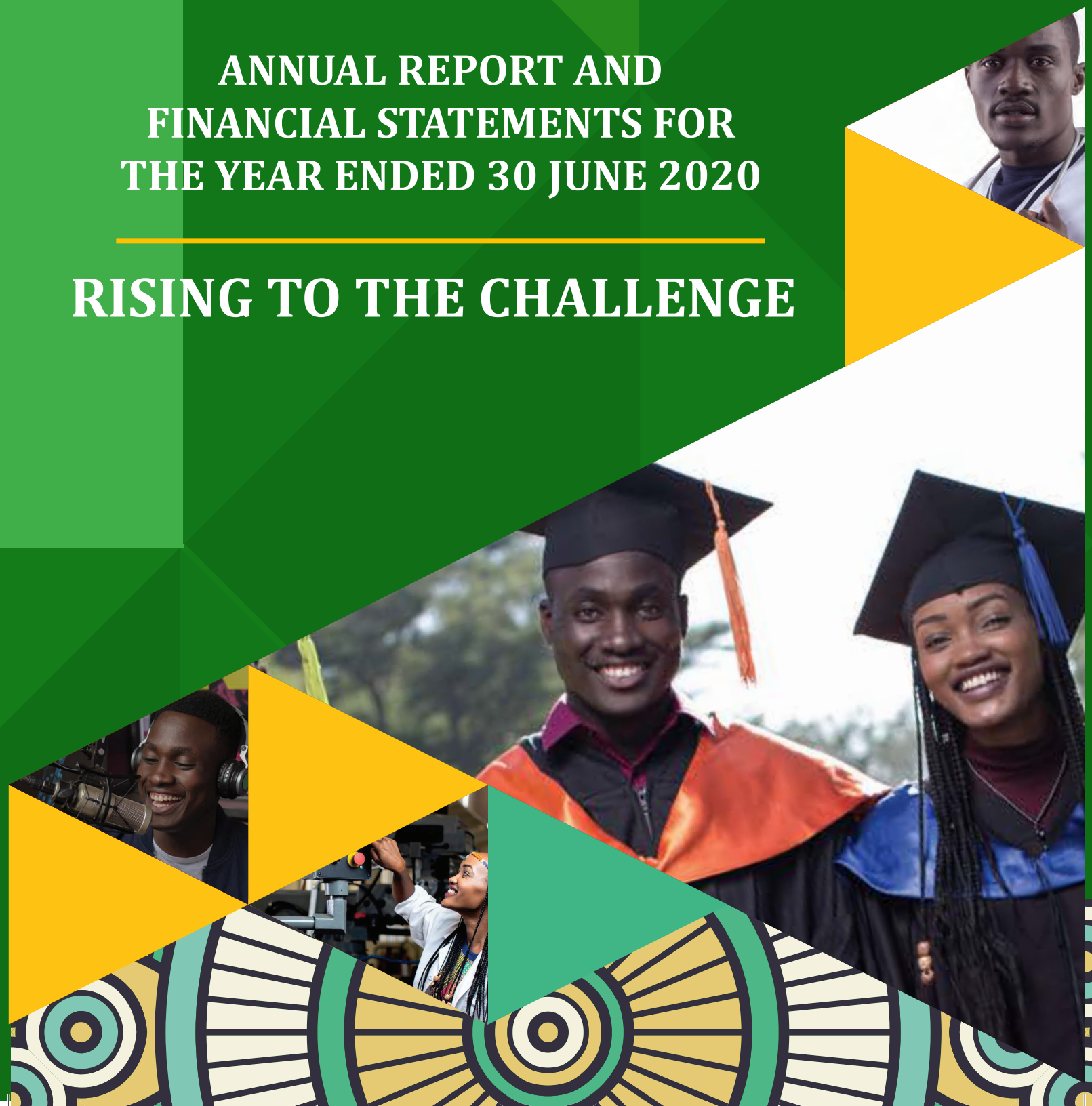




**ANNUAL REPORT AND  
FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30 JUNE 2020**

**RIISING TO THE CHALLENGE**





## #TwendeTulipeHELB!

Ni Muhimu Kujitambua!

I talked to HELB and now I pay my loan in manageable monthly instalments. You can also pay in lump sum.

