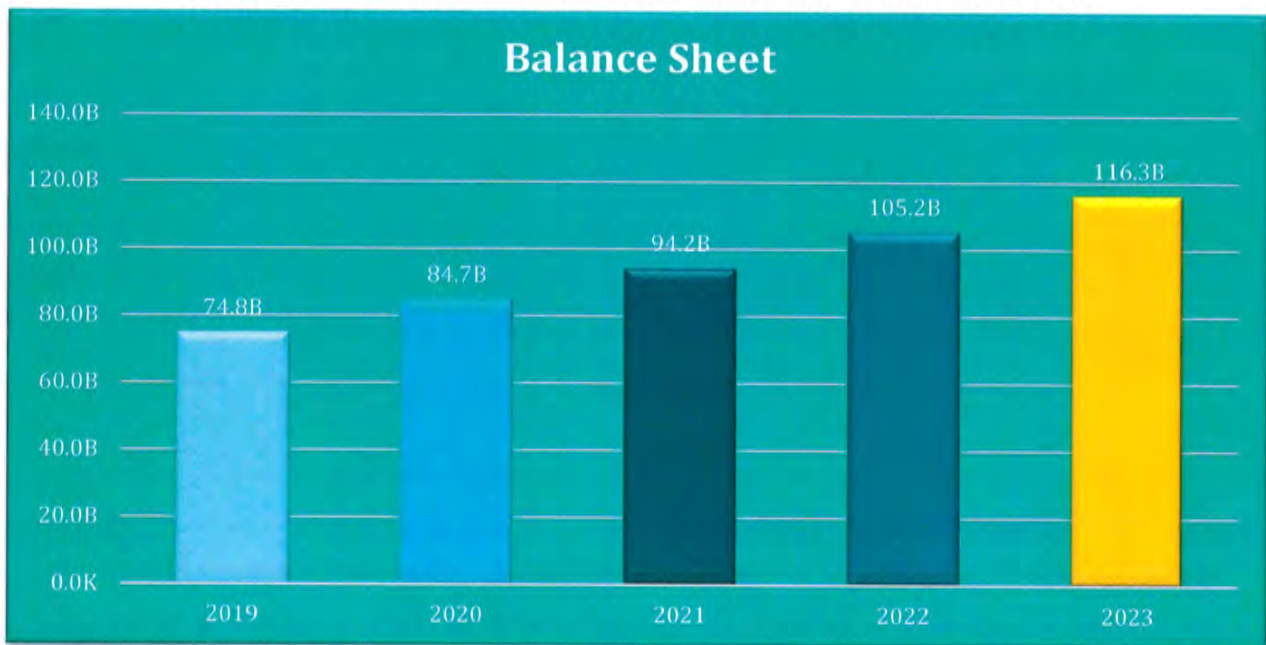
Loans, Bursaries and Scholarship Disbursements

In alignment with SDG #4 on *Lifelong learning*, a total of **15.693 Billion** was disbursed to **370,192** students by June 2023, compared to **Kshs. 14.922Billion** disbursed to **349,826** students in 2022, showing an average increase of **3%**. These disbursements were made in various forms, including loans, bursaries, and scholarships, to support students in pursuing higher education opportunities.

Financial Position

The total balance Sheet grew to **Kshs. 116.317 Billion** by the close of June 2023, an increase from **Kshs. 105.246Billion** in June 2022, representing **11%** growth. This growth was driven by **Kshs. 15.693 Billion** in loans granted to students during the year under review, compared to **Kshs. 14.922B** in the previous period. Additionally, the overall accounting surplus decreased by **355%**, from **Kshs. 632.491Million** to **Kshs. 1.160 Billion**. These financial indicators highlight the organization's effective and sound financial management during the specified period.

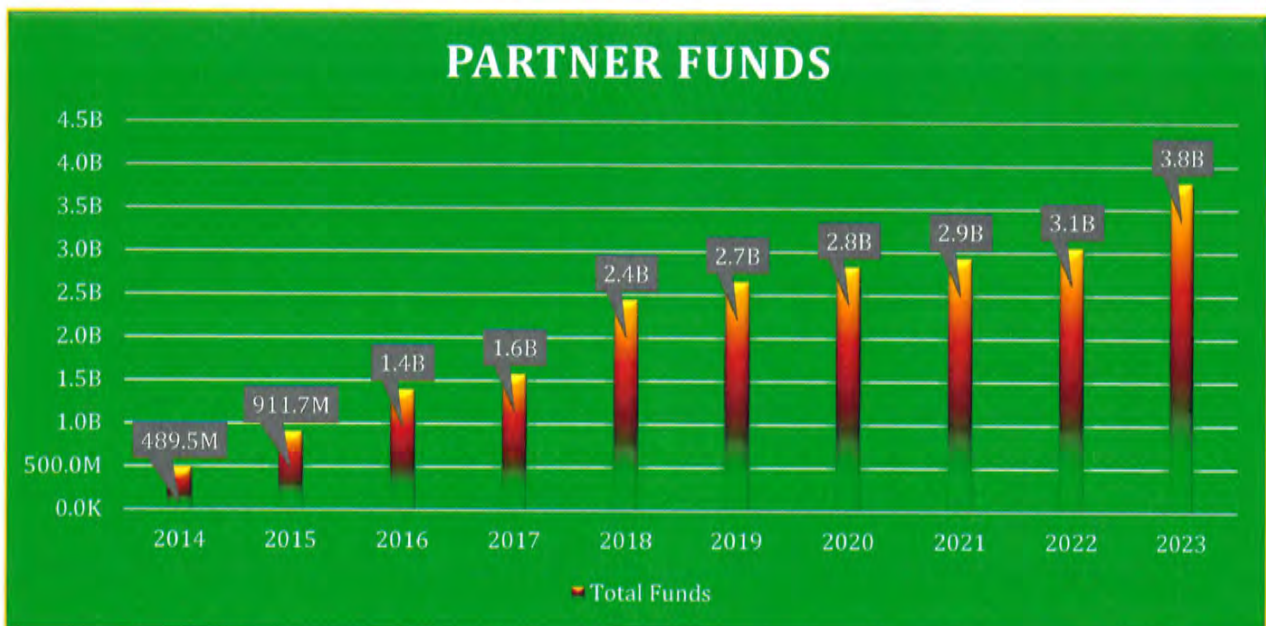
HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023



Efficiencies and cost optimization

Our approach centers around maintaining disciplined operational efficiency, with a primary emphasis on optimizing costs. As of 30 June 2023, the operational cost efficiency index stood at **0.070**. This means that for every Shilling awarded to a student, only **7 cents** were allocated to cover operations and capital expenses. This highlights our commitment to making the most of our resources while ensuring effective and prudent management of funds.

Transformative Partnerships



HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

SDG number 17 pertains to the UN's efforts in crafting a global sustainable development agenda and aims to enhance and rejuvenate the global partnership for sustainable development. For the realization of the HELB Agenda 2019-2023, which aims to create a Self-Sustainable National revolving fund, financial sustainability is of utmost importance. Since 2014, when emphasis was placed on External Resources Mobilization, there has been a consistent growth, culminating in externally mobilized funds reaching **Kshs. 3.8B** by the end of the year 2023. The growth was attributed to onboarding of J & J Foundation, KMTTC Student Financing Scheme, NCPWD Education Grant Scheme and Umoja Wetu Uwezo wetu CBO. This emphasizes the organization's commitment to secure external resources to support its mission and objectives.

Loan Recovery and Establishing a Repayment Culture

In the 2022/2023 fiscal year, HELB achieved loan recovery collections totaling to **Kshs. 4.371Billion**, against an Appropriation- In-Aid (A-I-A) target of **Kshs. 4.800Billion**. This was a result of the ruling of the in duplum rule in August 2022 and the #KamilishaMalipoYaHELB loan recovery campaign that saw most beneficiaries clear their loans. Right from the beginning of its strategic planning, HELB acknowledged the crucial role of aligning disbursements with robust and effective loan collection strategies to efficiently fulfill its mandate. This culture places significant emphasis on the importance of looking out for future generations by establishing and nurturing a consistent, reliable, and dedicated loan repayment culture. The unwavering commitment of responsible loan repayment will play a pivotal role in fostering the long-term success and stability of the educational funding system in Kenya.

Performance of Students Loan Self-Protection Scheme (SLSPS)

HELB's efforts to secure 100% portfolio protection for all students' loan products lead to establishment of the student loans self-protection scheme in 2019/2020. A total of **Kshs 296.905Million** had been deducted as premium against claims' exposure of **Kshs.40.731Billion** covering **959,676** loans and **456,837** loan beneficiaries by the end of June 2023. Total of **29** Claims have been received of which **20** undergoing verification and claims of **Kshs. 0.527Million** has been settled for **6** claimants from the SLSPS kitty.

SLSPS Revenue Generation

In the year under review, the total revenues generated from various sources amounted to **Kshs. 132.285Million**. The premiums receipts amounted to **Kshs. 114.665Million**, short term placement income amounted to **Kshs. 18.148Million**. There is notable increase in the revenue as more loans are onboarded to the self-protection scheme. Additionally, the overall accounting surplus increased by **29%**, from **Kshs. 102.422Million** to **Kshs. 132.285Million**. These financial indicators highlight the scheme effective and sound financial management during the specified period.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

SLSPS Financial Position

The total balance Sheet grew to **Kshs. 329.739Million** by the close of June 2023, an increase from **Kshs. 197.452Million** in June 2022, representing 67% growth. This growth was driven by premiums earned from insured loans.

Performance of Staff Car Loan and Mortgage Scheme (SCL&MS)

HELB in effort to motivate and ensure growth and development established a staff loans and mortgage scheme. The scheme has increased from **Kshs. 346.218Million** achieved in the previous year to **Kshs. 394.516Million** by June 2023.

SCL&MS Revenue Generation

In the year under review, the total revenues generated from interest income amounted to **Kshs. 4.143Million** an increase from previous year of **Kshs. 3.251Million**. Additionally, the overall accounting surplus increased by 27%, from **Kshs. 3.249Million** to **Kshs. 4.141Million**. These financial indicators highlight the scheme effective and sound financial management during the specified period.

SCL&MS Financial Position

The total balance Sheet grew to **Kshs. 394.516Million** by the close of June 2023, an increase from **Kshs. 346.218Million** in June 2022, representing 13% growth. This growth was driven by loan advances in the period of **Kshs. 47.241Million**.

FINTECH Optimization



HELB underwent significant digital transformation and modernization efforts to enhance customer services and improve customer experience. HELB adopted various digital service delivery channels, including CRM systems, the HELB App, USSD (*642#) service, and online portals for different stakeholders. Additionally, the implementation of Electronic Document Management Systems (EDMS) enabled secure record digitization and storage, reducing reliance on physical paperwork, and improving data

management. To support remote working, HELB embraced Virtual Private Network (VPN) and Virtual Desktop Infrastructure (VDI) technologies, allowing employees to work outside the traditional office setting securely. Collaboration tools like Microsoft Teams and Zoom were utilized to enhance

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

communication and teamwork regardless of physical locations. Automation through cloud computing streamlined operations and increased efficiency. The board upgraded its ERP to Microsoft Dynamics 365 Finance and Operations that will provide better financial management and operational control; 2-Tier data center and upgraded network infrastructure to enhance reliability, security, and data accessibility. Clean power backup solutions were implemented to ensure uninterrupted services. Considering the vulnerabilities in cyberspace, HELB implemented Information Security Management Systems (ISMS) to protect systems and data, ensuring secure transactions and networks. Overall, these initiatives have enabled HELB to deliver seamless services to customers while embracing modern technologies and enhancing data security.

Challenges Faced

Financial year 2022/2023 presented unique challenges amid ruling of the in duplum rule in August 2022, Student financing, a strategic target, was negatively impacted. The funding deficit of **300 million** led to ineffectiveness of student funding as well as the gap between student placement by KUCCPS, applications, and funded students continued to grow. Despite increased living costs, the average loan per student remained steady. Domestically, the drought and high cost of living posed a key risk, affecting food security and necessitating more social spending. Kenya's economic performance remained strong, but external challenges increased external financing costs. HELB aims for a reformed, agile, and customer-focused organization, empowering dreams through technology and risk intelligence, creating a great work environment for employees.

Outlook

We envision this period as the last mile of the journey to empower dreams, providing the foundation for the next strategic plan. For the past 28 years, HELB has been dedicated to empowering dreams and serving its stakeholders. To mark the completion of the HELB Agenda 2019-2023, this moment calls for reflection, shifting from merely student financing to impactful financing, prompting a call to action. The new funding model aims to explore diverse funding sources, establish strategic partnerships, and introduce innovative financial mechanisms to meet the growing demands of supporting Kenyan students in higher education. It seeks to create a resilient and flexible funding framework aligned with the organization's mission and long-term objectives for the 2024-2023 planning period; the agenda for sustainable financing initiatives, employing elaborate risk analysis and a framework to achieve 100% of the set activities. The global economic challenges have highlighted the need for a major strategic review of the business processes to adapt and advocate for an increased focus on digital service delivery channels. The strategy centers on customer-centered leadership, seeking to transform not only HELB but also the lives of Kenyans and customers through digital services. The HELB brand refresh is designed

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

to re-position the organization as a brand and engage external stakeholders by proactively sharing HELB success stories on '*empowering dreams*' showcased through the #UnganaNaHELB campaign for new partnerships for resource mobilization. This aims to build a culture of Loanees caring for future generations.

I express my sincere gratitude to The National Treasury, Ministry of Education, Board of Members, Management, Staff, and strategic partners for their funding, support, and initiative in achieving collective performance and creating a sustainable National Education Revolving Fund. Together, we look forward to making a lasting impact in empowering the dreams of the Kenyan youth.



FCCA/CPA CHARLES RINGERA
CHIEF EXECUTIVE OFFICER & BOARD SECRETARY

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY2022/2023

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

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

<ul style="list-style-type: none"> (i) Customer Centred Leadership: <i>"Delivering on the Customer Promise"</i> (ii) Sustainable Financing Initiatives: <i>"Impactful financing of Students through optimal resource mobilization"</i> (iii) FinTech Optimization for Digital service delivery <i>"Deepen, Broaden and Enhance Innovative Technologies that deliver First Class Customer Service"</i> and (iv) Our People, Governance, Risk & Compliance: <i>"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"</i>. 	
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In FY2022/2023 a total of **233 planned activities** were under implementation. The level of implementation of the **233 activities** was at **90%** of which **26 (11%)** activities were finalized, **184(79%)** activities were done and continuously being undertaken, **19(8%)** of them have been partially implemented (in-progress) while **4(2%)** activities were **pending**. The activities categorized as pending are the ones whose planned action for the year did not commence.



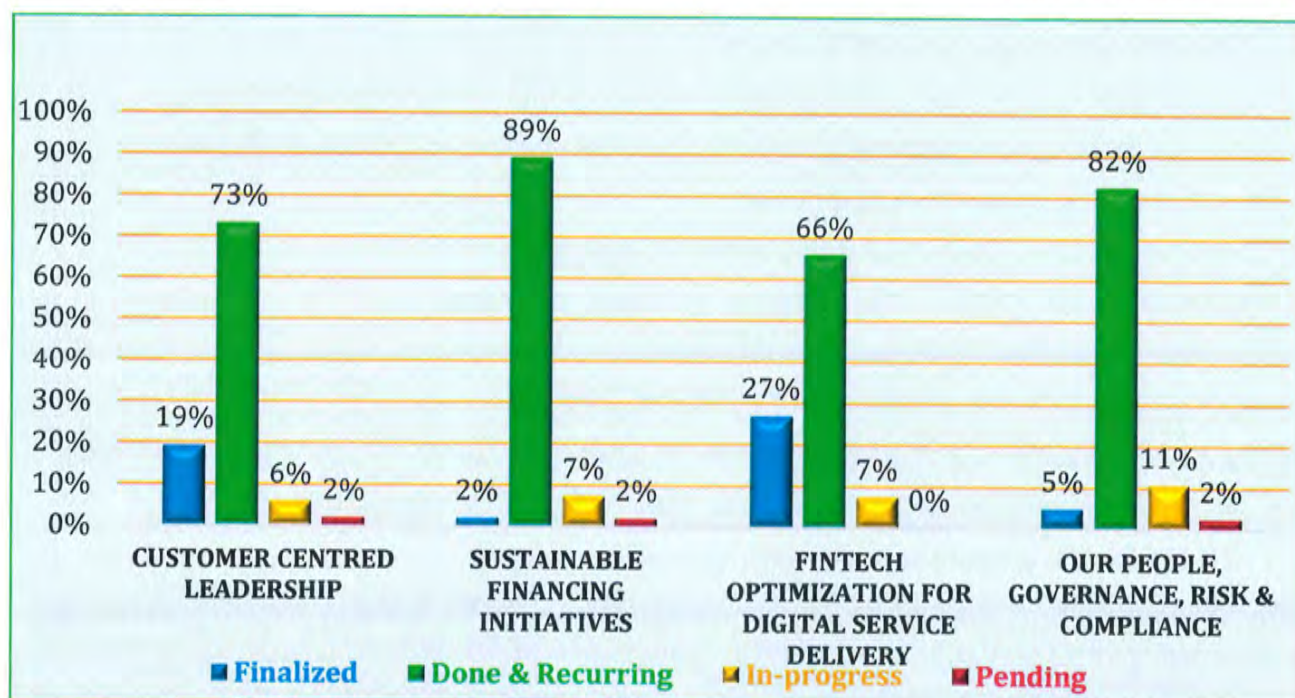
HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

STATUS OF ACTIVITIES	CUSTOMER CENTRED LEADERSHIP	SUSTAINABLE FINANCING INITIATIVES	FINTECH OPTIMIZATION FOR DIGITAL SERVICE DELIVERY	OUR PEOPLE, GOVERNANCE, RISK & COMPLIANCE	TOTAL	%
Finalized	10	1	11	4	26	11%
Done & Recurring	38	49	27	70	184	79%
In-progress	3	4	3	9	19	8%
Pending	1	1	0	2	4	2%
TOTAL	52	55	41	85	233	100%

As at 30th June 2023:

- 11% (26 out of 233) of planned activities had been completed;
- Activities that had been implemented and recur every financial year were 79% (184 out of 233);
- Activities that had been started but were still ongoing were 8% (19 out of 233); while.
- Activities planned for the FY2022/2023 and were yet started are 2% (4 out of 233).

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



HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

7. CORPORATE GOVERNANCE STATEMENT

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

a. Ownership

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

b. Constitution and Appointment of Board of Members

The appointed and removal of the Board Members entirely lies with the Cabinet Secretary for Education except for the Chairman who is appointed by the President. The Board Membership is as follows:

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

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

c) The Board members as of 30th June 2023 were as follows.

No.	Name	Role in the Board	Date of Appointment	Date of Retirement
1	Hon. Ekwere 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	Mrs. Diana Mutisya	Member	05-Dec-22	15-Mar-26
5	Mrs. Rita Wambui Kosgey	Member	20-Sep-18	19-Sep-23
6	Prof. Mike Kuria	Member	10-Oct-22	1-Sep-26
7	Prof. Francis W. O. Aduol	Member	20-Sep-18	19-Aug-23
8	Ms. Cheryl Majiwa	Member	1-Jan-20	31-Dec-25
9	Mr. Charles Maranga	Chairman, FSGPC	15-Feb-21	14-Mar-26
10	Dr. Habil Olaka	Chairman, ARMCC	27-Aug-21	26-Aug-26
11	FCPA Charles M. Ringera	CEO, HELB	1-Mar-19	28-Feb-25

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

d) Responsibility of Board Members

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:

- | | |
|--|---|
| <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> 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 Members

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

The below is individual remuneration: -

Row Labels	Chairman's Honoraria	Telephone Expenses	Sitting Allowances	Grand Total
Charles Onami Maranga			700,000.00	700,000.00
Cheryl Majiwa			680,000.00	680,000.00
David Ekwee Ethuro	960,000.00	84,000.00	820,000.00	1,864,000.00
Diana Mutisya			200,000.00	200,000.00
Dismas Ogot			300,000.00	300,000.00
Francis Aduol			320,000.00	320,000.00
Habil Olaka			320,000.00	320,000.00
Jacqueline Mugo			520,000.00	520,000.00
Mike Kuria			220,000.00	220,000.00
Mumo Kisau			560,000.00	560,000.00
Mwenda Ntarangwi			100,000.00	100,000.00
Wambui Kosgey			320,000.00	320,000.00
Grand Total	960,000.00	84,000.00	5,060,000.00	6,104,000.00

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.

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

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 Members 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 2022/2023.

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

h) Separation of role of Chairman from Chief Executive Officer

The Chairman is responsible for managing the Board and providing strategic leadership to the organization. The Chief Executive Officer is responsible for implementation of the policies and strategies approved by the Board.

i) Conflict of Interest

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

j) Board Performance and Evaluation

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

k) Succession Plan

The planning and management of the Board members succession plan entirely lies with the Cabinet Secretary for Education and the President for the Chairman. The Board members are appointed on staggered Board appointment approach.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

BOARD AND BOARD COMMITTEES' MEETINGS ATTENDANCE 2022/2023

Loans Disbursement and Recovery Committee

Row Labels	12th July 2022	11th October 2022	20th January 2023	12th April 2023	22nd June 2023	Grand Total
Mrs. Jacqueline Mugo	√	√	√	√	√	5/5
Mr. Dismas Ogot	√	√	**	**	**	2/5
Mrs. Diana Mutisya	**	**	√	A	√	2/5
Mrs. Rita Wambui Kosgey	√	√	√	√	√	5/5
Prof. Francis W. O. Aduol	√	√	√	√	√	5/5
Prof. Mumo Kisau	√	√	√	√	√	5/5
Mr. Charles Ringera (CEO)	√	√	√	√	√	5/5

Finance, Staff & General-Purpose Committee

Row Labels	12th July 2022	12th October 2022	12th January 2023	24th Jan 2023	12th April 2023	20th June 2023	Grand Total
Mr. Charles Maranga	√	√	√	√	√	√	6/6
Mrs. Rita Wambui Kosgey	√	√	A	√	√	A	4/6
Ms. Cheryl Majiwa	√	√	√	√	√	√	6/6
Prof. Francis W. O. Aduol	√	√	√	√	√	A	5/6
Prof. Mumo Kisau	√	√	√	√	√	√	6/6
Mr. Charles Ringera (CEO)	√	√	√	√	√	√	6/6

Audit, Risk Management and Compliance Committee

Row Labels	13th July 2022	15th September 2022	19th October 2022	24th January 2023	11th April 2023	22nd June 2023	Grand Total
Dr. Habil Olaka	√	√	√	√	√	√	6/6
Mr. Dismas Ogot	√	√	√	√	**	**	3/6
Mrs. Diana Mutisya	**	**	**	**	√	√	3/6
Mrs. Jacqueline Mugo	√	√	√	√	√	√	6/6
Ms. Cheryl Majiwa	√	√	√	√	√	√	6/6
Mwenda Ntarangwi	√	**	**	**	**	**	1/6
Prof. Mike Kuria	**	**	**	√	√	√	4/6
Mr. Charles Ringera (CEO)	√	√	√	√	√	√	6/6

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Full-Board Meetings Attendance

Row Labels	28th July 2022	27th October 2022	30th January 2023	26th April 2023	27th June 2023	Grand Total
Hon. Ekwee Ethuro	√	√	√	√	√	5/5
Mr. Dismas Ogot	√	√	**	**	**	2/5
Dr. Habil Olaka	√	√	√	√	√	5/5
Mr. Charles Maranga	√	√	√	√	√	5/5
Mrs. Diana Mutisya	**	**	√	√	√	3/5
Mrs. Jacqueline Mugo	√	√	√	√	√	5/5
Mrs. Rita Wambui Kosgey	√	√	√	A	√	4/5
Ms. Cheryl Majiwa	√	√	√	√	√	5/5
Prof. Mwenda Ntarangwi	√	**	**	**	**	1/5
Prof. Francis W. O. Aduol	A	√	√	A	√	3/5
Prof. Mike Kuria	**	**	√	√	√	3/5
Prof. Mumo Kisau	√	√	√	√	√	5/5
Mr. Charles Ringera CEO	√	√	√	√	√	5/5

KEY - √ Present

A - Apology

** Not Member at the time

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

l) The Management Team

Members of the management team are appointed by the Board through a competitive recruitment process. The membership consists of the CEO, the Chiefs of various functions and Managers as per the HELB's establishment. In the year 2022/2023 the management team was as disclosed on page (xiii-xvii).

m) Risk Management

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

n) Conduct of Business and Performance Reporting

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

o) Compliance with Laws

As at the end of the financial year 2022/2023, the Board was satisfied that to the best of its knowledge, the organization complied with all applicable laws and that business was conducted in accordance with the set laws and regulations. No Board member or employee acted or committed any indictable offence under the Anti-Corruption laws nor has any Board member or employee been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws. The requirements of the Mwongozo guidelines were complied with. The Board members are updated on changes in laws and regulations, policies, and practices through facilitation to attend relevant seminars and conferences for effective and efficient management of the Board.

p) Ethics and Code of Conduct

HELB Board members and employees are expected to act with integrity, courtesy, and equity in all their dealings with each other and with all our stakeholders as guided by HELB code of conduct. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code of Conduct sets out clear behavioural requirements and where

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

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

q) Whistle blowing

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

r) Engagement with stakeholders

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

s) Procurement policy and any legal challenges

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

t) IT Governance

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

u) Governance Audit

In the FY 2022/2023 HELB carried out a governance audit to assess the adequacy and effectiveness of the systems, policies, processes and practices of an organisation. The outcome was good.

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

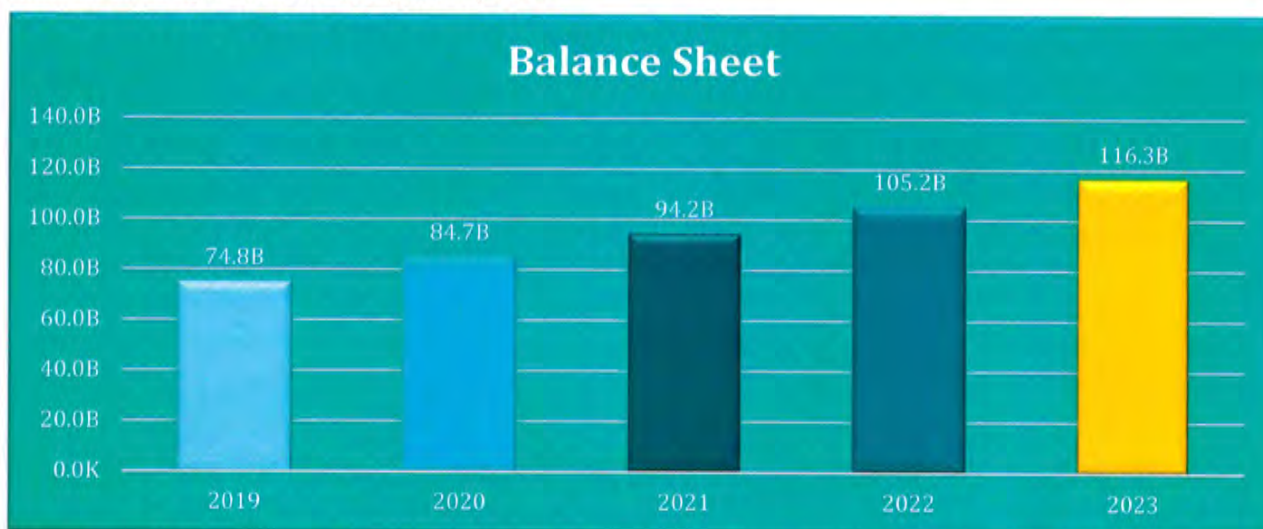
8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

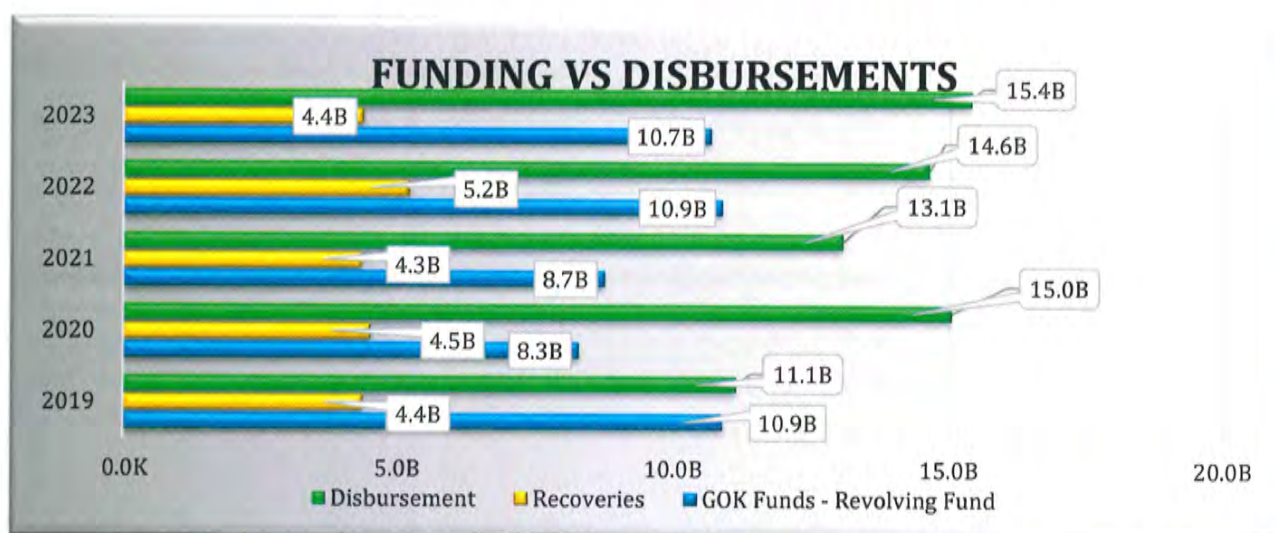
OPERATIONAL AND FINANCIAL PERFORMANCE OF THE ORGANISATION

The Board's assets as at 30th June 2023, grew by **10%** from **KShs 105.246 Billion** in June 2022 to **KShs 115.629 Billion**. In the same period, HELB awarded students loans amounting to **KShs 15.455 Billion** and recovered a total of **KShs. 4.371 Billion** from past beneficiaries. HELB received a total of **KShs. 766.561 Million** from other higher education financing partners. HELB also received funds from the exchequer totalling to **KShs. 11.094 Billion**.

Balance Sheet growth for the past 5 years



Loan Disbursements and Recoveries for the period 2019 to 2023



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

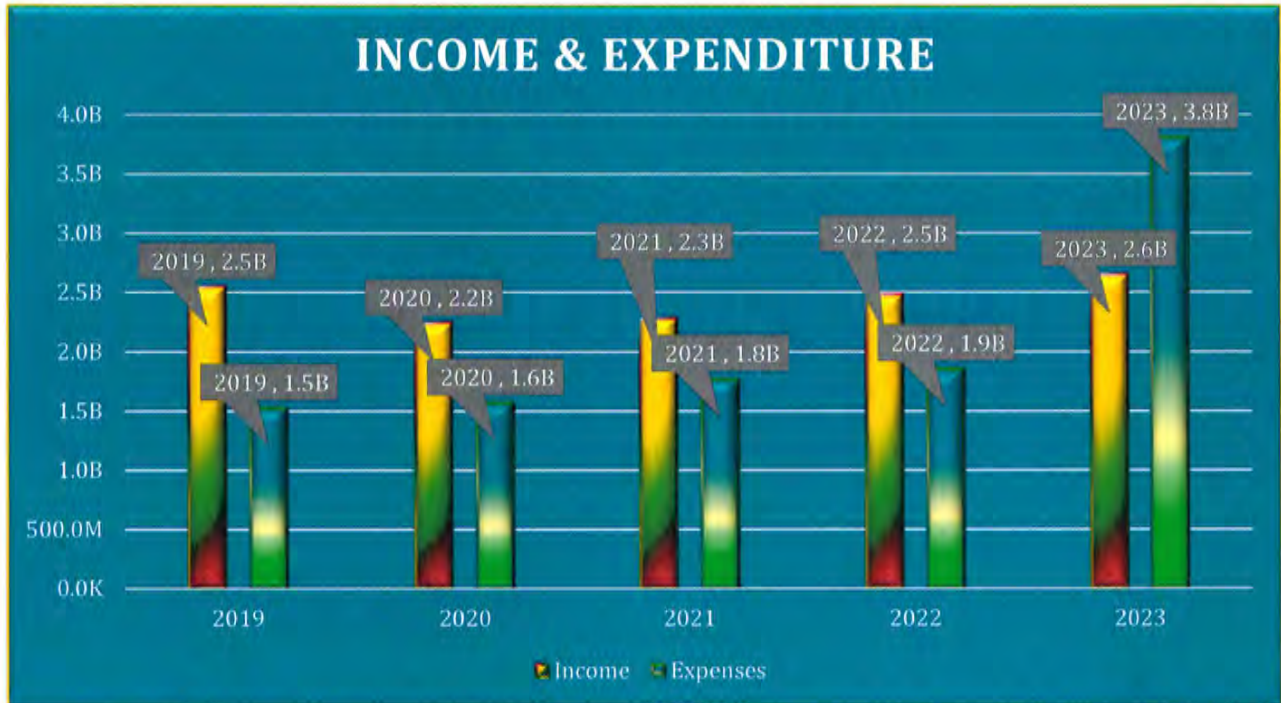
HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

Incomes and Expenditure for the period 2022/2023

The operational income received for the FY 2022/2023 is **KShs. 2.647 Billion** while the expenditure stood at **KShs. 3.808 Billion**, resulting to an accounting deficit of **KShs. 1.160 Billion**.

The total expenditure includes **Kshs. 1.473 Billion** for operating expenses and **Kshs. 2.334 Million** resulting from the increase in provision for bad and doubtful debt and principal loan adjustment for in duplum rule.