Help Educate Tomorrow. Pay Today

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**THEY STUDIED TO SERVE YOU.**



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# CORPORATE INFORMATION AND MANAGEMENT

## (a) Background information

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

### Our Multi-Dimensional Purpose and Values



#### Our Mission

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



#### Our Vision

Universal financing for Kenyans pursuing Higher Education



#### Our Purpose

Financing your higher education to empower your dreams



#### Our Behaviour

- I uphold integrity
- I promote transparency
- I am innovative
- I am proactive
- I am focused
- I give hope



#### Our Values

1. Integrity
2. Innovative
3. Courtesy
4. Equity

## Principal Activities

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

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

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

## Our Products

Education can be quite expensive but with our student loans, there is now a smarter way to finance your studies. We empower your dreams with lower capped repayments while you study and flexible repayment modes after you catch your big break in the career of your choice. Our Products;



### 1. LOANS

#### UNDERGRADUATE

Government  
Sponsored  
Self-Sponsored

#### TVET

Government Sponsored  
Self-Sponsored

#### JIELIMISHE

Post Graduate Diploma  
Undergraduate  
Masters & PHD

### 2. BURSARIES

#### UNDER GRADUATE

You must have  
applied for the  
Undergraduate Loan

#### TVET

You must have  
applied for the TVET  
Loan

### 3. SCHOLARSHIPS

#### POSTGRADUATE

The Scholarship award  
is for masters and PhD

#### VISA OSHWAL

The scholarship  
is directly paid by  
the funder to the  
applicant/student

#### ABSA BANK

Awards to orphans  
and PWDs pursuing  
degree programs in  
universities

### 4. PARTNERS

#### INSTITUTIONAL FUNDS

AIC Kijabe Hospital  
Bar Examination Loan  
Community Health Promotion Fund  
Digital Devide Data  
Eastlands College of Technology  
Kenya school of Integrated Medicine  
Simba Foundation  
St. Kizito Vocational Training Institute  
Tenwek School of Nursing Medical Fund  
Civil Servants Training Revolving Fund  
Advocates’ Benevolent Association Fund  
ABSA Bank Scholarship  
Council for Legal Education Fund  
Kenya Institute of Mass communication Fund  
Kenya School of law Fund

#### COUNTY FUNDS

Kakamega County  
Kakamega County Afya Elimu Loan  
Bomet County  
Busia County  
Taita Taveta County

#### CONSTITUENCY FUNDS

Chuka Igambang’ombe Education  
Fund  
Tigania West Education Fund  
Igembe North Education Fund  
Karachuonyo Education Fund  
Tharaka Nithi Constituency Fund  
Awendo Education Fund



## (b) Our Management

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

1. Board of Directors
2. Chief Executive Officer
3. Management

## (c) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2020 and who had direct fiduciary responsibility were:

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

## (d) Fiduciary Oversight Arrangements

### Board Committee Functions

The Higher Education Loans Board is headed by a Board of Directors whose mandate are actualized through three committees.

Loans Disbursement and Recovery Committee	Finance, Staff & General-Purpose Committee	Audit, Risk Management and Compliance Committee
Functions	Functions	Functions
To formulate policies for sound management of loan disbursement and loan recovery processes;	To review and recommend approval of policies and conditions for sound management of the financial processes and operations;	Assist the Chief Executive Officer (CEO) in enhancing internal controls to improve efficiency, transparency, and accountability in the management of HELB's resources;
To formulate policies for sound management of the scholarship facility.	To review and report to the Board on the annual audited accounts;	Examine internal and external audit reports and recommendations after management response to ensure action is taken;
To formulate and recommend for approval the criteria to be used in loan allocation/award;	To review and recommend approval of policies and conditions for sound management of HELB's property and financial investments;	Follow up to ensure positive action is taken to resolve unsettled and unimplemented Public Accounts Committee and Public Investment Committee. (PAC/PIC) recommendations.

Loans Disbursement and Recovery Committee	Finance, Staff & General-Purpose Committee	Audit, Risk Management and Compliance Committee
Functions	Functions	Functions
To formulate policies and conditions to guide the process of loan waivers.	To formulate policies and conditions for sound management of the HELB Human Resources;	Provide oversight on HELB risk management processes;
To submit to the Board quarterly reports on the activities of the Committee in regard to disbursement and recovery performance;	To formulate policies and conditions for sound management of the HELB Funds;	Enhance communication between Management, Internal and External Audit and fostering an effective internal audit function;
To review the Credit management and scholarship policy on a regular basis;	To formulate policies and conditions for sound management of the HELB ICT systems;	Any other duties set out in the Audit committee charter.
To hold meetings on a quarterly basis or as may need demands;	To submit to the Board quarterly reports on the activities of the Committee	
Provide oversight of the risk management framework for controlling credit risks arising from ongoing lending activities in both the undergraduate and postgraduate loan;	Perform any other function assigned by the Board	
Perform any other function assigned by the Board		

### (e) HELB Headquarters and Registered Office

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

### (f) HELB Contacts

Telephone: (020)2278000  
 Cisco: 0711052000 Email: [contactcentre@helb.co.ke](mailto:contactcentre@helb.co.ke)  
 Website: [www.helb.co.ke](http://www.helb.co.ke)  
 Twitter.com/HELBpage  
 Facebook.com/HELBpage  
 LinkedIn.com/higher-education-loans-board





### (g) HELB Bankers

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

### (h) Independent Auditors

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

### (i) Principal Legal Adviser

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

## THE BOARD MEMBERS



### **RHT Hon. Ekwee Ethuro, Chairman of the Board**

RHT Hon. Senator Ekwee Ethuro holds an MSc in Agriculture and Economics and a Bachelor of Science in Agriculture from the University of Nairobi. He is former Speaker of the Senate having been elected to this position on 28th March 2013. He served for three terms as a Member of Parliament for Turkana Central Constituency in 1997, 2002 and 2007. Senator Ethuro was the Chairman of the Constituency Development Fund Committee. He also served as an Assistant Minister in the Ministry of Planning and National Development from 2005 to 2007 and an Assistant Minister in the Ministry of Labour and Human Resource Development from 1998 to 2002.

**Appointed on 20<sup>th</sup> September 2018**

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### **FCCA/CPA Charles Ringera, CEO- HELB**

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 Control, 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.

**Appointed on 1<sup>st</sup> March 2019**

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### **Prof. Mumo Kisau, Board Member**

Prof. Mumo Kisau is the Vice-Chancellor of Scott Christian University. He was appointed to the Board on 20<sup>th</sup> September, 2018 for a period of three years. Prof. Kisau has gained wide experience in leadership and management, having served in various positions including as a Senior Adviser at World Vision East Africa. He has also served as an Assistant Professor/Deputy Principal at Africa Leadership University. He holds a Doctor of Philosophy in Divinity (Aberdeen University) and Master of Divinity from Africa International University.

**Appointed on 20<sup>th</sup> September 2018 to represent the Kenya Association of Private Universities (KAPU)**

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### **Mrs. Jacqueline A. Mugo, Board Member**

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

**Appointed on 15<sup>th</sup> February 2016.**



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

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

Appointed on 15<sup>th</sup> February 2016 and was a board member until 28<sup>th</sup> May 2020

**Appointed on 15<sup>th</sup> March 2019**



### **Mr. Samuel Mugambi Mutwiri Board Member Alternate to the Permanent Secretary, State Department for University Education and Research**

Mr. Samuel Mugambi holds a Bachelor of Commerce from the University of Nairobi, a Master of Business Administration from Esami / Maustritch University, and a Diploma in Finance from Kenya School of Accountancy. He has worked in the Ministry of Health, Ministry of Planning and National Development, Central Kenya Dry Areas Project as a Project Administrative and Liaison Officer. He has also worked as Chief Finance Officer at State House, Ministry of Education, State Department for University Education & Research.

**Appointed on 28<sup>th</sup> May 2020.**



### **Mr. Charles Onami Maranga, Board Member**

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

**Appointed on 15<sup>th</sup> February 2016 as an independent board member.**



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

Ms. Majiwa is the Alternate to the PS, National Treasury. She is currently working as a Chief Investment Officer in the Directorate of Public Investments and Portfolio Management at The National Treasury & Planning. She holds a Bachelor of Commerce (Accounting & Finance) from Strathmore University and Master of Business Administration (Strategic Management) from the University of Nairobi. She represents the Cabinet Secretary, National Treasury in select 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

**Appointed on 15<sup>th</sup> February 2016.**



### **Dr. Habil O. Olaka, Board Member**

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

**Appointed on 15<sup>th</sup> February 2016.**



### **Prof. Mwenda Ntarangwi, Board Member**

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

**Appointed on 15th February 2016.**



### **Prof. Francis W. O. Aduol, Board Member**

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

**Appointed on 20<sup>th</sup> September 2018 to represent Vice Chancellors' Committee, Public Universities**



### **Mrs. Wambui Kosgey, Board Member**

Mrs. Wambui Kosgey is a strategic and creative commercial legal adviser with over 20 years' experience in legal, compliance, risk, governance, commercial and corporate advisory roles in various sectors. She has advised on some of Africa's largest transactions and corporate restructurings in size and complexity including the recent investment by Diageo plc on its Kes15bn investment in Kenya Breweries Limited. Has practiced with and held senior executive positions in some of the largest global companies, law practices and financial institutions, including Diageo, Africa Legal Network and Standard Bank. Has local knowledge, global outlook and regional experience as Associate Director Corporate Finance, at CFC Bank Ltd and the Senior Regional Vice President for Advisory, Investment Banking Division, East Africa at Standard Bank and most recently Regional Legal Director for East Africa at Diageo, plc and Holds a Bachelor of Laws degree from the Cardiff University, an MBA from Strathmore Business School and a graduate of the SBS Women Directors Leadership Program. Key result areas: Strategic and Creative Initiatives – currently



undertaking various entrepreneurial activities and holds positions in various Boards and Board Committees. Compliance, Risk & Governance – a key adviser to various companies on legal, compliance and risk. Operational Oversight & Change Management - has led large multi-disciplinary teams providing technical and operational advice and support, delivering projects or undertaking transformative change initiatives. Culture, Talent & People Management - a graduate of the Diageo Leadership Performance Program and voted as The Most Inspirational Senior Woman Executive Leader at EABL. Delivery & Performance – nominated by Legal 500 (a global ranking agency) as one of the Most Influential Lawyers in the Business Sector and included in the General Counsel Power list for Africa 2017.