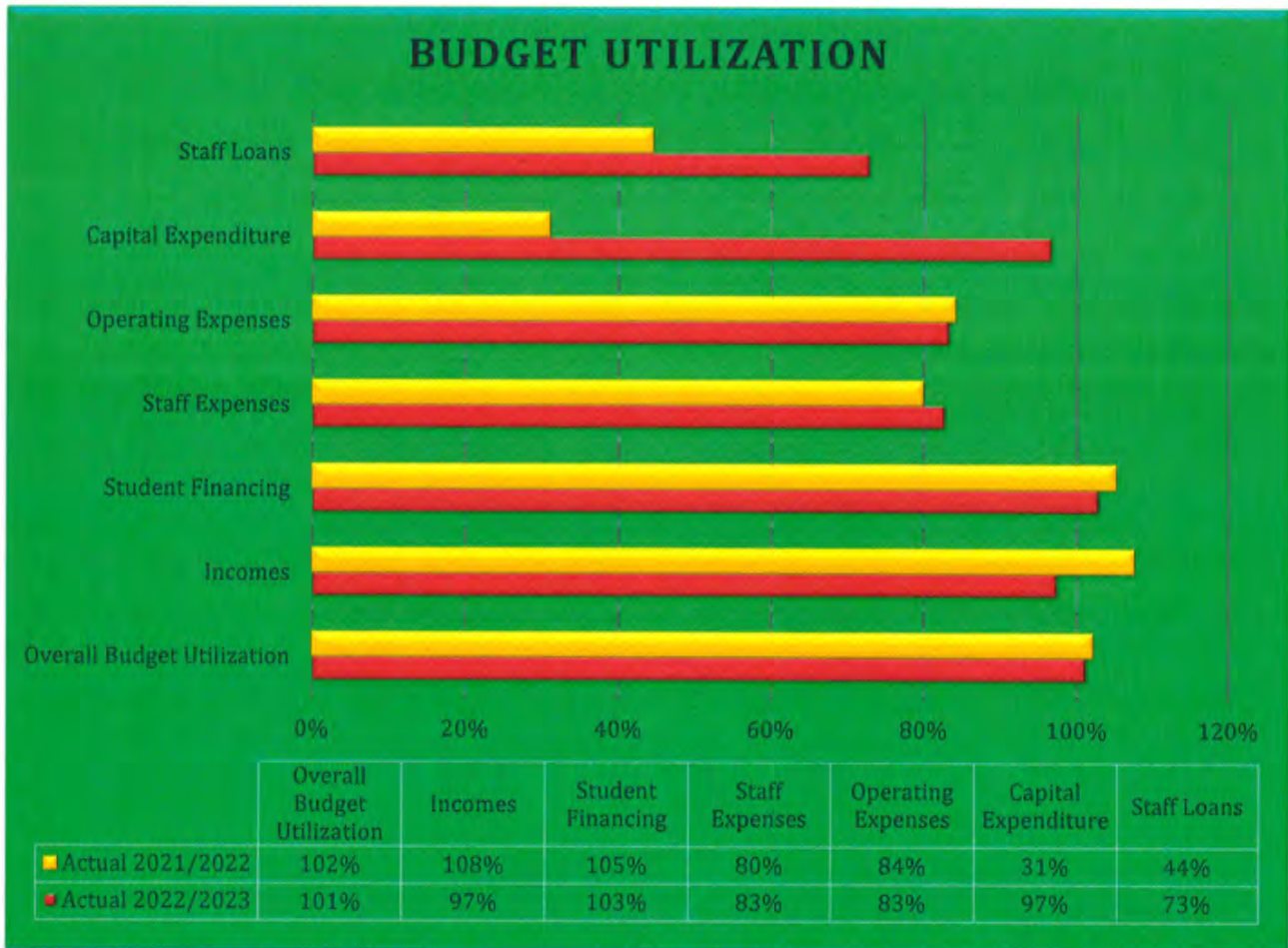
Budget Utilization

HELB requested for an allocation of **Kshs. 27.478 Billion** from the Exchequer, compared to the approved capitation of **Kshs. 15.819 Billion** for the year 2022-2023 of which **Kshs. 11.094 Billion** to be received from The National Treasury and **Kshs. 4.726 Billion** as AIA. Lack of increased exchequer funding in line with the budgeted targets and KUCCPS placement has affected the percentage of number of awards vis-a-vis expected awards

The total incomes received during the period was **Kshs.16.354 Billion** while the expenditure incurred was **Kshs.16.978 Billion** resulting into a budget deficit of **Kshs. 623.823 Million**. The budget deficit is due to student loans committed yet to be disbursed. The budget utilization was at **101%** of the annual budget. There has been an upward growth in all the activities of the Board.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

	Actual Year to date	Budget whole year	Usage % D/E	Actual year to date	Budget whole year	Usage % I/K
1 Sources of finance						
1.1 GOK capitation	11,093,598,080	11,093,598,080	100%	11,304,248,542	11,304,248,542	100%
1.2 Alternative funds	766,461,297	672,048,396	114%	132,897,729	250,000,000	53%
1.3 Loan Recovery	4,374,060,135	4,800,000,000	91%	5,217,693,961	3,986,875,108	131%
1.4 Interest income	14,284,894	24,000,000	60%	44,392,059	75,832,392	59%
1.5 Miscellaneous Income	105,377,789	187,202,500	56%	290,983,053	187,292,500	155%
Total finances	16,353,782,195	16,776,848,976	97%	16,990,215,345	15,804,248,542	108%
2 Recurrent expenses						
2.1 Student financing	15,693,357,014	15,248,725,275	103%	14,922,000,391	14,197,806,457	105%
2.2 Staff expenses	590,568,324	713,703,630	83%	567,468,822	710,427,196	80%
2.3 Operating expenses	485,994,275	582,935,071	83%	558,493,638	664,279,688	84%
Total recurrent exp.	16,769,919,613	16,545,363,976	101%	16,047,962,851	15,572,513,342	103%
3 Capital & staff loans						
3.1 Capital expenditure	158,075,652	163,485,000	97%	42,441,595	136,735,200	31%
3.2 Staff loans	49,610,755	68,000,000	73%	42,247,561	95,000,000	44%
Total Cap. & Staff loan	207,686,407	231,485,000	90%	84,689,156	231,735,200	37%
Total expenditure	16,977,606,020	16,776,848,977	101%	16,132,652,007	15,804,248,542	102%
Surplus / (Deficit)	-623,823,824	-1	0%	857,563,337	0	0%



SECTION B

Key Projects and Investment Decisions Being Planned/Implemented.

HELB commenced the upgrading of Microsoft dynamics AX system to improve the efficiency on service delivery and the digitization of all its records in the previous financial year and is working towards full implementation of the adopted Electronic Data Management System (EDMS) which will be financed through Appropriation in Aid (AIA). In the year under review, HELB launched the ERP Upgrade project from AX Dynamics 2012 to Dynamics 365 Finance and Operations which is expected to improve efficiency in services. HELB also initiated the upgrade of the student's portal to accommodate the new funding model and improved its current operating system AX Dynamics 2012 to facilitate processing of the NFM and second and subsequent applications.

SECTION C

Compliance with statutory requirements

HELB had no non-compliance issue raised by either internal or external audits, all statutory compliance and requirements have been complied with. HELB was able to meet its statutory obligations during the year under review remitting **KShs. 118.4 Billion** as P.A.Y.E, **KShs. 6.74 Million** as VAT Withholding and **KShs. 5.12 Million** as Withholding tax to the Kenya Revenue Authority in tax payments, **KShs. 5.03 Million** to the NHIF, **KShs. 2.28 Million** to HELB, **KShs. 4.03 Million** to the NSSF and **KShs. 74.50 Million** to HELB Staff Retirement Benefits Scheme.

SECTION D

Enterprise Risk Management

Risk is an integral component of HELB's operations, and our ability to effectively manage risks serves as a foundational catalyst for the realization of our strategic objectives. The core of our risk management strategy centres around customer-centric leadership and the facilitation of sustained financing.

Major Risks and Management Approach.

In our continuous pursuit of effective risk management, we have assessed and addressed key organizational risks during the current year. These risks, although interrelated, have been strategically managed to safeguard HELB's stability and reputation while facilitating our mission:

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023



Management of Key Risks

HELB has had key risk drivers that affect the achievement of objectives in the year 2022-2023. It is important to note that these risk drivers are not to be seen in isolation.

i. Liquidity Risk

Liquidity risk, encompassing the ability to meet contractual obligations and support assets, is vital for operational stability. Monitoring liquidity risk involves analysing Liquidity and Obligations Ratio limits, funding concentration, and funding analysis. A Contingency Funding Plan is in place to ensure preparedness for varying scenarios.

ii. Reputational Risk

Reputation risk, stemming from actions, transactions, or events that challenge trust in HELB's integrity and competence, requires consistent vigilance. Differences between stakeholders' perceptions and our actual activities can trigger reputation risk. To preserve our esteemed reputation, we actively monitor and address reputational risks. Continuous media surveillance and a structured framework guide our risk identification, measurement, management, and reporting efforts.

iii. Credit Risk

Credit risk, the potential for borrowers to default on their obligations, stands as a pivotal consideration due to its impact on HELB's asset portfolio. Vigilant management of credit risk aligns with our Credit Policy and overarching governing documents. Our aim is to ensure adherence to policies and strategic directives. Robust credit review processes vigilantly monitor, mitigate, and report any adverse signs associated with borrowers.

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

iv. Technological Risk

With the upgrade of our ERP system and the implementation of the new funding model, we face new technological risks. These include potential disruptions during system migration and data integration, cybersecurity vulnerabilities associated with the new model's digital platforms, and adaptability challenges for staff and customers. To mitigate these risks, we have conducted extensive testing and training for the ERP system, implemented robust cybersecurity measures, and established support mechanisms for staff and customers transitioning to the new model.

v. Operational Risk

The implementation of the upgraded Enterprise Resource Programme (ERP), potentially impact loan disbursement accuracy. Ensuring data quality on the loan book is crucial for informed decision-making and financial accuracy. Through the Risk and Control Self-Assessment process, we address these operational challenges by identifying, assessing, and mitigating gaps in internal controls that manage these risks.

vi. Emerging Risks: Sustainability Risks

Climate change's rising prominence demands assessment of its impact on the financial sector. HELB's sustainability policy integrates climate-related risks into our Enterprise Risk Management framework. This proactive approach enhances our understanding of environmental risks and opportunities in our portfolios, aligning with forward-looking analysis.

In conclusion, our risk management approach is embedded in HELB's core values and operational structure. By addressing these key risks proactively, we uphold our commitment to stakeholders and enhance the organization's resilience in an ever-evolving landscape.

While most of these challenges are now behind us, they do not spell the end to the impediments the business shall encounter, now or in the future. The Board guides and works with management in ensuring that not only are the potential risks to the business and the accompanying mitigants accurately identified and mapped, but that there is a sound process to identify and assess the efficacy of those mitigation mechanisms. These systems and processes affect HELB's performance on the other ESG factors, ultimately affecting its sustainability and creation of value.

Our approach to enterprise risk management stems from our belief that the Board is an important source of advice to management, equally executing its oversight role over management on behalf of the key stakeholders.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

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 June 30, 2023

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Organization's strategy and profile

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

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

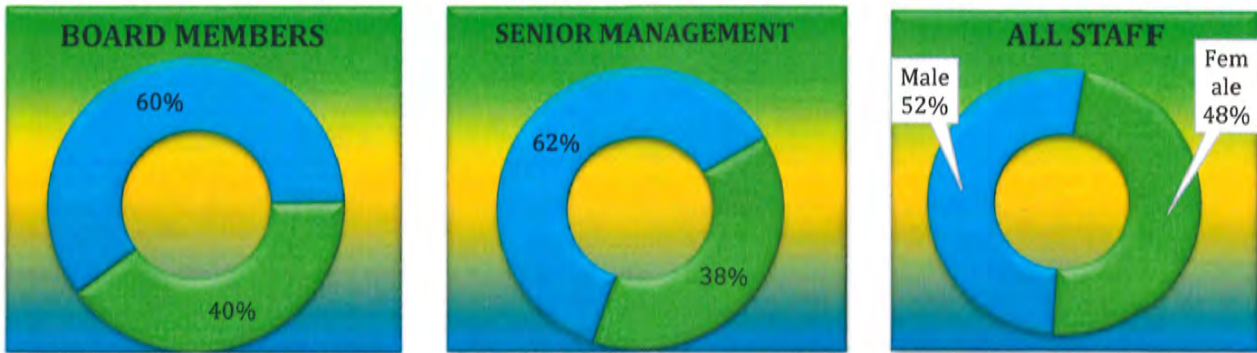
ii) Employee Welfare

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

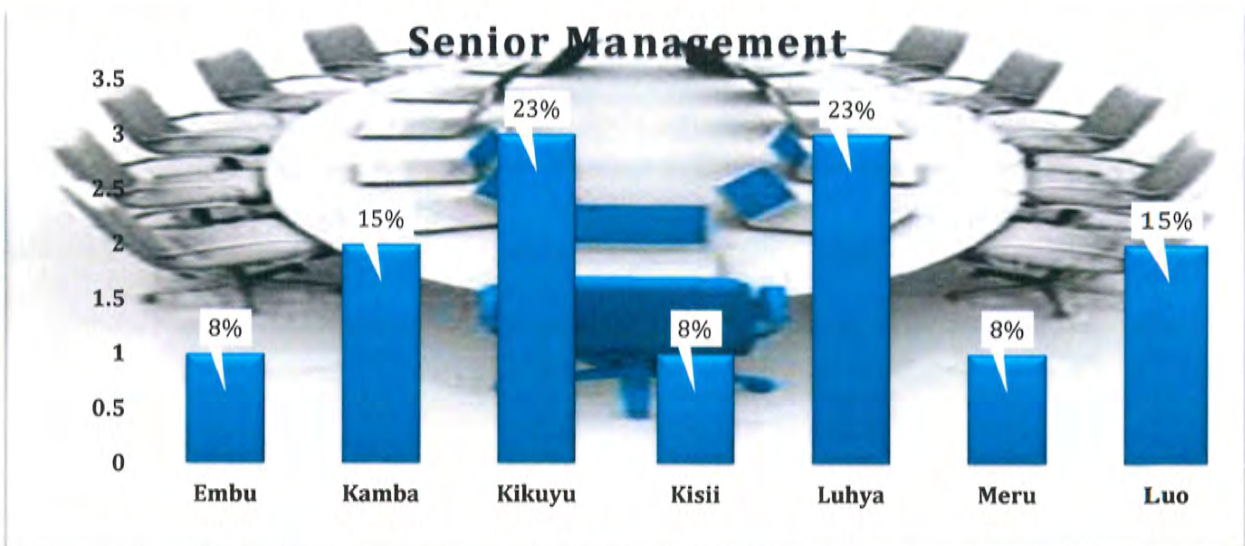
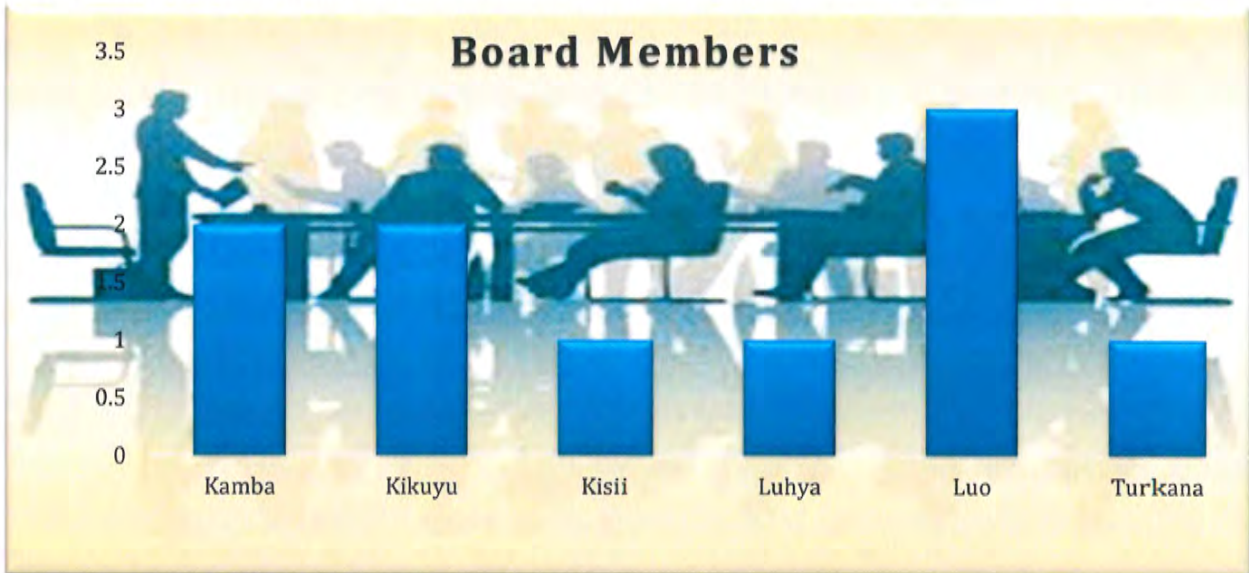
HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

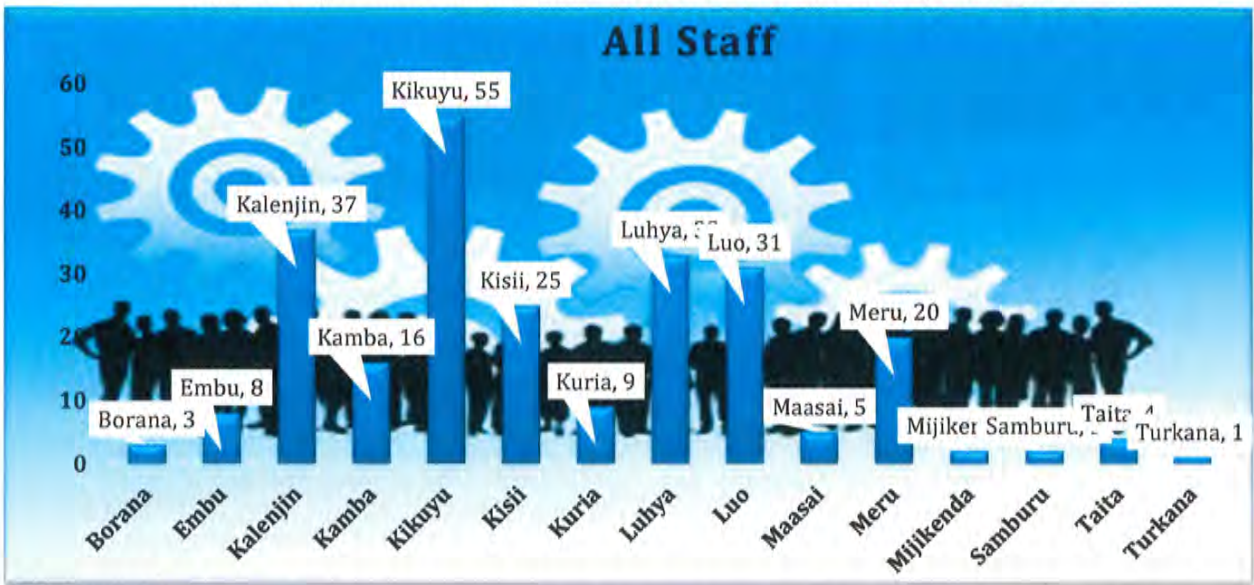
Gender Composition



DIVERSITY OF BOARD, SENIOR MANAGEMENT AND ALL STAFF



HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023



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

Talent Management

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

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023
Learning and Development Model



iii) Market place practices

a) Responsible competition practice

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

The organization established and operationalized Corruption Prevention Committee which is charged with the responsibility of implementing measures emanating from the organization's Corruption Risk Mitigation Plan, review of Corruption Risk Mitigation Plan and submission of corruption-related quarterly reports to the Ethics and Anti-Corruption Commission (EACC). The annual score on Corruption Prevention measures for FY 2022-2023 was 98%.

HELB also ensures adherence to the National Cohesion and Values requirements by ensuring the organization adheres with the provisions of Article 10 of the Constitution through civic education, training and sensitization on National Values and Principles of Governance. The score on National Cohesion and Values was 100% for the FY 2022-2023.

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

b) Responsible supply chain and supplier relations

HELB has maintained good business practices with suppliers and/or service providers. As at 30th June 2023, there were no pending supplier bills, no blacklisting by a supplier or service provider due to late or non-payment or long outstanding bills. HELB also conducted an AGPO sensitization on 23rd June 2023. In the FY 2022-2023, AGPO groups were pre-qualified and a total tender award of **KShs .69.375 million** was realized.

c) Responsible marketing and advertisement

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

d) Product stewardship

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023
Corporate Social Responsibility/Community Engagements

HELB takes part in Corporate Social Investment (CSI) activities as well as Environmental Conservation and Forest Restoration activities. HELB CSI activities are anchored on Education, Health and Environment pillars. 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 five activities for the year 2022-2023.