**Appointed on 20<sup>th</sup> September 2018.**

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## MANAGEMENT TEAM



### **FCCA/CPA Charles Ringera Chief Executive Officer / Board Secretary**

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.



### **CPA Mary Wachira-Muchee, Chief Strategy & Customer Experience Officer and Acting Chief Finance Officer**

CPA Muchee 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 in National Housing Corporation from 1990-1996 in various positions up to Senior Accountant (Cost & Management section). She holds a Bachelor of Commerce degree (Accounting option) from the University of Nairobi and an MBA (Finance) from the same University. In addition, she is a Certified Public Accountant of Kenya (CPA-K), a Certified Investment and Security Analyst as well as a member of Institute of Certified Public Accountants (ICPAK)

**Appointed Acting Chief Finance Officer from 27<sup>th</sup> September 2019.**



### **CPA Shem Andrew Gichimu, Chief Finance Officer**

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

**Chief Finance Officer until 27<sup>th</sup> September 2019.**



### **Mr. Geoffrey O. Monari, Chief Operations Officer**

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

#### **Chief Operations Officer**

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### **Mr. Josephat Nzuki, Chief Innovation and Technology Officer**

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 whereas the Data and Systems Analyst he has been instrumental sustaining the growth of ICT agenda at HELB. He holds a B.Sc. Information Sciences (IT) from Moi University, Oracle DBA certifications, CCNA, WEB development and currently finalizing his research in Master of Science Information Systems degree (MIS) at the University of Nairobi. He is a fellow of the Computer Society of Kenya.



### **Mrs. Zipporah Onyoni, Head of Human Resource & Administration**

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

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**Mrs. Bernadette N. Masinde,  
Head of Legal Services & Corporation Secretary**

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



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

CPA Mwangi is an audit and risk practitioner with over 14 years' progressive experience in external and internal auditing of finance, operations and ICT systems and risk management. He joined the Board from the National Gender & Equality Commission where he was the Head of Internal Audit and Risk. He also worked as an Internal Auditor with the Ethics & Anti-Corruption Commission (EACC) and Financial and Information Systems Auditor with the Kenya National Audit Office (KENAO). He holds MBA Finance (UoN), BA AGBM [Egerton University], CPA (K), CISA and a Certified Audit Quality Assessor. Justus is an active member of ICPAK and ISACA.



**Ms. Wavinya Mung'ala  
Head of Corporate Communication & Customer Experience**

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



### **The Late Mr. Naftal Michira, Head of Debt Management**

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



### **CPA James Maina Gachari Manager, External Resource Mobilisation**

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



### **CPA Kerin Lidoroh, Manager, Finance**

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



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

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



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

Elijah W. Wekesa, joined the Board from Postbank where he worked as a Manager, Procurement and Supplies. He also worked as a Deputy Head of Supply Chain in Bungoma County and Procurement Officer at Youth Fund and Barclays Bank as a graduate clerk. He holds a B.A in Economics and Mathematics and an 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 brings on board 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).

**Appointed on 1<sup>st</sup> November 2019.**



### **Mrs. Phyllis J. Kipruto, Assistant Manager Procurement and Logistics**

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

**Acted as Manager Procurement and Logistics until 31<sup>st</sup> October 2019.**

**EKWEE ETHURO**  
**CHAIRMAN OF THE BOARD**





## CHAIRMAN'S STATEMENT

“

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



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

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

In this regard, and in line with our Strategic Plan, HELB continues to strive towards ensuring that post-secondary Kenyan students continue with their education as underpinned by article 43 (f) of the Kenyan constitution and SDG 4 on Lifelong learning. The financial interventions ensure support to needy students in private and public universities as well as technical and vocational training institutions with the aim of facilitating the required skills to grow our economy. Through skills acquisition, HELB continues to play a key role in providing safe spaces to our youth.

### Statement of Corporate Identity

A statement of corporate identity is an articulation of the uniqueness of the organization which identifies the basis of the organization's brand. The corporate



identity has immense value to HELB in terms of acceptance and positioning in the society and this value will need to be appreciated and built upon. The corporate identity promotes the Vision, Mission and Core Values of the Board.

Our Multi-Dimensional statement– Vision, Mission, Purpose, Values and our behaviors continues to re-assure our stakeholders of our promise of **Empowering Dreams**.

### Corporate Governance

The Board operations of HELB are guided by Section 15(1) of State Corporations Acts, HELB Act CAP213A and Mwongozo code of conduct. During the year under review HELB Board of Directors was actively involved in its oversight role of giving strategic direction, values,

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

I sincerely thank the diverse Board of HELB composed of Charles Maranga (Independent member), Jacqueline Mugo (FKE), Dr. Habil Olaka (KBA), Francis Aduol (Public Universities), Prof. Mumo Kisau (Private Universities), Prof. Mwenda Ntarangwi (CUE), Wambui Kosgey (Independent member), Ezra Magati (PS University Education), Cheryl Majiwa (PS National Treasury), Mr. Samuel Mugambi (PS University Education) and Charles Ringera (CEO) for their selfless service that remained independent and flexible, pragmatic, objective and focused on balanced and sustainable performance of the organization. During the year under review there were 24 Board meetings held both physically and virtually as guided by the Head of Public Service on code of conduct of Board meetings during the COVID-19 Pandemic.

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

### Outlook

Although HELB has served the higher education sector since 1995, we still have a lot to accomplish to cope with the dynamic financing sector. As HELB grows into a mature and vibrant brand aimed at **Empowering Dreams** through well thought out strategies, we acknowledge that customer centered leadership is essential to delivery of our promise to the Kenyan Citizenry. We recognize the role of customers in growing and sustaining a revolving fund. Therefore, we continue to reflect on both the customer and employee journeys and implement measures that improve overall customer experience. Technology will remain a critical component in our business thus we will continue to invest in systems that provide efficiency and value to our customers.

Our journey towards the future will be further enhanced through building of strategic partnerships with like-minded organizations especially in sectors with emerging opportunities for youth such as Oil & Gas and Blue Economy. As a premier higher education financing institution, we are an important player in the education



sector and intend to drive the noble cause of **Empowering Dreams** to enrich youth with much needed skills and competence. *Our mission is to provide sustainable finance to Kenyans pursuing higher education through mobilization and prudent management of resources.* The Board therefore remains confident that with the resources in its realm, it will be able to harness more and make a significant contribution in the higher education sector in Kenya.

## Appreciation

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

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

Finally, I take this opportunity to appreciate my fellow Directors, for their commitment and great sacrifice. I am truly honoured to serve alongside you as we drive the organization towards the realization of its strategic goals and objectives. The Board remains optimistic as we transition into the third year of the Strategic Plan and shall remain committed to transforming the lives of Kenyans by providing universal financing to Kenyans pursuing higher education as a key weapon to confront the challenge of poverty.



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

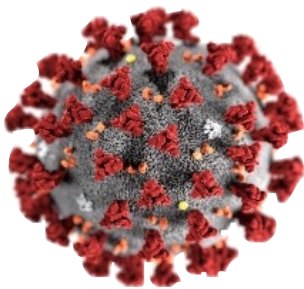
**CHARLES M. RINGERA**  
**CHIEF EXECUTIVE OFFICER**





## CHIEF EXECUTIVE OFFICER LETTER TO STAKEHOLDERS

I write this letter with a sense of delight and pride as I look at what HELB has achieved over the past financial year – 2019/2020 financial. 2019/2020 marked the 25 years of HELB operations as a corporate body in transforming lives through education. Beyond the impressive financial results, the Corporation continues doing more to support our communities in **Empowering Dreams**. Our focus to finance the frangible and vulnerable members of society in realizing their education dreams anchored on SDG #4 on *Lifelong learning* has been transformational to many livelihoods within the country. This remarkable progress has been as a result of immeasurable support which we have received from our stakeholders mainly the various funding partners and the student community.



The second half of 2019/2020 had its own fair share of challenges as COVID-19 radically reshaped how higher education is delivered, Institutions of higher learning globally faced two existential challenges: how to provide a high quality, socially distant learning experience, and how to develop a viable business model amid growing calls for greater affordability, HELB was no exception rapidly adjusting to a COVID-19 induced New Normal.

As the COVID-19 crisis continues to unfold, it is driving major regulatory and competitive shifts in the evolution of education. Digitalization of academic and administrative processes is becoming the new norm for the sector. Anticipated trends for the coming decade include accelerated adoption of advanced technology, further development of private-public partnerships, and mobilization of a new wave of triple bottom-line-driven capital as governments seek alternative funding to grow and innovate human capital development. COVID-19 has forced organisations to shift rapidly to remote working at scale. This is likely to have a significant impact on both IT infrastructure requirements and the attack surface. Threat actors are already exploiting the uncertainty and extraordinary response caused by the COVID-19 pandemic.