Key activities of the year

Date	Activity	Pillar	Venue
30 th July 2022	2nd Lifelong Deep Walk	Environment	Karura Forest
30 th October 2022	Stan Chart Marathon	Health	Uhuru Gardens
November 2022	World Day of Remembrance	Health	Nairobi
2 nd June 2023	Tree planting	Environment	Statehouse Girls
3 rd June 2023	Mater Heart Run	Health	Nairobi

2nd Lifelong Deep Walk

20 HELB staff participated in the 2nd Lifelong Deep Walk held on 30th July 2023 in Karura Forest. The activity brought together people from various institutions to appreciate the importance of environmental conservation, taking part in activities such as nature walk, cycling, running, among other activities geared towards promotion of mental health.

StanChart Marathon

HELB participated in the 19th Edition of the Standard Chartered Marathon which took place on 30th October 2022 at the Uhuru Gardens in Nairobi. **100** HELB staff participated in the event at a cost of **Kshs.270,000**. During the event, **25,000** tree seedlings were distributed to all participants, **500** of which were planted by HELB staff at the Lenana School. The funds raised towards the marathon are channelled to the Standard Chartered Future Makers program, a global initiative to tackle inequality by promoting greater economic inclusion by supporting disadvantaged people. HELB participated by:

- Planting at least 500 trees issued by the StanChart Marathon Secretariat thereby contributing to re-afforestation and climate change mitigation that is anchored on the environmental pillar.
- Contributing funds, through sponsorship, towards supporting People with Disabilities, as well as road safety contribution.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023



World Day of Remembrance

HELB participated in the World Day of Remembrance for road traffic victims (WDoR). The day is dedicated to remembering the many millions killed or injured in road crashes and their families and communities, as well as to pay tribute to the dedicated emergency crews, police and medical professionals who daily deal with the traumatic aftermath of road death and injury. It is commemorated world-wide every year on the third Sunday of November and is also used to advocate for road traffic injury prevention.

HELB donated assistive devices for People With Disabilities in line with the Sustainable Development Goals (SDG's) 10 (reduced inequalities especially for people with disabilities) and 11.2 (Access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, with special attention to persons with disabilities and older persons). Among the donated assistive devices were Wheelchairs, Foldable White Canes, Adjustable Elbow Clutches, Back Corsets, Walking Frames; and Lollipop Signs to be used by the Traffic Marshals to reduce road traffic accidents.



HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

Tree Planting: Statehouse Girls



HELB conducted a tree planting exercise at Statehouse Girls on 2nd June 2023. The activity brought to life **2,000** new trees at the school. HELB has cumulatively planted over **4,000** trees in the school. This effort is geared towards environmental conservation and is aligned to the Government's agenda of growing at least **200 million** trees in the next **10 years**.

Mater Heart Run

The 2023 Mater Heart Run marathon was held on 3rd June 2023 and attracted the participation of **100** HELB staff. Mater Heart Run aligns to the Health Pillar and is aimed to cater for children from economically disadvantaged backgrounds and have no recourse to quality Medicare with regards to heart related conditions.



HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

Challenges in implementing CSI activities.

- **Budget constraints:** A number of CSI activities may not be as impactful and sustainable as intended due to inadequate budget.
- Low survival rate for trees planted in adopted spaces within forests such as Ngong' and Chemususu. This is due to lack of personnel to take care of the planted trees.

Mitigation Measures.

- Enhanced resource mobilization and partnerships with other stakeholders to ensure the CSI activities are more sustainable.
- Partnership with Higher Learning Institutions (Universities and TVET colleges) in tree planting activities to ensure higher survival rates.

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

Students Loans, Bursary and Scholarship Awards Accountability Statement

Row Labels	Loan		Bursary		Scholarship		Total Sum of Amount	
	Awards	Amount	Awards	Amount	Awards	Amount	Total Awards	Total Amount
BARINGO	5799	232,129,770	411	2,385,000	5	946,000	6215	235,460,770
BOMET	14536	566,966,291	857	4,920,000	5	960,091	15398	572,846,382
BUNGOMA	20547	798,522,920	1375	7,761,000	8	852,000	21930	807,135,920
BUSIA	10440	399,717,140	809	4,469,000	7	844,000	11256	405,030,140
ELGEYO-MARAKWET	4803	191,056,266	349	1,914,000	3	687,000	5155	193,657,266
EMBU	4994	195,846,211	361	2,066,000	6	951,000	5361	198,863,211
GARISSA	70	3,801,700	43	303,000	4	537,000	117	4,641,700
HOMA BAY	19189	787,360,635	1955	11,795,000	12	1,283,257	21156	800,438,892
ISOLO	359	18,493,400	233	1,503,000	2	74,000	594	20,070,400
KAJIADO	2960	123,225,870	220	1,383,000	5	741,000	3185	125,349,870
KAKAMEGA	22354	875,554,500	1563	8,887,000	5	924,000	23922	885,365,500
KERICHO	12486	491,999,840	744	4,194,000	8	1,187,000	13238	497,380,840
KIAMBU	10939	451,348,394	695	4,238,000	5	338,000	11639	455,924,394
KILIFI	5245	298,926,650	3521	25,524,000	3	687,000	8769	325,137,650
KIRINYAGA	4778	190,746,800	273	1,616,000	7	854,000	5058	193,216,800
KISII	19430	791,150,055	1107	6,836,000	13	1,056,000	20550	799,042,055
KISUMU	13528	556,558,665	1356	8,220,000	11	1,216,100	14895	565,994,765
KITUI	10818	442,726,375	882	5,159,000	11	1,608,100	11711	449,493,475
KWALE	2000	112,343,750	1198	8,477,000	2	227,000	3200	121,047,750
LAIKIPIA	3676	145,191,797	246	1,527,000	4	779,000	3926	147,497,797
LAMU	339	18,334,700	181	1,328,000	2	200,000	522	19,862,700
MACHAKOS	9528	398,399,637	682	4,222,000	12	1,256,490	10222	403,878,127
MAKUENI	11365	473,312,150	724	4,571,000	4	1,137,000	12093	479,020,150
MANDERA	64	3,162,300	27	189,000	7	1,051,000	98	4,402,300
MARSABIT	538	29,138,200	320	2,163,000	5	914,000	863	32,215,200
MERU	14399	540,115,070	1038	5,816,000	6	788,000	15443	546,719,070
MIGORI	12169	489,157,341	1145	6,837,000	9	1,094,829	13323	497,089,374
MOMBASA	2742	120,012,567	212	1,238,000	3	356,000	2957	121,606,567
MURANG'A	8365	339,888,135	448	2,770,000	6	798,000	8819	343,456,135
NAIROBI	13538	574,731,472	766	5,023,000	15	1,562,000	14319	581,316,472
NAKURU	16082	652,868,450	967	5,883,000	8	1,044,000	17057	659,795,450
NANDI	9786	384,544,700	675	3,707,000	8	954,000	10469	389,205,700
NAROK	5896	326,554,200	3948	28,441,000	4	128,000	9848	355,123,200
NYAMIRA	11258	449,497,110	627	3,937,000	4	724,000	11889	454,158,110
NYANDARUA	5709	227,696,853	303	1,828,000	5	780,000	6017	230,304,853
NYERI	7474	302,040,280	558	3,343,000	6	1,023,785	8038	306,407,065
SAMBURU	794	46,381,869	551	4,047,000	11	1,105,000	1356	51,533,869
SIAYA	13498	551,137,870	1496	8,892,000	15	1,743,765	15009	561,773,635
TAITA-TAVETA	2208	109,086,500	1077	7,652,000	3	437,000	3288	117,175,500
TANA RIVER	411	20,587,550	257	1,699,000	4	887,000	672	23,173,550
THARAKA-NITHI	5325	204,809,100	399	2,273,000	2	487,000	5726	207,569,100
TRANS NZOIA	9463	382,601,820	730	4,306,000	5	985,739	10198	387,893,559
TURKANA	1118	60,160,800	704	4,684,000	5	588,000	1827	65,432,800
UASIN GISHU	9892	395,985,550	656	3,754,000	7	914,000	10555	400,653,550
VIHIGA	6404	256,723,670	539	3,078,000	4	643,000	6947	260,444,670
WAJIR	56	3,229,400	25	181,000	2	650,000	83	4,060,400
WEST POKOT	2529	136,021,650	1582	11,194,000	3	264,000	4114	147,479,650
Grand Total	369901	15,169,845,973	38835	246,233,000	291	39,267,156	409027	15,455,346,333

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

10. REPORT OF THE DIRECTORS

We the Board of HELB submit the Annual report together with the financial statements for the year ended June 30, 2023, which show the state of the Board's affairs.

i) Principal activities

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

ii) Results

The Financial results of HELB for the year ended June 30, 2023, are set out on pages 1-5.

iii) Board Members

The Board Members who served during the year are shown on page viii-xii. During the year one Board Member Mr. Dismus Ogot was replaced by Mrs. Diana Mutisya with effect from 5th December 2022a and Prof Ntarangwi was replaced by Prof. Mike Kuria 10th October 2022.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, the accounting deficit for the year 2022/2023 of **KShs. 1,159,944,480** has been deducted from the accumulated surplus. This has been caused by the implementation of the In duplum rule as per the ruling by High court of Kenya in the year 2022 on charging of interest on a loan. Some interest which had already been recognize had to be waived to comply with the in duplum rule.

v) Auditors

The Auditor General will audit the accounts of Higher Education Loans Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2023

By Order of the Board



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The financial statements of Higher Education Loans Board have been prepared in accordance to Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act and HELB Act CAP 213A which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year ending 30 June 2023.

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, 2023.

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, 2023, 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 19th September 2023 and signed on its behalf by:



HON. EKWEE ETHURO
CHAIRMAN OF THE BOARD



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

12. REPORT OF THE INDEPENDENT AUDITOR FOR HIGHER EDUCATION LOANS BOARD

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion 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

Qualified Opinion

I have audited the accompanying financial statements of Higher Education Loans Board set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2023 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

Report of the Auditor-General on Higher Education Loans Board for the year ended 30 June, 2023

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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Higher Education Loans Board as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Higher Education Loans Board Act, 1995 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Misstatement of Income from Penalties on Loanee Default

The statement of financial performance reflects income from penalties on loanee default amount of Kshs.538,117,564 as disclosed in Note 8 to the financial statements. Review of the supporting schedules revealed items with debit entries amounting to Kshs.2,985,116 that were set off against debit entries, thus understating income from penalties on loanee default by Kshs.2,985,116.

In the circumstances, the accuracy and completeness of income from penalties on loanee default amount of Kshs.538,117,564 could not be confirmed.

2. Unsupported Waiver Expenses

The statement of financial performance reflects waiver expenses balance of Kshs.632,336,485. These waiver expenses were adjustments on loans after the High Court of Kenya ruled that the continued imposition of interest and penalties on non-performing loan accounts even when the penalties and interests had exceeded the principal amount violates the *In Duplum rule*. However, review of the supporting waiver expenses schedule revealed that the adjustments related to increase or decrease of principal loan amounts and not on interest and penalties. Management did not provide any documents to support adjustments to the principal amounts and how they relate to the *In Duplum rule*.

Further, a total of nine thousand four hundred and fifty (9,450) loan accounts that had outstanding balances which were more than double their loan principal amounts. The total excess charge on these accounts amounted to Kshs.1,673,540,036. This contravened the *In Duplum rule* which states that the continued imposition of interest and penalties on non-performing loan accounts even when the penalties and interests had exceeded the principal amount violates the *In Duplum rule*.

In the circumstances, the accuracy and completeness of waiver expenses and the excess interest and penalties could not be confirmed.

3. Inaccuracies in Matured Student Loans

The statement of financial position reflects matured student loans balance of Kshs.80,800,662,916 as disclosed in Note 29 to the financial statements. Analysis of the

balance revealed that there were thirty-eight thousand, three hundred and nine (38,309) instances where loan repayment amounts were allocated to reducing penalties with zero repayment on the loan principal amount. The total repayment of penalties with zero repayment on loan principal amounts totalled Kshs.140,869,785. This was contrary to Part 9.4(a) of the HELB Credit Policy, 2020 that requires loan repayment to be allocated in equal ratio of applicable outstanding loan items in the loan account. Further, there were eight thousand, seven hundred and fifty-three (8,753) instances where loan repayments amounting to Kshs.67,722,254 were allocated to reducing all loan elements except the principal amounts.

Further, provision for doubtful debts on matured student loans amounted to Kshs.4,252,666,469. However, the schedule of various categories of mature loans, performing loans, non-performing loans, problem loans below 30 years, and problem loans above 30 years on which the different rates of provision as per the approved credit policy were applied was not provided for audit.

In addition, Paragraph 13.2(a) of HELB Credit Policy, 2020 requires that a provision of 1% be made on performing loans without explanations or justification. The Finance Policy categorizes provision for bad debts at 100% and 5% on specific and general provisions respectively without explanation on the inconsistencies in the policies.

In the circumstances, the accuracy and completeness of matured student loans balance of Kshs.80,800,662,916 could not be confirmed.

4. Inaccuracies in Un-Matured Students Loans

The statement of financial position reflects un-matured student loans balance of Kshs.33,236,673,043 as disclosed in Note 30 to the financial statements. However, analysis of un-matured loan book revealed that one hundred and fifty-seven (157) students accounts with un-matured loans that were charged penalties amounting to Kshs.124,495. Further, review of the loan book revealed a balance of Kshs.140,290,211 for loans in the un-matured loans book which ought to have matured as per the details in the start year column of the loan book. Further, analysis of the loans book revealed negative amounts of Kshs.1,982,155 which were set off against positive balances. This understated the un-matured student loans balance of Kshs.33,236,673,043 by Kshs.1,982,155.

In the circumstances, the accuracy and completeness of un matured students' loans balance of Kshs.33,236,673,043 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness, Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved all the issues or given any explanation for failure to implement the recommendations.

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. Failure to Establish Car and Mortgage Loan Revolving Fund

The statement of financial position reflects staff loans balance of Kshs.332,722,900 as disclosed in Note 28 to the financial statements while Note 23 reflects staff car loan and mortgage balance of Kshs.61,793,523. However, the facility was not operated as a revolving fund, the Fund financial statements were not separately prepared and there were no enabling regulations. This was contrary to Circular No. SRC/ADM/CIR/1/13 Vol III (128) dated 17 December, 2014.

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

2. Failure to Open a Separate Bank Account for Student Loans Self-Protection Scheme

The statement of financial position reflects cash and cash equivalents balance of Kshs.636,662,731 as disclosed in Note 23 to the financial statements. The balance includes an amount of Kshs.323,349,273 in respect of fixed deposit for student loans self-protection scheme which was not operated in a separate bank account. Further, financial reports have not been prepared by the scheme since its inception three (3) years ago and

the annual actuarial reviews report on the scheme were not provided for audit. This was contrary to Section 4.2 of the Student Loans Self-protection Scheme Policy

In the circumstances, Management was in breach of law.

3. Irregular Expenditure on Advertising, Publicity and Printing

Note 12 to the financial statements reflects advertising, publicity and printing a balance Kshs.22,346,437 out of which amount of Kshs.6,954,000 was paid for the provision of communication agency services. It was noted that Management engaged a consultant for these services at a monthly fee of Kshs.632,000 which translated to Kshs.22,759,200 for three (3) years that commenced on 01 October, 2021 to 30 June, 2023. The contract was to create awareness and increase uptake of HELB products, enhance and sustain loans recovery efforts, increase self-service through use of technology, facilitate external resource mobilization and enhance HELB brand visibility and affinity. However, Management did not provide gap analysis to confirm that the services could not be offered internally and did not provide justification to engage a consultant to offer these services.

In the circumstances, value for money on communication agency services expenditure of Kshs.6,954,000 could not be confirmed.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 governance were not effective.

Basis for Conclusion

1. Board Understaffing

Review of the HELB human resource records revealed that the Board had two hundred and fifty-one (251) in-post staff compared to the approved establishment of three hundred and fifteen (315) resulting in an understaffing of sixty-four (64).

In the circumstances, lack of adequate human resources may negatively affect service delivery and achievement of the organizational goals and targets.

2. Long Outstanding Receivables

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.8,380,771 as disclosed in Note 25(a) (i) & (ii) to the financial statements. Included in the balance is an amount of Kshs.1,264,284 or 15% that had been outstanding for over five (5) years. The balance includes long outstanding salary advances amounting to Kshs.1,264,284 to staff who had already exited the service and whose recoverability is doubtful. Management did not provided explanations on measures being taken to collect the debts.

Further, the statement of financial position reflects non-current portion of receivables from exchange transactions balance of Kshs.143,117,574 as disclosed in Note 25 a (iii) to the financial statements after provision for bad and doubtful debts of Kshs.7,532,504. However, a gross amount of Kshs.100,439,561 has been outstanding from Kenya Deposits Insurance Corporation (KDIC) for the last five (5) years. The Board did not provide evidence of any efforts made to recover these amounts.

In addition, the statement of financial position reflects matured student loans balance of Kshs.80,800,662,916 as disclosed in Note 29 to the financial statements. However, analysis of matured loans book revealed loans with running balance of Kshs.2,424,157,575 that has been outstanding for more than thirty (30) years and no action appears to have been taken to recover them. Further, specific provision was not made for any loan which is not collectable.