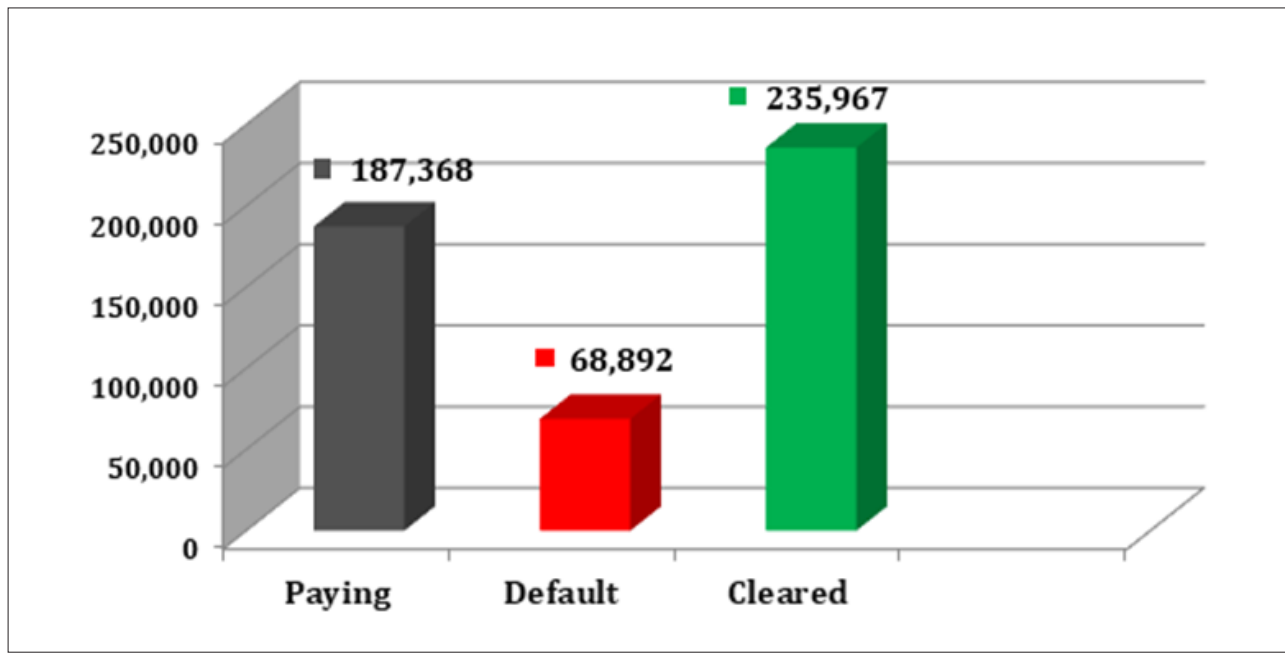
### Transforming Lives - 25 years of Empowering Dreams



In July 2020 HELB marks 25 years of operation as a body established through an Act of parliament HELB Act CAP213A of 1995. HELB as a corporate succeeded both the Higher Education Loans Management Fund established by the Higher Education Loans Fund Act (Cap 213, now repealed) and the Loans Disbursement and Recovery Unit (University Student Loan Scheme (USLS) which was a department in the Ministry of Education. USLS which was started in 1974 funded Kenyan students pursuing higher education in Makerere, Dar es salaam and Nairobi universities. However, it is important to note that, financing of higher education started way back in 1952 when the colonial government awarded loans under the Higher Education Loans Fund (HELFB) to Kenyans pursuing university education in universities outside East Africa notably Britain, USA, the former USSR, India and South Africa. A deep introspection of organizational performance reflects gigantic milestones in **Empowering Dreams** of our youth empowerment program through higher education financing, thereby impacting on the

lives of ordinary people, thereby producing impeccable results. This impressive journey as at 30<sup>th</sup> June 2020, had empowered dreams of more than **1,009,205** young Kenyans at a total cost of **Kshs.113.4B**. **492,227** loan accounts holding **Kshs.58.5B** had matured. Out of these matured loans, **187,368** accounts holding **Kshs.28.5B** are repaying their loans while a total of **68,892** loanees holding **Kshs.6.7B** are in default. We appreciate and applaud **235,967** loanees who have cleared their loans amounting to **Kshs.23.3B**.