In the circumstances, the existence of an effectiveness mechanism to ensure recoverability of current and non-current portion of receivables from exchange transactions balances could not be confirmed.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue to sustain 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 April, 2024

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

**13. HIGHER EDUCATION LOANS BOARD (HELB) FINANCIAL REPORT AND FINANCIAL STATEMENT
FOR YEAR ENDED 30 JUNE 2023**

1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS		2022/2023	2021/2022
DETAILS	NOTES	TOTAL KSHS	TOTAL KSHS
INCOME			
Revenue from non-exchange transactions			
Transfers from Governments Entities-GOK Grants	6 b(i)	408,598,080	408,598,080
Transfers from Alternative Partner Funds	7	11,574,156	10,256,803
Income from Penalties on Loanee Default	8	538,117,564	232,518,893
Total Revenue from non-exchange transactions		958,289,800	651,373,776
Revenue from exchange transactions			
Finance Income-Short Term Placements	9	14,284,894	44,392,059
Other Incomes	10	1,675,244,270	1,781,296,017
Total Revenue from exchange transactions		1,689,529,164	1,825,688,076
TOTAL INCOME		2,647,818,964	2,477,061,853
LESS: EXPENSES			
Bursaries and Scholarships to Students	11	285,500,156	278,556,803
Use of Goods and Services	12	273,506,020	280,132,579
Employee Costs	13	590,568,324	567,468,822
Board Members Expenses	14	14,391,233	13,863,610
Depreciation & Amortization for the year	15	81,261,026	64,435,357
Repairs and Maintenance	16	147,981,631	148,900,790
Contacted Services	17	24,176,282	37,083,701
Bank Charges, Commissions & Debt collection fee	18 & 19	56,014,316	78,512,958
TOTAL EXPENSES		1,473,398,987	1,468,954,620
OTHER GAINS/LOSSES			
Bad Debt Written Off	20	-	(53,760)
In Duplum rule Waiver Expenses	21	(632,336,485)	-
Gain or Loss on Disposal	22	-	(3,171,731)
Provision for Bad & Doubtful Debts	42	(1,702,027,972)	(372,390,990)
TOTAL GAINS OR LOSSES		(2,334,364,457)	(375,616,481)
TOTAL EXPENSES, GAINS & LOSSES		3,807,763,444	1,844,571,101
ACCOUNTING SURPLUS		(1,159,944,480)	632,490,752

The notes set out on pages 6 to 27 form an integral part of these Financial Statement.

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



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023



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

Date: 27/09/23



EKWEETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

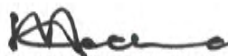
PARTICULARS		2022/2023	2021/2022	CHANGE%
DETAILS	NOTES	KSHS	KSHS.	CHANGE%
CURRENT ASSETS				
Cash and Cash Equivalents	23	636,662,731	673,158,539	-5%
Current Proportion of Receivable from Exchange Transactions	25 a(i) & (ii)	8,380,711	7,156,846	17%
Inventories	26	6,286,305	6,234,805	1%
		651,329,748	686,550,190	-5%
NON-CURRENT ASSETS				
Non-Current Proportion of Receivable from Exchange Transactions	25 a(iii)	143,117,574	129,679,926	10%
Project in Progress	27	60,026,705	1,425,250	4112%
Staff Loans	28	332,722,900	298,351,312	12%
Matured Students Loans	29	80,800,662,916	48,476,792,962	67%
Un-Matured Students Loans	30	33,236,673,043	54,577,330,033	-39%
Intangible Assets	43	1,825,175	7,995,495	-77%
Property, Plant and Equipment	46	1,090,356,953	1,067,398,712	2%
		115,665,385,265	104,558,973,690	11%
TOTAL ASSETS		116,316,715,013	105,245,523,881	11%
FUNDS AND LIABILITIES				
Loans, Bursaries and Scholarships Payable	32	1,000,422,957	743,143,675	35%
Payable - Students Loan Self Protection Scheme	33	422,835,331	152,696,466	177%
Trade and Other Payables From Exchange Transactions	34	329,739,468	197,454,001	67%
Loanee Refundable Deposits	35	215,531,244	85,058,626	153%
Current Provisions	36	20,175,203	19,321,481	4%
Tax Payable	45	7,492,290	7,273,773	3%
TOTAL CURRENT LIABILITIES		1,996,196,493	1,204,948,022	66%
REVOLVING FUNDS				
Cumulative G.O.K Grants	37	95,488,701,205	84,803,701,205	13%
Cumulative Partner Funds	38	3,812,909,569	3,058,022,428	25%
Accumulated Fund	40	14,074,771,152	15,234,715,633	-8%
Revaluation Reserve	41	944,136,593	944,136,593	0%
TOTAL NON-CURRENT LIABILITIES		114,320,518,519	104,040,575,859	10%
TOTAL FUNDS AND LIABILITIES		116,316,715,013	105,245,523,881	11%

The notes set out on pages 6 to 27 form an integral part of these Financial Statement.
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023



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

Date: 27/09/23



EKWEETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

Year ended 30 June 2022	ACCUMULATED FUND	REVALUATION RESERVE	PARTNER FUNDS	GOK GRANTS	TOTAL
Column1	KSHS.	KSHS.2	KSHS.3	KSHS.4	KSHS.5
Opening balance	14,596,934,864	949,426,610	2,935,381,502	73,908,050,743	92,389,793,718
Surplus/ Capital for the year	632,490,752	-	122,640,926	10,895,650,462	11,650,782,140
Movement	5,290,017	(5,290,017)			0
Balance at the end of June 2022	15,234,715,633	944,136,593	3,058,022,428	84,803,701,205	104,040,575,859
Year ended 30 June 2023	ACCUMULATED FUND	REVALUATION RESERVE	PARTNER FUNDS	GOK GRANTS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Opening balance	15,234,715,633	944,136,593	3,058,022,428	84,803,701,205	104,040,575,859
Surplus/ Capital for the year	(1,159,944,480)	-	754,887,141	10,685,000,000	10,279,942,661
Movement	-	-			-
Balance at the end of June 2023	14,074,771,152	944,136,593	3,812,909,569	95,488,701,205	114,320,518,519

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	NOTES	2022/2023	2021/2022
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Matured Loans Movement	29 & 33	(33,754,987,403)	(7,916,954,997)
Transfers from Governments Entities-GOK Grants	6	408,598,080	408,598,080
Transfers from Partnerships-BBKS	7	11,574,156	10,256,803
Income from Penalties on Loanee Default	8	538,117,564	232,518,893
Finance Income-Short Term Placements	9	14,284,894	44,392,059
Other Incomes	10	1,675,244,270	1,781,296,017
		(31,107,168,439)	(5,439,893,144)
PAYMENTS			
Disbursements to Students	30	(21,340,656,990)	3,542,614,466
Bursaries to Students	11	242,626,000	237,000,000
Scholarships to Students	11	42,874,156	41,556,803
Use of Goods and Services	12	273,506,020	280,132,579
Employee Costs	13	590,568,324	567,468,822
Board Members Expenses	14	14,391,233	13,863,610
Repairs and Maintenance	16	147,981,631	148,900,790
Contacted Services	17	24,176,282	37,083,701
Bank Charges, Commissions & Debt collection fee	18 & 19	56,014,316	78,512,958
Bad Debt Written Off	20	-	53,760
Waiver Expenses	21	632,336,485	-
		(19,316,182,544)	4,947,187,489
		(11,790,985,895)	(10,387,080,633)
NET CASH FROM OPERATING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase/Capitalization of PPE and Intangible Assets	43 & 46	(98,048,947)	(42,441,595)
Disposal of assets	22	-	(1,425,250)
Accounts Receivables (Non-Current)	25 a(iii)	(14,144,892)	2,049,822
Project in Progress	27	(58,601,455)	(8,702,497)
Staff loans	28	(34,371,588)	(37,598,199)
		(205,166,882)	(88,117,719)
NET CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
Capitation received from G.O.K for Student Loans	37	10,685,000,000	10,895,650,462
Capitation received from Partner Funds	38	754,887,141	122,640,926
Inventory	26	(51,500)	(1,007,732)
Accounts Receivables (Current)	25 a(i) & (ii)	(1,288,279)	(3,944,294)
Payable- Students Loan Self-Protection Scheme	34	132,285,467	102,421,644
Accounts Payables	35	130,472,619	(30,567,680)
Over-Paid Loans	32	257,279,282	(170,794,018)
Current Provisions	36	853,722	1,692,511
Tax Payable	45	218,517	1,298,499
		11,959,656,969	10,917,390,317
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Net Increase / (Decrease) in Cash		(36,495,808)	442,191,965
Cash and Cash Equivalents at the Beginning of the Year		673,158,539	230,966,574
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	636,662,731	673,158,539

The notes set out on pages 6 to 27 form an integral part of these Financial Statement.


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


CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023


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

Date: 27/9/23


EKWEETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Sources of finance	Original budget	Adjustments	Final budget	Actual Year	Variance	Usage	Remarks
Income							
Transfer From Government Entity-Student Loans GOK Fund	10,675,598,080	-	10,675,598,080	10,685,000,000	9,401,920	100%	
Loan Recoveries	3,600,000,000	-	3,600,000,000	2,296,151,296	(1,303,848,704)	64%	Repayment of defaulted Loans
Partner Funds-Student loans	350,000,000	322,048,396	672,048,396	766,461,297	94,412,901	114%	Effective Fund Mobilization Strategies
Income from Non -Exchange transactions-GOK Grants	418,000,000	-	418,000,000	408,598,080	(9,401,920)	98%	
Income from Non -Exchange transactions-Penalties	150,000,000	-	150,000,000	538,117,564	388,117,564	359%	Repayment of defaulted Loans
Income from Exchange transactions- Finance Income STP	70,832,392	(46,832,392)	24,000,000	14,284,894	(9,715,106)	60%	In availability of Excess Funds for Placement
Income from Exchange transactions- Loan Recovery	1,050,000,000	-	1,050,000,000	1,542,936,177	492,936,177	147%	"Kamilisha Malipo ya HELB" Penalty Amnesty
Income from Exchange transactions- Miscellaneous	185,435,500	1,767,000	187,202,500	132,308,093	(54,894,407)	71%	Increased Disbursements
Total finances	16,499,865,972	276,983,004	16,776,848,976	16,383,857,401	(392,991,575)	98%	
Expenses							
Disbursements (Loan awards to students)	14,557,753,532	417,924,653	14,975,678,185	15,407,856,858	432,178,673	103%	
Bursaries to students	237,000,000	-	237,000,000	242,626,000	5,626,000	102%	
Scholarships	44,600,000	(8,552,910)	36,047,090	42,874,156	6,827,066	119%	Partnership Bursaries an Scholarships
Use of Goods and Services	380,828,963	(33,177,222)	347,651,741	273,506,020	(74,145,721)	79%	Re-alignment of planned activities
Employee Costs	728,349,147	(14,645,517)	713,703,630	590,568,324	(123,135,306)	83%	Re-alignment of planned activities
Board Members Expenses	22,654,000	(2,666,000)	19,988,000	14,391,233	(5,596,767)	72%	Re-alignment of planned activities
Repairs and Maintenance	151,376,000	(500,000)	150,876,000	147,981,631	(2,894,369)	98%	
Contacted Services	40,900,000	(2,500,000)	38,400,000	24,176,282	(14,223,718)	63%	Re-alignment of planned activities
Bank Charges, Commissions & Debt collection fee	26,019,330	-	26,019,330	56,014,316	29,994,986	215%	Include Debt Collection Commission
Capital Expenditure	215,385,000	(51,900,000)	163,485,000	158,075,652	(5,409,348)	97%	Re-alignment of planned activities
Staff loans	95,000,000	(27,000,000)	68,000,000	49,610,755	(18,389,245)	73%	Re-alignment of planned activities
Total expenditure	16,499,865,972	276,983,004	16,776,848,976	17,007,681,226	230,832,250	101%	
Surplus / (Deficit)	-	-	-	(623,823,824)	(623,823,824)	0%	

Details RECONCILIATION OF THE BUDGET PERFORMANCE AND INCOME STATEMENT SUPPLUS/DEFICIT

	Items	Total
Surplus/Deficit as per Statement of Income		-1,159,944,480.40
Items not in Statement of Comparison of Budget but in Income Statement		
Depreciation & Amortization for the year	81,261,026	81,261,026.12
Other Gains/Losses (Add Losses/ Less Gains)		
Provision for Bad & Doubtful Debts	1,702,027,972	2,334,364,457.15
Items in Statement of Comparison of Budget not in Income Statement		
Transfer From Government Entity-Student Loans GOK Fund	10,685,000,000	
Loan Recoveries	2,296,151,296	
Partnership Fund-Student loans	754,887,141	13,736,038,437.34
Disbursements (Loan awards to students)	(15,407,856,858)	
Capital Expenditure	(158,075,652)	
Staff loans	(49,610,755)	-15,615,543,264.60
Surplus/Deficit as per Statement of Comparison of Budget		-623,823,824.39

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

Principal Activity

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

iii) Amendments to Other IPSAS

There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2023

iv) Early adoption of standards

The Board did not early – adopt any new or amended standards in year 2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Revenues from Penalties and Ledger Fees

HELB recognizes revenues from fees and penalties when received rather than earned due to uncertainties of recoverability. The non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably. However, due to the uncertainty about whether or when fees and penalties will be collected, recognizing on accrual bases in the financial statements will not be appropriate. HELB chooses to be conservative and to only recognize penalties and fees when it is collected, rather than accruing them before they are due. A disclosure of the accrued penalties, ledger fees and insurance visa vie the earned in the FY2022/2023 has been disclosed in *Note 31 (b-d)*.

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.

ii) Revenue from exchange transactions

Revenue from Interest Income

HELB recognized income from interest income earned from students' loans, staff loans and short-term placements with HELB banks. The income from interest earned from staff loans and short-term placements

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

are recognized when earned while the interest from students' loans is recognized when received due to uncertainties in recoverability. The uncertainty about whether or when the interest from students' loans will be collected, recognizing on accrual bases in the financial statements will not be appropriate. HELB chooses to be conservative and to only recognize interest when it is collected, rather than accruing them before they are due. A disclosure of the accrued penalties, ledger fees and insurance visa vie the earned in the FY2022/2023 has been disclosed in *Note 31 (a)*.

b) Loan Management

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

i) Interest

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

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

ii) Administrative fee

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

iii) Penalty Charge

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

iv) Student Loan Protection Scheme

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

v) Provision for Bad Debts

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

vi) Loan Grace Period (Moratorium)

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

vii) Loan repayment period

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

viii) Loan Clearance and Compliance Certificate

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

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

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

c) Budget Information

The original budget for FY 2022-2023 was approved by the National Assembly in March 2023. 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.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

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

d) Taxes

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

e) Property, Plant and Equipment

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

The annual rates for this purpose are.

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

f) Leases

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

g) Intangible Assets

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

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

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

h) Inventories

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

i) Provisions

Provisions were raised and management determined an estimate based on the information available. They are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Contingent Liabilities

Litigation is in process against the Board relating to a dispute with a company that alleges that the Board has encroached on its land. The information usually required by IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed, on the grounds that it can be expected to prejudice the outcome of the litigation. The Board is of the opinion that the claim can be successfully defended by Higher Education Loans Board. There are also other litigations against the Board by loan beneficiaries who have been listed to Credit Referencing Bureau (CRB). The board also have an ongoing legal case involving land ownership under mediation for an out of court settlement since it involves two state corporations.

Contingent Assets

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

j) Nature and purpose of reserves

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

k) Changes in accounting policies and estimates

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

l) Employee Benefits - Retirement benefit plans

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

m) Related Parties

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

n) Cash and Cash Equivalents

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

o) Comparative Figures

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

p) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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,

HIGHER EDUCATION LOANS BOARD

Annual Report and Financial Statements for the Year Ended June 30, 2023

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.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
6	TRANSFERS FROM GOVERNMENTS AND OTHER GOVERNMENT ENTITIES		
	a) Transfers from Other Government Entities	Kshs	Kshs
	Ministry of Public Service, Youth & Gender Affairs	7,594,828	10,094,828
	County Governments of: Kakamega	-	27,500,000
	Taita Taveta	10,000,000	-
	Bomet County	-	9,700,000
	Busia County	-	-
	Sub-Total	17,594,828	47,294,828
	b) Transfers from Ministry of Education, Science and Technology		
	i) Amount Recognized in Statement of Financial Performance		
	Undergraduate Students Bursaries	137,000,000	137,000,000
	TVET Students Bursaries	100,000,000	100,000,000
	Operations	171,598,080	171,598,080
	Sub-Total	408,598,080	408,598,080
	ii) Amount Recognized in statement of Financial Position		
	Students Grants University/TVET	10,685,000,000	10,895,650,462
	Sub-Total	11,093,598,080	11,304,248,542
	Total	11,111,192,908	11,351,543,370
7	TRANSFERS FROM ALTERNATIVE PARTNERSHIPS FUND		
	ABSA Scholarship	2,968,156	8,680,803
	KASNEB Bursaries	3,607,000	1,576,000
	NCPWD Education Grant Scheme	4,999,000	-
	Total	11,574,156	10,256,803
8	INCOME FROM PENALTIES ON LOANEE DEFAULT		
	Miscellaneous Income Penalties Loanee Default	538,117,564	232,518,893
	Total	538,117,564	232,518,893
9	FINANCE INCOME-SHORT TERM PLACEMENTS		
	Interest on Short-term placements and Treasury bills	14,284,894	44,392,059
	Total Finance Income	14,284,894	44,392,059
10	OTHER INCOME		
	Loan Recovery		
	Interest Income Student Loans	1,355,410,488	1,344,471,471
	Income from Administrative Fees - Mature Loans	178,637,308	145,841,492
	Insurance Fee Income - SLSPS	8,888,381	-
	Total	1,542,936,177	1,490,312,964
	Miscellaneous		
	Income from Administrative Fees - Unmature Loans	95,152,500	229,245,000
	Interest Income Staff Loans	2,078,424	1,600,042
	Debt collection fees	30,075,206	53,666,026
	Miscellaneous Income	150,000	275,658
	Miscellaneous Income Loan Forms	126,000	3,244,000
	Miscellaneous Income Scholarship Forms	1,713,000	1,017,000
	Miscellaneous Income Clearance Certificates	-	194,950
	Miscellaneous Income - Advertisements	650,000	1,600,000
	Miscellaneous Income - Boarded Stores	-	140,378
	Miscellaneous Income - Overpaid Loan (Below 1,000)	2,362,964	-
	Total	132,308,093	290,983,053
	Total other income	1,675,244,270	1,781,296,017

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022	
11	BURSARIES AND SCHOLARSHIPS TO STUDENTS			
	Bursaries to Undergraduate University Students	142,613,000	137,000,000	
	Bursaries to TVET Students	100,013,000	100,000,000	
	Scholarships-PG	31,300,000	31,300,000	
	Alternative Funds Bursary/Scholarships	11,574,156	10,256,803	
	285,500,156	278,556,803		
12	USE OF GOODS AND SERVICES			
	Telecommunication Expenses	23,895,375	9,941,367	
	Fuel Consumption	4,663,248	2,456,100	
	Office Rent, Warehouse & Parking Charges	58,307,503	61,225,287	
	Insurance Expenses	2,958,732	2,733,771	
	Staff Training	36,505,593	36,385,546	
	Seminars and Conferences	29,081,972	32,484,170	
	ERP Expenses	7,518,875	-	
	Office Tea	3,509,781	3,630,913	
	Office Flowers & Decorations	893,500	628,600	
	Official Entertainment	3,663,775	1,675,192	
	Staff Uniforms	915,425	-	
	Newspapers, Journals, Periodicals & Library Books	350,580	348,540	
	Advertising, Publicity & Printing	22,346,437	55,970,701	
	Office Stationery & Accessories	9,716,424	7,744,242	
	Legal fee	1,510,701	212,200	
	Audit Fees	1,160,000	1,160,000	
	Office Security Expenses	5,892,000	5,892,000	
	Office Cleaning and Maintenance	3,531,901	3,354,537	
	Subscriptions to Professional Bodies	3,529,401	2,347,352	
	Subsistence Expenses	35,833,950	37,170,936	
	Travelling Expenses - External	5,982,559	4,450,568	
	Travelling Expenses - Internal	11,738,287	10,320,556	
		273,506,020	280,132,579	
	13	EMPLOYEE COSTS		
		Staff Emoluments (Salaries and wages)	292,640,845	279,887,985
		Commuter And Fuel Allowance	40,563,957	40,020,671
Housing Benefit		117,810,995	116,654,973	
Gratuity and Pension (Employer contribution to gratuity & pension schemes)		55,545,175	53,227,435	
Staff Welfare Expenses		12,553,827	17,386,890	
Medical Expenses (Employer contribution to health insurance schemes)		57,161,250	52,127,405	
Performance Contract Dynamics		14,284,276	8,163,464	
Contracted Staff Wages		8,000	-	
	590,568,324	567,468,822		
14	BOARD MEMBERS EXPENSES			
	Chairman's Honoraria	960,000	960,000	
	Sitting allowances	5,420,000	6,122,000	
	Medical Insurance	573,582	489,228	
	Induction and Training	1,631,350	1,637,750	
	Travel and accommodation	5,058,051	3,988,797	
	Telephone Expenses	84,000	77,000	
	Official entertainment	664,250	588,835	
	14,391,233	13,863,610		

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
15	DEPRECIATION AND AMORTIZATION EXPENSES		
	Property, Plant and Equipment	72,352,946	41,984,237
	Intangible Assets	8,908,080	22,451,120
		81,261,026	64,435,357
16	REPAIRS AND MAINTENANCE		
	Repair & Maint.-Motor Vehicle	3,052,933	2,614,252
	Repair & Maint. Fixture & Fit	50,514	102,364
	Repair & Maint.-Equipment	113,948	491,070
	Repair & Maint.-Furniture	42,040	613,340
	Repair & Maint. Office Premises	90,280	184,775
	Computer & Software Maintenance	144,631,916	144,894,989
		147,981,631	148,900,790
17	CONTRACTED SERVICES		
	Contracted Professional Services	24,176,282	37,083,701
		24,176,282	37,083,701
18	FINANCE COST - BANK CHARGES & COMMISSIONS		
	Bank Charges & Commissions	25,939,110	24,846,932
		25,939,110	24,846,932
19	DEBT COLLECTION FEES		
	Debt collection fees	30,075,206	53,666,026
		30,075,206	53,666,026
20	BAD DEBT WRITTEN OFF		
	Bad debt Written Off	-	53,760
		-	53,760
21	PRINCIPAL LOAN ADJUSTEMENTS		
	Principal Adj. Expenses	632,336,485	-
		632,336,485	-
22	GAIN OR LOSS ON DISPOSAL		
	Proceeds from asset disposal	-	2,049,822
	Less:		
	Revalued cost of assets disposed	-	6,654,489
	Accumulated depreciation	-	(1,432,936)
		-	5,221,553
	Gain/Loss	-	(3,171,731)
23	CASH AND CASH EQUIVALENTS		
	Current account	106,389,936	231,924,511
	On- call deposits	145,000,000	212,000,000
	Fixed Deposits	323,349,273	181,257,517
	Staff car loan/ Mortgage	61,793,523	47,866,511
	Cash at hand	130,000	110,000
	Total cash and cash equivalents	636,662,731	673,158,539
24	DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS		
	a) Current account		
	Financial institution		
	KCB Bank- Operations	5,176,926	28,870,377
	KCB Bank- Student loan	5,096,316	50,194,181
	KCB Bank- Revolving fund	43,888,556	73,675,410
	Citibank Student Disbursement	2,180,973	1,171,910
	Citibank collection	9,397,254	25,405,150

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
	Citibank Direct Debits	384,473	360,036
	Co-operative Bank- collections	6,396,206	6,156,238
	ABSA Bank- collection	6,653,671	3,750,142
	Equity Bank- collections	12,044,469	10,822,258
	Family Bank- collection	2,326,254	3,897,755
	Standard Chartered Bank - collection	2,614,864	2,312,661
	SBM Bank (Kenya) Limited- collection	3,524,292	7,051,445
	Kingdom Bank- collection	807,502	1,911,722
	NCBA Bank	1,923,690	997,701
	National Bank of Kenya- collection	1,060,066	6,562,691
	M-Pesa Student Disbursement Account	1,148,700	-
	Mpesa Cashbook Loan Recovery	1,765,725	8,784,834
	Sub- total	106,389,936	231,924,511
	b) On- Call deposits		
	KCB Bank Ltd	50,000,000	0
	Co-operative Bank	95,000,000	212,000,000
	Sub- Total	145,000,000	212,000,000
	c) Fixed Deposits Account		
	Students Loans Self Protection Scheme-Short Term Placement	323,349,273	181,257,517
	Sub- total	323,349,273	181,257,517
	d) Staff Car Loan/ Mortgage		
	KCB Bank- Staff Loans	982,317	542,395
	KCB Savings & Loans- mortgage	506,496	471,226
	Housing Finance mortgage	13,183,594	6,385,655
	KCB Savings & Loans- mortgages	47,121,116	40,467,235
		61,793,523	47,866,511
	e) Others- Cash in Hand		
	Cash in hand	130,000	110,000
	Sub- Total	130,000	110,000
	Grand Total	636,662,731	673,158,539
25	RECEIVABLES FROM EXCHANGE TRANSACTIONS AND PREPAYMENTS		
	i) Current Receivable		
	Staff Imprest	203,700	-
	Staff Salary Advances	57,754	76,195
	Medical Over expenditure	1,976,788	2,115,339
	Accrued Interest on short term placements	6,583,559	5,290,989
	Prepaid Benefits	-	-
	Total	8,821,801	7,482,522
	Less: Provision for Bad & Doubtful Debt	(441,090)	(374,126)
	Total Current Receivable form Exchange Transactions	8,380,711	7,108,396
a)	ii) Prepayment		
	Official Entertainment	-	51,000
	Less: Provision for Bad & Doubtful Debt	-	(2,550)
	Total Prepayments	-	48,450
	Total Current Receivable form Exchange Transactions & Prepayments	8,380,711	7,156,846
	iii) Non-Current Receivables		
	Hospital Deposit	725,000	725,000
	Utilities & Rent Deposit	9,988,667	9,568,667
	Other Accounts Receivable	29,996,849	15,771,957

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
	Court Deposits	10,000,000	10,000,000
	Kenya Deposit Insurance Corporation (KDIC)	99,939,561	100,439,561
	Total	150,650,077	136,505,185
	Less: Provision for Bad & Doubtful Debt	(7,532,504)	(6,825,259)
	Total Non-Current Receivable form Exchange Transactions	143,117,574	129,679,926
	TOTAL RECEIVABLE FROM EXCHANGE TRANSACTIONS	151,498,285	136,836,772
	RECONCILIATION FOR PROVISION FOR BAD & DOUBTFUL DEBT		
	At the beginning of the year	7,201,935	6,569,596
b	Additional provisions during the year	771,659	632,340
	Recovered during the year	-	-
	At the end of the year	7,973,594	7,201,935
26	INVENTORIES		
	Balance B/f	6,234,805	5,227,073
	Purchase	6,673,005	6,633,166
	Consumable stores	(6,621,505)	(5,625,434)
	Total inventories at the lower of cost and net realizable value	6,286,305	6,234,805
27	WORK IN PROGRESS		
	Balance B/f	1,425,250	-
	Project in progress- ERP	29,725,833	1,425,250
	Project in progress- Renovations	28,875,621	
	Project Capitalized -	-	
		60,026,705	1,425,250
28	STAFF LOANS		
	KCB Savings & Loans	103,803,731	108,544,043
	Housing finance company	40,610,677	46,793,051
	Staff car loans	8,952,503	13,126,983
	SBM Bank-Mortgage Account	141,840,235	109,604,274
	Staff Car Loans and Mortgage - Awarded	37,515,755	20,282,961
		332,722,900	298,351,312
29	MATURE LOANS TO STUDENT		
	Balance brought forward	51,028,203,118	43,593,030,118
	Add: Mature loans during the year - Adjustment (2022)	24,204,969,773	-
	Overpaid loans during the year - Adjustment (2022)	(638,559,327)	-
		74,594,613,564	43,593,030,118
	Add: Mature loans during the year	10,947,990,477	11,100,829,122
		85,542,604,041	54,693,859,240
	Add: Loans awarded during the year - GOK	1,648,888,444	-
	Loans awarded during the year - Partnership Funds	163,880,925	-
a)	Add: Principal Loan Adjustments 2023 - Principal Loan Award	(587,737,176)	-
	Principal Loan Adjustments 2023 - Expense	(185,503,951)	-
	Less: Principal Loan Repayment	(2,273,627,033)	(3,494,862,104)
		84,308,505,250	51,198,997,136
	Add: Overpaid Loans movement	769,969,868	(138,847,518)
	Refunds during the year	(25,145,733)	(31,946,500)
		85,053,329,385	51,028,203,118
	Less: Provision for bad & doubtful debts	(4,252,666,469)	(2,551,410,156)
		80,800,662,916	48,476,792,962
	RECONCILIATION FOR PROVISION FOR BAD & DOUBTFUL DEBT		
b)	At the beginning of the year	2,551,410,156	2,179,651,506

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
	Additional provisions during the year	1,701,256,313	371,758,650
	Recovered during the year	-	-
	At the end of the year	4,252,666,469	2,551,410,156
30	UN-MATURE LOANS TO STUDENT		
	Balance brought forward-Unmatured loans	54,577,330,033	51,034,715,567
	Less: Mature loans during the year - Adjustment (2022)	(24,204,969,773)	-
		30,372,360,260	51,034,715,567
	Less: Mature loans during the year	(10,947,990,477)	(11,100,829,122)
		19,424,369,783	39,933,886,445
	Add: Loans awarded during the year - GOK	13,522,275,895	14,524,691,178
	Loans awarded during the year - Partnership Funds	705,148,079	118,752,410
	Add: Principal Loan Adjustments 2023 - Principal Loan Award	(44,599,309)	-
	Principal Loan Adjustments 2023 - Expense	(347,997,141)	-
	Less: Principal Loan Repayment	(22,524,263)	-
		33,236,673,043	54,577,330,033
31	MATURED AND UN-MATURED LOAN ELEMENTS		
	Interest Fee Charges		
	Balance Brought Forward	19,228,782,878	17,033,888,459
	Add: Accrued Interest Fee During the Year	4,047,566,005	3,527,330,722
a)	Less: Interest Fee Repayments During the Year	(1,355,410,488)	(1,471,292,520)
	Interest Adjustment	(2,286,417,582)	(16,453,805)
	Add: Overpaid Interest movement	83,480,025	155,310,022
	Closing Balance	19,718,000,839	19,228,782,878
	Ledger Fee Charges		
	Balance Brought Forward	2,837,359,835	2,267,126,350
	Add: Accrued Ledger Fee During the Year	710,591,134	730,118,116
b)	Less: Ledger Fee Repayments During the Year	(178,637,308)	(150,700,624)
	Ledger Adjustments	(24,171,879)	(3,508,261)
	Add: Overpaid Ledger Fee movement	13,500,093	(5,675,746)
	Closing Balance	3,358,641,876	2,837,359,835
	Insurance Fee Charges		
	Balance Brought Forward	156,477,538	80,938,209
	Add: Accrued Insurance Fee During the Year	118,966,635	89,923,389
c)	Less: Insurance Fee Repayments During the Year	(8,888,381)	(16,015,014)
	Insurance Adjustments	(72,053)	(14,715)
	Add: Overpaid Insurance Fee movement	129,674	1,645,669
	Closing Balance	266,613,412	156,477,538
	Penalty Fee Charges		
	Balance Brought Forward	33,427,377,192	34,195,677,248
	Add: Accrued Penalty Fee During the Year	44,719,968	664,002,511
d)	Less: Penalty Fee Repayments During the Year	(534,972,662)	(132,407,451)
	Penalty Waiver	(21,121,225,031)	(690,291,523)
	Add: Overpaid Penalty Fee movement	399,686,069	(609,603,593)
	Closing Balance	12,215,585,536	33,427,377,192
	MATURED AND UN-MATURED LOAN RUNNING BALANCE	153,848,844,091	161,255,530,594
32	OVER PAID LOANS		
	Over Paid Loans B/f	(743,143,675)	(913,937,693)
	Loans Adjustment from Matured Loans (2022) - Principal	984,340,714	-

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
		241,197,039	(913,937,693)
	Principal Loans Movement FY2022/2023	(744,824,135)	(287,529,630)
	Interest Movement FY2022/2023	(83,480,025)	(155,310,022)
	Ledger Fee Movement FY2022/2023	(13,500,093)	5,675,746
	Insurance Movement FY2022/2023	(129,674)	(1,645,669)
	Penalties Movement FY2022/2023	(399,686,069)	609,603,593
		(1,241,619,996)	170,794,018
		(1,000,422,957)	(743,143,675)
33	LOANS, BURSARIES & SCHOLARSHIPS PAYABLE		
	Loans Payable	399,465,731	132,890,866
	Scholarships Payable	18,466,500	16,717,500
	Bursaries Payable- Undergraduate & TVET	4,903,100	3,088,100
		422,835,331	152,696,466
34	PAYABLE- STUDENTS LOAN SELF-PROTECTION SCHEME		
	Premiums Payable- Students Loan Self Protection Scheme		
	Opening Balance	182,928,162	90,396,212
	Premiums Earned in the Year	114,665,299	92,531,950
	Claims Paid	(527,471)	-
	Total	297,065,989	182,928,162
	Interest Payable- Students Loan Self Protection Scheme		
	Opening Balance	14,525,839	4,636,145
	Interest Earned in the Year	18,147,639	9,889,694
	Total	32,673,479	14,525,839
	Grand Total	329,739,468	197,454,001
35	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade payables	212,575,146	82,349,131
	Employee expenses	-	0
	Third-party payments	2,956,098	2,709,495
	Total Trade and Other Payables	215,531,244	85,058,626
36	CURRENT PROVISIONS		
	Leave Liability		
	Balance as at 1st July 2021	9,631,493	8,352,801
a)	Additional provisions during the year	21,391,002	6,122,528
	Provision Utilized	(21,334,776)	(4,843,836)
	Total Provision as at 30th June 2022	9,687,719	9,631,493
	Gratuity and Pension		
	Balance as at 1st July 2021	9,689,988	9,276,170
b)	Additional provisions during the year	3,616,209	4,835,324
	Provision Utilized	(2,818,713)	(4,421,506)
	Total Provision as at 30th June 2022	10,487,485	9,689,988
	Total Current Provision	20,175,203	19,321,481
37	CUMMULATIVE G.O.K GRANTS		
	Balance B/Forward (GOK Funds)	84,803,701,205	75,408,050,743
	Capitation received in the year for Students Loans	10,685,000,000	10,895,650,462
		95,488,701,205	86,303,701,205
	Capitation for TVET Fund		(1,192,000,000)
	Partnership with Afya Elimu Fund		(308,000,000)
		95,488,701,205	84,803,701,205
	Capitation for TVET Fund		

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
	Capitation for TVET Fund B/f	1,192,000,000	1,192,000,000
	Partnership with Afya Elimu Fund B/f	308,000,000	308,000,000
		1,500,000,000	1,500,000,000
38	PARTNERSHIP FUNDS		
	Revolving Funds		
	Ministry of Foreign Affairs	58,624,889	58,624,889
	Technical, Vocational & Entrepreneurship	1,192,000,000	1,192,000,000
	HELB Education Fund	1,923,874	1,923,874
	Training Revolving Fund	360,082,785	352,487,957
	Kenya Revenue Authority	25,000,000	25,000,000
	Busia County Fund	55,000,000	55,000,000
	Kakamega County Fund	100,000,000	100,000,000
	Taita Taveta County Fund	62,000,000	52,000,000
	Kakamega County Afya Elimu Fund	50,000,000	50,000,000
	Bomet County Fund	38,800,000	38,800,000
	Awendo Constituency Fund	2,500,000	2,500,000
	Igembe North Constituency Fund	9,000,000	9,000,000
	Karachuonyo Constituency Fund	10,800,000	10,800,000
	Tinderet Constituency Fund	2,000,000	2,000,000
	Tigania West Constituency Fund	2,800,000	2,800,000
	Tharaka Constituency Fund	6,384,000	6,384,000
	Chuka Igambang'ombe Constituency	4,700,000	4,700,000
	Afya Elimu Fund	817,514,608	817,514,608
	Digital Divide Data Fund	21,848,498	21,848,498
a)	Ford Foundation Project	1,579,000	1,579,000
	AIC Kijabe Hospital Fund	5,872,000	5,872,000
	Tenwek Hospital Revolving Fund	4,480,000	3,680,000
	Community Health Promotion Fund	30,431,400	24,958,500
	St. Kiziti VTI Revolving Fund	3,581,366	3,581,366
	Simba Foundation Training Revolving fund	6,646,436	6,646,436
	Eastlands College of Technology Training	1,320,300	1,320,300
	Kenya School For Integrated Medicine	13,217,400	2,000,000
	BAR EXAMINATION LOAN	119,000,000	119,000,000
	Advocates Benevolent Association Revolving	6,600,000	6,600,000
	Kenya Institute of Mass Communication	15,500,000	10,500,000
	Kenya School Of Law	32,680,700	22,680,700
	Maritime Education Training Scheme -Accad	50,000,000	30,000,000
	Kenya Institute of Professional Studies	550,000	550,000
	Beacon of Hope Technical Training Institute	1,000,000	1,000,000
	Students Loans - KASNEB Foundations	54,670,000	6,400,000
	Students Loans - Catherine MacAulay Nursing School Training Revolving Fund	2,500,000	2,500,000
	Students Loans -Kenya Water and Sanitation Training Fund	3,000,000	3,000,000
	J & J Foundation	58,750,000	-
	KMTC Student Financing Scheme	566,666,669	-
	UMOJA WETU UWEZO WETU CBO	800,000	-
	Total Revolving Fund	3,799,823,925	3,055,252,128
	Scholarship and Bursaries		
b)	Barclays Bank Scholarship Scheme	4,600,144	2,746,300
	NCPWD Education Grant Scheme	1,000	-