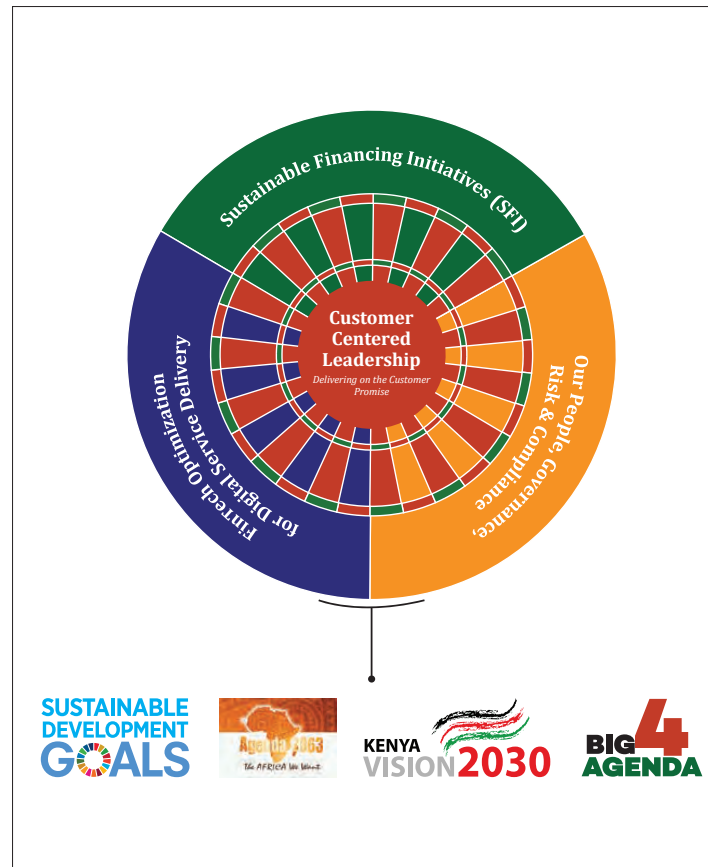
*Composition of Mature Loans*



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

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

A preview across the 4 Strategic pillars on implementation of the plan shows good traction and momentum of the plan implementation. As at 30<sup>th</sup> June 2020, 11.4% of the planned activities had been finalized, 47.3% were done but continues to roll over subsequent plan period, 32.9% were ongoing while only 8.4% were pending or not started.



## Operational Environment

In the first half of the year under review, Kenyan economy continued to perform below its potential, inflation was within range, and the shilling remained stable against major currencies, sustained by increasing diaspora remittances and earnings from tourism. The economy however continued to face various downside risks that ranged from adverse weather patterns to stress from currency fluctuations and the pressure from oil imports. On the global arena, the main challenges were witnessed around the trade tensions between the east and west; uncertainties brought about by the nature and form of Brexit; as well as challenges in the Euro-zone area. Coming into the second half 2019/2020, the world grappled with the spread and impact of the COVID-19 pandemic which unfortunately has cost numerous lives and will further impact the global economic growth for at least 12 months looking ahead.

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

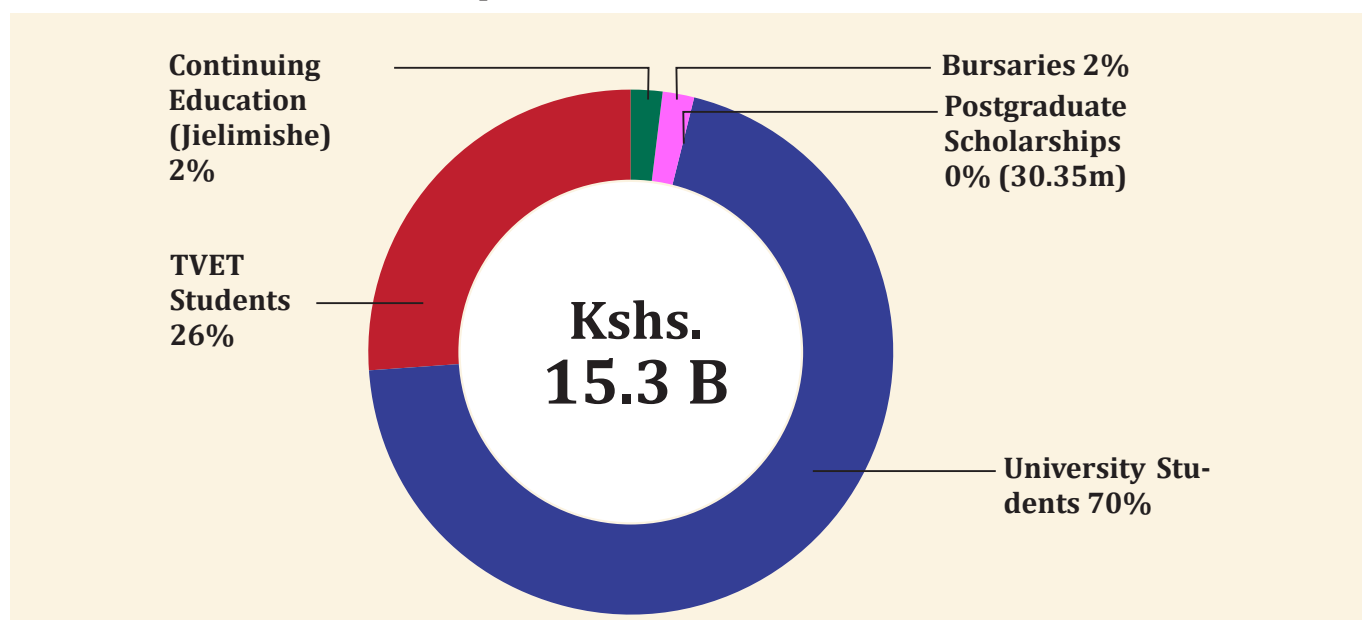
To ensure sustainable financing initiatives, HELB implemented the students loan self-protection scheme aimed at securing the loan portfolio. As at the end of FY 2019/2020 a total of Kshs.4.5Billion had been secured through the scheme. In line with the FINTECH optimization for digital service delivery, HELB adopted Virtual Desktop and Virtual Private Networks (VPN), Video conferencing (Microsoft Teams and Zoom), USSD/Mobile Apps as well as Cisco soft phone technology to enable staff to work from home from March 2020 thereby ensuring business continuity with minimum disruption to service delivery in a deliberate effort to contain the spread of COVID-19.