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
	Students Bursaries - KASNEB Foundations	8,484,500	24,000
		13,085,644	2,770,300
		3,812,909,569	3,058,022,428
39	PARTNERSHIP FUNDS RECEIVED IN THE PERIOD		
	Revolving Funds		
	Training Revolving Fund	7,594,828	10,094,828
	Taita Taveta County Fund	10,000,000	
	Kakamega County Afya Elimu Fund		27,500,000
	Bomet County Fund		9,700,000
	AIC Kijabe Hospital Fund		822,000
	Tenwek Hospital Revolving Fund	800,000	
	Community Health Promotion Fund	5,472,900	472,000
	Simba Foundation Training Revolving fund		1,447,398
	Eastlands College of Technology Training		
	Kenya School For Integrated Medicine	11,217,400	
	BAR EXAMINATION LOAN		39,000,000
	Advocates Benevolent Association Revolving		3,000,000
	Kenya Institute of Mass Communication	5,000,000	5,500,000
	Kenya School Of Law	10,000,000	12,680,700
	Maritime Education Training Scheme -Accad	20,000,000	
	Beacon of Hope Technical Training Institute		500,000
	KASNEB Foundation	48,270,000	6,400,000
	Catherine MacAulay Nursing School Training Revolving Fund		2,500,000
	Kenya Water and Sanitation Training Fund		3,000,000
	J & J Foundation	58,750,000	-
	KMTC Student Financing Scheme	566,666,669	-
	Umoja Wetu Uwezo Wetu CBO	800,000	-
	Capitation from partnership received for the year	744,571,797	122,616,926
	Scholarship and Bursaries		
	Barclays Bank Scholarship Scheme	4,822,000	8,680,803
b)	NCPWD Education Grant Scheme	5,000,000	-
	Students Bursaries - KASNEB Foundations	12,067,500	1,600,000
		21,889,500	10,280,803
		766,461,297	132,897,729
40	ACCUMULATED FUND		
	Balance B/f	15,234,715,633	14,596,934,864
	Surplus for the Year	(1,159,944,480)	632,490,752
	Revaluation reserve	-	5,290,017
	Balance ending	14,074,771,152	15,234,715,633
41	REVALUATION RESERVE		
	Revaluation reserve buff	944,136,593	949,426,610
	Revaluation reserve on Asset disposal	-	(5,290,017)
	Revaluation Reserve	-	-
		944,136,593	944,136,593
42	ACCUMULATED PROVISIONS FOR DOUBTFUL DEBTS		
	Non-current provision for the year		
	Balance buff	2,551,410,156	2,179,651,506
	Add: Non-current provisions for the year	1,701,256,313	371,758,650
		4,252,666,469	2,551,410,156

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NO.	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2022/2023	2021/2022
	Current provisions for the year		
	Balance buff	7,201,935	6,569,596
	Add: Provisions for the year	771,659	632,340
		7,973,594	7,201,935
	Balance c/d	4,260,640,063	2,558,612,091
43	INTANGIBLE ASSETS		
	Cost		
	As at 1st July 2022	257,682,949	257,682,949
	Additions during the year	2,737,760	-
	As at 30th June 2023	260,420,709	257,682,949
	Amortization and impairment		
	As at 1st July 2022	249,687,454	227,236,334
	Amortization for the year	8,908,080	22,451,120
	As at 30th June 2023	258,595,534	249,687,454
	Net Book Value	1,825,175	7,995,495
44	CASH GENERATED FROM OPERATIONS		
	Surplus for the period before tax	(1,159,944,480)	632,490,752
	Adjusted for:		
	Depreciation	81,261,026	64,435,357
	In Duplum Weiver Expenses	632,336,485	
	Gains and losses on disposal of assets	-	3,171,731
	Contribution to provisions (Bad & Doubtful Debts)	1,702,027,972	372,390,990
		2,415,625,483	439,998,077
	Working Capital adjustments		
	Matured Loans Movement	(34,387,323,888)	(7,916,954,997)
	Disbursements to Students	21,340,656,990	(3,542,614,466)
		(13,046,666,898)	(11,459,569,463)
	Net cash flow from operating activities	(11,790,985,895)	(10,387,080,633)
45	TAXATION		
	P.A.Y.E		
	At beginning of the period	2,937,268	2,209,341
a)	Tax charge for the period	117,148,472	113,700,521
	Tax paid during the period	118,402,009	112,972,594
	At end of the period	1,683,731	2,937,268
	VAT Withholding		
	At beginning of the period	2,322,616	1,878,277
b)	Tax charge for the period	6,800,636	8,103,030
	Tax paid during the period	6,740,116	7,658,691
	At end of the period	2,383,135	2,322,616
	Withholding Tax		
	At beginning of the period	2,013,889	1,887,656
c)	Tax charge for the period	6,529,980	6,271,166
	Tax paid during the period	5,118,445	6,144,933
	At end of the period	3,425,424	2,013,889
	Total at end of the period	7,492,290	7,273,773

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023
NOTE 46: PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT										
	Land KShs	Building KShs	Motor vehicles KShs	Equipment KShs	Furniture KShs	FITTINGS KShs	Computers KShs	Total KShs		
COST										
As at 30- June-2021	950,000,000	2,500,001	44,633,000	15,158,099	18,509,554	42,781,711	29,036,194	1,102,618,559		
Additions	-	-	-	555,000	88,000	5,048,250	36,750,345	42,441,595		
Disposals	-	-	(2,430,000)	(1,254,647)	(1,542,442)	-	(1,427,400)	(6,654,489)		
As at 30- June-2022	950,000,000	2,500,001	42,203,000	14,458,452	17,055,112	47,829,961	64,359,139	1,138,405,665		
Additions	-	-	-	2,318,047	1,611,649	2,798,400	88,583,091	95,311,187		
Disposals	-	-	-	-	-	-	-	-		
As at 30- June-2023	950,000,000	2,500,001	42,203,000	16,776,499	18,666,761	50,628,361	152,942,230	1,233,716,852		
DEPRECIATION AND IMPAIRMENT										
Acc. Dep at 30- June- 2021	-	62,500	11,158,250	1,894,762	2,313,694	5,347,714	9,678,731	30,455,652		
Depreciation for the year	-	62,500	10,550,750	1,807,307	2,131,889	5,978,745	21,453,046	41,984,237		
Less: Accumulated deprec on disposals as at 30 June 2022	-	-	(607,500)	(156,831)	(192,805)	-	(475,800)	(1,432,936)		
Acc. Dep at 30- June- 2022	-	125,000	21,101,500	3,545,238	4,252,778	11,326,459	30,655,978	72,439,889		
Depreciation for the year	-	62,500	10,550,750	2,097,062	2,333,345	6,328,545	50,980,743	72,352,946		
Less: Accumulated deprec on disposals as at 30 June 2023	-	-	-	-	-	-	-	-		
Acc. Dep at 30- June- 2023	-	187,500	31,652,250	5,642,300	6,586,123	17,655,004	81,636,721	144,792,835		
Net book values										
As at 30 June 2022	950,000,000	2,375,001	21,101,500	10,913,214	12,802,334	36,503,502	33,703,161	1,067,398,712		
As at 30 June 2023	950,000,000	2,312,501	10,550,750	11,134,199	12,080,638	32,973,357	71,305,509	1,090,356,953		

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

46. RELATED PARTY BALANCES

Nature of related party relationships

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

a. Government of Kenya

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

- The National Government- The National Treasury
- State Department of University Education- Ministry of Education, the parent ministry
- Ministry of Public Service, Youth & Gender Affairs- 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 2022-2023 are as below:

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

47. EVENTS AFTER THE REPORTING PERIOD

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

48. ULTIMATE AND HOLDING ENTITY

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

49. CURRENCY

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

50. DISCLOSURES

i) Contingency Liability

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

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

14. APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

No	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1	Adverse of Opinion	Inaccuracies in Cash and Cash Equivalents	In the upgraded ERP system, the cashbook balances cut off procedure have been reconfigured in such a way that the posted transactions pick the actual posting date rather than initiation date, which was the cause of the difference & inaccuracies in cash & cash equivalents.	Chief Finance Officer	Work in Progress	Continuous
		Long Outstanding Non-Current Receivables from Exchange Transactions	There is continuous follow up on the outstanding funds from KDIC; as per the evidence attached from the bank statement extract of annual dividends received of Kshs.500,000	Chief Finance Officer	Work in Progress	Continuous
		Inaccuracies in Loans, Scholarships and Bursaries Payable	The granular information segregated data provided has been reviewed that tally with the balances for the loans, bursaries & scholarships in the financial statement.	Chief Finance Officer	Work in Progress	Continuous
		Unexplained Accrual of Operating Trade and Other Payables	The payables comprise of the staff overpayment/prepayments of the prepaid benefits, bounced funds for institutions and trade creditors and mortgage repayments transiting to holding account for future disbursements.	Chief Finance Officer	Work in Progress	Continuous
		Unsupported Opening Balance in Matured Students Loans	The opening balance for matured loans as at 1st July 2022 is KShs.43,593,030,118. On the same 1st July 2021 loans that matured amount to KShs.11,100,829,122 bringing the total balance on matured loans as at 1st July 2021 to KShs.54,693,859,240 since HELB matures loans at the begin of the financial year., which has been supported and tally with the financial statements.	Chief Finance Officer	Work in Progress	Continuous
		Unsupported Additions to Matured Loans	The schedule has been supported that tally's with the financial statements	Chief Finance Officer	Work in Progress	Continuous
		Long Outstanding Matured Loans	HELB has put in place measures to ensure recovery of the amount. Some of the measures include but are not limited to listing in the CRB (Credit Referencing Bureau), liaising with KRA (Kenya Revenue Authority) for data, engaging debt collectors. There is also a provision for bad & doubtful debt has been provided for the Matured loans balance as at 30th June 2022 at the rate of 5% as provided for in the accounting policy which has been disclosed in the financial statement.	Chief Finance Officer	Work in Progress	Continuous

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

	Adverse of Opinion	Loan Balances in Excess of the Principal Sum Loaned	The error has been corrected in the system & schedules provided which tallies with the financial statement The anomaly was caused by loans allocated to students and not disbursed due to budget constraints. Hence needed to post and reverse the loan allocations & administrative fees to enable the students make subsequent loan applications.	Chief Finance Officer	Work in Progress	Continuous
		Loans with Start Year Preceding End Year	HELB has put in place controls to manage loanees having two different loan products in the system.	Chief Finance Officer	Work in Progress	Continuous
		Misstatement of Principal Sum Repayment	HELB is working towards having Jielimishe loans moved to Matured loans. The misstatement of Principal sum repayment was caused by repayments from Jielimishe loans whose deductions commenced immediately disbursement is made to the students.	Chief Finance Officer	Work in Progress	Continuous
		Discrepancies Between Loan Book Balances in the Financial Statements and the Enterprise Resource Planning (ERP) System	The running loan book balance with summation error has been corrected and evidenced in the loan book extract which tallies in the ERP system	Chief Finance Officer	Work in Progress	Continuous
		Unsupported Provision on Matured Loans	The amount of Kshs. 2,551,849,936 in respect of provision of matured loans in the financial statements represents a 5% provision on outstanding mature loans. HELB has put in place controls to harmonize the rate for provisions in both the HELB Credit and Accounting policies which are being reviewed.	Chief Finance Officer	Work in Progress	Continuous
		Batching of Matured Loans by the Loans Recovery Module	The system controls are put in place to correct the batching of matured loans, because currently the system has the capability to mature loans at a specific time per record but due to the timing for the allocation of funds, they are matured as a batch.	Chief Finance Officer	Work in Progress	Continuous
		Over Funds Disbursements Leading to Returns on unmaturred student loans	All disbursements are verified with KUCCPS and confirmed with the institutions before disbursement. However, the overfunding may arise from multiple sources of funding for students and HELB as per MOUs with Institutions has firsthand on overpayments.	Chief Finance Officer	Work in Progress	Continuous
		Failure to Net off Matured Loans in The Year from The Un-Matured Loans	The date error has been corrected and the schedule has been shared and disclosed in the financial statements.	Chief Finance Officer	Work in Progress	Continuous
		Overcharging Insurance on Loans	The negative amounts in the opening and closing insurance are overpaid insurance resulting from how previously a payment received was being allocated to the various loan element. Previously the allocation had not been capped to distribute the amount to the rest of the elements when it's fully paid but currently capped to correct the anomaly.	Chief Finance Officer	Work in Progress	Continuous
		Unsupported Loan Over Payments/Un-accounted for Non-Refunds on Overpayments	Support schedule for the overpayment provided as per the loan book. The non-refund of the amount not exceeding 1000 supported by the credit policy.	Chief Finance Officer	Work in Progress	Continuous
2	Lawfulness and Effectiveness in Use of	Unremitted Statutory Deductions	HELB will ensure that the NSSF funds are refunded to the staff as per the policy since they do not attract any penalties	Chief Finance Officer	Work in Progress	Continuous

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

	Public Resources	Non-Adherence to Credit Policy on Apportionment of Loan Repayment	HELB will however review the Credit Policy to reflect the best practice in the market and to align with the HELB and PFM (PUBLIC FINANCE MANAGEMENT) Act, Accounting policy and other applicable regulations. The policy review is in progress	Chief Executive Officer	Work in Progress	Continuous
3	Effectiveness of Internal Controls, Risk Management and Governance	Board Understaffing	HELB is seeking approval from the Head of Public Service as per the circular freezing recruitment.	Chief Executive Officer	Work in Progress	Continuous
		Unexplained Duplicate Vendor Listing	The duplicate system error has been corrected through the ongoing ERP Upgrade	Chief Finance Officer	Work in Progress	Continuous
		Missing Vendor Accounts	The system error has been corrected pegged on the ERP Upgrade	Chief Finance Officer	Work in Progress	Continuous

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

DATE 27/9/2023.....

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

The Board did not undertake any project in the period from 1st July 2022 to 30th June 2023 for the FY2022-2023 either funded by HELB or by development partners.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023
APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Kshs	Statement of Financial Performance	Receivables	Others- Revolving fund	Total Transfers during the Year
Ministry of Public Service, Youth & Gender Affairs	30-Dec-22	Others- Revolving fund	7,594,828.00	0	0	7,594,828	7,594,828
County Government of Taita Taveta	18-Jan-23	Others- Revolving fund	10,000,000.00		0	10,000,000	10,000,000
Total			17,594,828.00	0	0	17,594,828	17,594,828

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

APPENDIX IV: INTER-ENTITY TRANSFERS

HIGHER EDUCATION LOANS BOARD

P.O. Box 69489-00400

Nairobi, Kenya

18th Floor, Anniversary Towers University Way

The State Department of Education, Science and Technology wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below.

Confirmation of Amounts Received by Higher Education Loans Board as at 30 th June 2023						
Reference Number	Date	Amounts Disbursed by State Department for University Education and Research (KShs) as at 30th June 2023			Amount Received by as at 30th June 2023 (E)	Differences (KShs) (F) = (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
REC/0020024343~RT222450ZL9T	2-Sep-2022	14,299,840.00	-	-	14,299,840.00	-
REC/0020024332~RT222450ZL9T	2-Sep-2022	59,250,000.00	-	-	59,250,000.00	-
REC/0020024331~RT222450ZL9T	2-Sep-2022	14,299,840.00	-	-	14,299,840.00	-
REC/0020024344~RT22248225H6	5-Sep-2022	14,299,840.00	-	-	14,299,840.00	-
REC/0020024807~RT22270WWW771	27-Sep-2022	2,671,250,000.00	-	-	2,671,250,000.00	-
REC/0020025187~RT22304Y3GXP	31-Oct-2022	2,773,399,520.00	-	-	2,773,399,520.00	-
REC/0020025733~RT230093LBNX	9-Jan-2023	2,730,500,000.00	-	-	2,730,500,000.00	-
REC/0020025734~RT23039HG4H7	8-Feb-2023	2,730,500,000.00	-	-	2,730,500,000.00	-
REC/0020026118~RT2310467N2G	14-Apr-2023	42,899,520.00	-	-	42,899,520.00	-
REC/0020026943~RT231780Q6RZ	27-Jun-2023	42,899,520.00	-	-	42,899,520.00	-
Total		11,093,598,080.00	-	-	11,093,598,080.00	-

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

I confirm that the amounts shown above are correct as at the dates indicated.



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

HIGHER EDUCATION LOANS BOARD

Date : 21/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023
APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Environmental conversation through tree Planting	To preserve, manage and restore natural environments. To maximize on tree survival, HELB partners with agricultural clubs in high schools to water and protect the trees.	100 trees planted at Lenana School. 2,000 trees planted at State House Girls High School.		200,000				HELB
							565,000		HELB in partnership with KUCCPS and KNQA.

ANNEX I: STUDENTS LOANS SELF PROTECTION SCHEME(SLSPS) FINANCIAL REPORT AND FINANCIAL STATEMENT FOR YEAR ENDED 30 JUNE 2023

7. STATEMENT OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	NOTES	2022/2023	2021/2022
INCOME			
INCOME FROM EXCHANGE TRANSACTIONS			
Interest on short-term placements	10	18,147,639	9,889,694
SLSPS Earned Insurance Premiums	11	114,665,299	92,531,950
TOTAL INCOME		132,812,938	102,421,644
EXPENSES			
Insurance Claim Paid	9	527,471	-
TOTAL EXPENSES		527,471	-
NET INCOME(LOSS)		132,285,467	102,421,644

The notes set out on pages 39 to 41 form an integral part of these Financial Statement.
The Financial Statements set out on pages 34 to 38 were signed on behalf of the Board by:

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023

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

Date: 27/09/23

EKWEETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

8. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

PARTICULARS	NOTES	2022/2023	2021/2022
ASSETS			
CURRENT ASSETS			
CASH AND BANK BALANCE	6	368,922.53	12,863,615
SHORT TERM PLACEMENTS	7	322,821,801.65	181,257,518
INTEREST RECEIVABLE	8	6,548,743.78	3,332,868
TOTAL CURRENT ASSETS		329,739,467.97	197,454,001
LIABILITIES			
SLSPS INSURANCE CLAIM PAYABLE	9	-	-
TOTAL LIABILITIES		-	-
ACCUMULATED FUND			
SLSPS FUNDING SURPLUS	12	329,739,467.96	197,454,001
TOTAL REVOLVING FUND		329,739,467.96	197,454,001
TOTAL FUNDS AND LIABILITIES		329,739,467.96	197,454,001

The notes set out on pages 39 to 41 form an integral part of these Financial Statement.
 The Financial Statements set out on pages 34 to 38 were signed on behalf of the Board by:

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023.....

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

Date: 27/09/23.....

EKWE ETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023.....

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

9. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2023

Description	ACCUMULATED FUND	Total
	Kshs.	Kshs.
As at 1 July 2021	95,032,357	95,032,357
Surplus/(deficit) for the period	102,421,644	102,421,644
Funds received during the year	-	-
Transfers	-	-
As at 30 June 2022	197,454,001	197,454,001
Balance as at 1 July 2022	197,454,001	197,454,001
Surplus/(deficit) for the period	132,285,467	132,285,467
Funds received during the year	-	-
Transfers	-	-
As at 30 June 2023	329,739,468	329,739,468

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

10. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	NOTES	2022/2023	2021/2022
RECEIPTS			
Income from Exchange transactions			
Interest From Short Term Placement	10	18,147,639	9,889,694
Earned Premiums	11	114,665,299	92,531,950
		132,812,938	102,421,644
PAYMENTS			
Insurance Claim Paid	9	(527,471)	-
		(527,471)	-
NET CASH FROM OPERATING ACTIVITIES		132,285,467	102,421,644
CASH FLOWS FROM INVESTING ACTIVITIES			
Accounts Receivables (Current)	8	(3,215,876)	(2,345,611)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(3,215,876)	(2,345,611)
Net Increase / (Decrease) in Cash		129,069,591	100,076,033
Cash and Cash Equivalents at the Beginning of the Year	6 & 7	194,121,133	94,045,100
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		323,190,724	194,121,133

The notes set out on pages 39 to 41 form an integral part of these Financial Statement.
The Financial Statements set out on pages 34 to 38 were signed on behalf of the Board by:

CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023

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

Date: 27/09/23

EKWEETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023
11. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Description	Original budget Kshs. A	Adjustments Kshs. b	Final budget Kshs. C=(a+b)	Actual on comparable basis Kshs. d	Performance difference Kshs. e=(c-d)	% of utilization F=d/c
Revenue						
Insurance Premiums	99,131,271.99	-	99,131,271.99	114,665,299.00	(15,534,027.01)	116%
Interest income - Investment	2,000,000.00	-	2,000,000.00	18,147,639.40	(16,147,639.40)	907%
Total Revenue	101,131,271.99	-	101,131,271.99	132,812,938.40	(31,681,666.41)	131%
Expenses						
Compensation Claims	5,000,000.00	-	5,000,000.00	527,471.37	4,472,528.63	11%
Total Expenses	5,000,000.00	-	5,000,000.00	527,471.37	4,472,528.63	11%
Surplus for the period	96,131,271.99	-	96,131,271.99	132,285,467.03	(36,154,195.04)	138%

12. NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

HELB Act Cap 213A Section 6(m) provides for the Board to take insurance cover to cushion it from any losses caused by death, incapacity, inability to pay as the Board deems fit Also Agenda 2019 -2023 provides for 100% portfolio protection for all students' loan products. The student loans self-protection scheme commenced with 2019/2020 First Time Undergraduate, Afya Elimu 2019/2020 and TVET students.

Principal Activity

The purpose for which SLSPS was established is "To deduct a percentage (determined by an actuary) of the loan awarded as an insurance fee to cover risks as stipulated in the HELB Act. The scheme shall cover either death or total and permanent incapacitation."

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Board's financial statements have been prepared on a historical cost basis. 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the HELB.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

v) *The scheme has adopted the various relevant standards.*

vi) Amendments to Other IPSAS

There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2023

vii) Early adoption of standards

The scheme did not early – adopt any new or amended standards in year 2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from Insurance Premiums and Placement Income

SLSPS Scheme recognized income from interest income earned from students' loans and short-term placements with HELB banks. The income from interest earned from short-term placements and insurance premiums charged are recognized when earned.

q) SLSPS Management

The scheme management is provided for under SLSPS Policy that provides a general framework that guides, regulates and facilitates the proper management of insurance of loans and payments of claims.

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.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

Q3 NOTES TO THE ANNUAL FUND STATEMENTS			
6	SLSPS CASH AND BANK BALANCE		
	Opening Balance	12,863,615	11,754,839
	Cash In	531,588,494	189,891,359
	Cash Out	(544,083,186)	(188,782,584)
	Closing Balance	368,923	12,863,615
7	SHORT TRERM PLACEMENTS		
	Opening Balance	181,257,518	82,290,261
	Placements in the year	544,083,186	181,257,518
	Matured in the Year	(402,518,902)	(82,290,261)
	Closing Balance	322,821,802	181,257,518
8	RECEIVABLES FROM EXCHANGE TRANSACTIONS AND PREPAYMENTS		
	Current Receivables		
	Accrued Interest on short term placements	6,548,744	3,332,868
	Total	6,548,744	3,332,868
9	SLSPS INSURANCE CLAIM PAYABLE		
	Opening Balance	-	-
	Insurance Claims for the Received Year	527,471	
	Insurance Claims Payments for the Year	(527,471)	
	Closing Balance	-	-
10	SHORTTERM PLACEMENTS INCOME		
	Interest on Short-term placements	18,147,639	9,889,694
	Total	18,147,639	9,889,694
11	SLSPS INSURANCE PREMIUMS		
	Insurance Premium Earned for the Year	114,665,299	92,531,950
	Total	114,665,299	92,531,950
12	ACCUMULATED SLSPS FUND BALANCE		
	Balance b/f	197,454,001	95,032,357
	Net Income /(Loss	132,285,467	102,421,644
	Balance c/d	329,739,468	197,454,001

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

**ANNEX II: STAFF LOANS AND MORTGAGE SCHEME FINANCIAL REPORT AND FINANCIAL STATEMENT
FOR YEAR ENDED 30 JUNE 2023**

1. STATEMENT OF ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2023

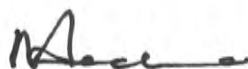
Description	Note	2022/2023 Kshs.	2021/2022 Kshs.
Revenue from exchange transactions			
Interest income	6	4,143,165	3,250,859
		4,143,165	3,250,859
Expenses			
Use of goods and services	7	2,295	1,725
Total expenses		2,295	1,725
Surplus/(deficit) before tax		4,140,870	3,249,134
Surplus/Deficit after Tax		4,140,870	3,249,134

The notes set out on pages 47 to 50 form an integral part of these Financial Statement.
The Financial Statements set out on pages 42 to 46 were signed on behalf of the Board by:



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023



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

Date: 27/09/23



EKWEETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

2. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

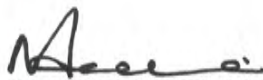
Description	Note	2022/2023 Kshs.	2021/2022 Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	94,092,652	68,154,787
Total Current Assets		94,092,652	68,154,787
Non-current assets			
Receivables from exchange transactions	9	262,908,016	257,780,075
Loans and Mortgage Allocations	10	37,515,755	20,282,961
Total Non-current assets		300,423,771	278,063,036
Total assets		394,516,423	346,217,822
Liabilities			
Trade and other payables	11	37,515,755	20,282,961
Total liabilities		37,515,755	20,282,961
Revolving Funds			
Car & Mortgage revolving fund	12	333,747,569	306,822,633
Accumulated surplus (<i>Reserves</i>)	13	23,253,098	19,112,228
Total Revolving Funds		357,000,668	325,934,861
Total Funds and Liabilities		394,516,423	346,217,822

The notes set out on pages 47 to 50 form an integral part of these Financial Statement.
The Financial Statements set out on pages 42 to 46 were signed on behalf of the Board by:



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER

Date: 27/9/2023



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

Date: 27/09/23



EKWEE ETHURO
CHAIRMAN OF THE BOARD

Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2023

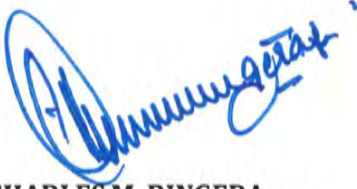
Description	Car Loan & Mortgage Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at 1 July 2021	278,705,233	15,863,094	294,568,327
Surplus/(deficit) for the period	-	3,249,134	3,249,134
Funds received during the year	28,117,400	-	28,117,400
Transfers	-	-	-
As at 30 June 2022	306,822,633	19,112,228	325,934,861
Balance as at 1 July 2022	306,822,633	19,112,228	325,934,861
Surplus/(deficit) for the period	-	4,140,870	4,140,870
Funds received during the year	26,924,936	-	26,924,936
Transfers	-	-	-
As at 30 June 2023	333,747,569	23,253,098	357,000,668

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

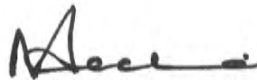
4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

Description	Note	2022/2023 Kshs.	2021/2022 Kshs.
Cash flows from operating activities			
Receipts			
Interest received	6	4,143,165	3,250,859
Proceeds from loan principal repayments	9	29,350,831	49,957,969
Total receipts		33,493,996	53,208,827
Payments			
Use of goods and services	7	2,295	1,725
Loan disbursements paid out	9	34,478,772	71,582,821
Total payments		34,481,067	71,584,546
Net cash flow from operating activities	14	(987,071)	(18,375,719)
Cash flows from financing activities			
Increase in Loan commitment	10	(17,232,794)	(14,107,961)
Increase in payables	11	17,232,794	14,107,961
Car loan & Mortgage revolving fund Movement	12	26,924,936	28,117,400
Net cash flows used in financing activities		26,924,936	28,117,400
Net increase/(decrease) in cash and cash equivalents		25,937,865	9,741,681
Cash and cash equivalents at 1 July	8	68,154,787	58,413,105
Cash and cash equivalents at 30 June	8	94,092,652	68,154,787

The notes set out on pages 47 to 50 form an integral part of these Financial Statement.
The Financial Statements set out on pages 42 to 46 were signed on behalf of the Board by:



CHARLES M. RINGERA
CHIEF EXECUTIVE OFFICER
Date: 27/9/2023



MARY WACHIRA (ICPAK NO. 3041)
AG. CHIEF FINANCE OFFICER
Date: 27/09/23

EKWEE ETHURO
CHAIRMAN OF THE BOARD
Date: 27/9/2023

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	Kshs. e=(c-d)	F=d/c
Revenue						
Transfers from HELB/Loan Repayments	90,550,000.00	(27,000,000.00)	63,550,000.00	61,403,707.68	2,146,292.32	97%
Interest income - Investment	2,000,000.00	-	2,000,000.00	1,155,851.55	844,148.45	58%
Interest on Staff Loans and Bank Balance	2,500,000.00	-	2,500,000.00	2,987,313.94	(487,313.94)	119%
Total Revenue	95,050,000.00	(27,000,000.00)	68,050,000.00	65,546,873.17	2,503,126.83	96%
Staff Loans Scheme						
Car Loans	15,000,000.00	(7,000,000.00)	8,000,000.00	2,242,809.80	5,757,190.20	28%
Mortgage Loans	80,000,000.00	(20,000,000.00)	60,000,000.00	47,241,006.00	12,758,994.00	79%
Total Staff Loans Scheme	95,000,000.00	(27,000,000.00)	68,000,000.00	49,483,815.80	18,516,184.20	73%
Expenses						
Use of goods and services	50,000.00	-	50,000.00	2,295.02	47,704.98	5%
Total Expenses	50,000.00	-	50,000.00	2,295.02	47,704.98	5%
Total Expenditure	95,050,000.00	(27,000,000.00)	68,050,000.00	49,486,110.82	18,563,889.18	73%
Surplus for the period	-	-	-	16,060,762.35	(16,060,762.35)	0%

6. NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

HELB Established a Staff Car Loan and Mortgage scheme for its staff to foster growth and development. A loan will be advanced to permanent members of staff who have been confirmed in their appointment, members of staff who are on contract of at least three years for mortgage & Two Years for car Loan and HELB may take over an existing loan for a member of staff held by another entity.

Principal Activity

HELB has made provision for a Car Loan Scheme and house Loan Scheme under which eligible members of staff will be availed loans to purchase vehicles, purchase/construct houses, purchase plots and carry out home improvement.

Objectives

1. To enable staff own motor vehicles, to facilitate efficient and safe transport.
2. To enable staff own residential houses
3. To enable HELB, attract and retain talented and competent staff.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Board's financial statements have been prepared on a historical cost basis. 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the HELB.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

viii) The scheme has adopted the various relevant standards.

ix) Amendments to Other IPSAS

There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2023

x) Early adoption of standards

The scheme did not early - adopt any new or amended standards in year 2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from Interest on Deposits and Interest on Staff Loans

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

SCL&MS Scheme recognized income from interest income earned from staff loans and fund deposits with selected HELB banks. The income from interest earned from interest on staff loans and interest from deposits charged are recognized when earned.

r) SCL&MS Management

The scheme management is provided for under Staff Car Loan and House Loan Policy that provides a general framework that guides, regulates and facilitates the proper management of insurance of loans and payments of claims.

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.

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

NOTES TO THE ANNDAL FUND STATEMENTS

6	REVENUE FROM EXCHANGE TRANSACTIONS	2022-2023	2021-2022
	Interest Income		
	Interest Income From Mortgage & Car Loans	2,078,424	1,600,042
	Interest Income From Placements	1,155,852	960,604
	Interest Income On Bank Deposits	908,890	690,212
	Total Revenue from Exchange Transactions	4,143,165	3,250,859
7	USE OF GOODS AND SERVICES		
	Bank charges	2,295	1,725
	Total	2,295	1,725
8	CASH AND CASH EQUIVALENTS		
	On - Call Deposits	79,420,246	60,755,511
a	Current Account	14,672,406	7,399,276
	Total	94,092,652	68,154,787
	DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS IN BANKS APPROVED BY NATIONAL TREASURY IN LINE WITH SECTION 28 OF THE PFM ACT ARE AS FOLLOWS:		
	Mortgage and Car Loan Fund		
	On- Call Deposits		
	Savings & Loans - Short-term Placements	47,121,115	40,467,235
	SBM Bank (Formally Chase Bank) -Short-Term Placements	32,299,130	20,288,276
b	Sub- Total	79,420,246	60,755,511
	Current Account		
	KCB Univ. Way - Staff Loans	982,317	542,395
	Housing Finance - Staff Mortgage Account	13,183,594	6,385,655
	KCB Savings & Loan Mortgage Account	506,496	471,226
	Sub- Total	14,672,406	7,399,276
	Grand Total	94,092,652	68,154,787
9	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Non-Current Receivables		
	Staff Car Loans		
	Balance B/F	13,126,983	15,382,674
	Loan Advanced	2,242,810	3,455,000
	Principal Loan Repayment	(6,417,290)	(5,710,691)
	Balance C/F	8,952,503	13,126,983
	Staff Mortgages and Plot Loans		
	KCB Savings & Loans Back Up Account		
	Balance B/F	108,544,043	109,990,008
	Loan Advanced	-	20,986,835
	Principal Loan Repayment	(4,740,312)	(22,432,800)
	Balance C/F	103,803,731	108,544,043
	Housing Finance Backup Account		
	Balance B/F	46,793,051	51,022,142
	Loan Advanced	-	-
	Principal Loan Repayment	(6,182,375)	(4,229,091)
	Balance C/F	40,610,677	46,793,051
	SBM Mortgage Back up ac		
	Balance B/F	89,315,998	59,760,398

HIGHER EDUCATION LOANS BOARD
Annual Report and Financial Statements for the Year Ended June 30, 2023

	Loan Advanced	32,235,962	47,140,986
	Principal Loan Repayment	(12,010,854)	(17,585,386)
	Balance C/F	109,541,106	89,315,998
	Total Non- Current Receivables	262,908,016	257,780,075
10	CAR LOAN & MORTGAGE ALLOCATIONS		
	Car Loan Allocation		
	Balance B/F	-	-
	Loan Allocated	2,227,750	-
	Allocation Paid	-	-
	Balance C/F	2,227,750	-
	Mortgage Loan Allocation		
	Balance B/F	20,282,961	6,175,000
	Loan Allocated	35,288,005	20,282,961
	Allocation Paid	(20,282,961)	(6,175,000)
	Balance C/F	35,288,005	20,282,961
	Total Car Loan & Mortgage Allocations	37,515,755	20,282,961
11	TRADE AND OTHER PAYABLES		
	Trade payables and Accruals	37,515,755	20,282,961
	Total trade and other payables	37,515,755	20,282,961
12	CAR AND MORTGAGE REVOLVING FUND		
	Balance B/F	306,822,633	278,705,233
	Drawings in the Year	-	-
	Additions in the Year	26,924,936	28,117,400
	Balance C/F	333,747,569	306,822,633
13	ACCUMULATED SURPLUS (RESERVES)		
	Balance B/F	19,112,228	15,863,094
	Surplus/Deficit for the Year	4,140,870	3,249,134
	Balance C/F	23,253,098	19,112,228
14	NET CASH FLOWS FROM OPERATING ACTIVITIES		
	Surplus/ (deficit) for the year before tax	4,140,870	3,249,134
	Working capital adjustments		
	Increase in receivables	(5,127,941)	(21,624,852)
	Total Working Capital	(5,127,941)	(21,624,852)
	Net cash flow from operating activities	(987,071)	(18,375,719)