## Performance Overview

### Revenues

During the year under review total revenues generated from various sources amounted to **Kshs.13.631B** (84% of the budgeted revenues of **Kshs.16,108B**) compared to **Kshs.12.474B** in 2019. The 16% overall target miss was largely attributed to non-release of 25% Quarter 4 Government Capitation amounting to **Kshs.2.858B** and subdued loan recovery which missed the target by about 10% due to impact of COVID-19 on Government revenues and high-level unemployment/under-employment.

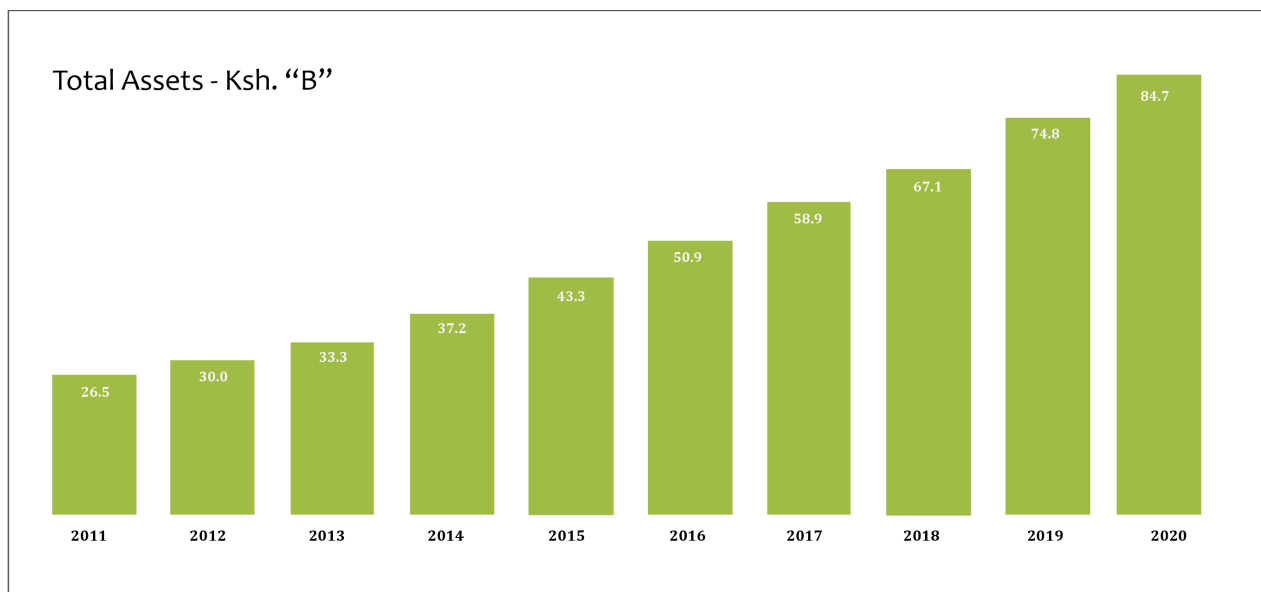
### Loans, Bursaries and Scholarship Disbursements





Targets to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Pursuant to this goal, a total of **Kshs.15.36B** was disbursed to 347,114 students by June 2020 as compared to 301,518 financed students at a cost of **Kshs. 12.1B** in 2019; an average increase of 21%. The Disbursements were in the form of various products – Loans, Bursaries and Scholarships.

### Financial Position



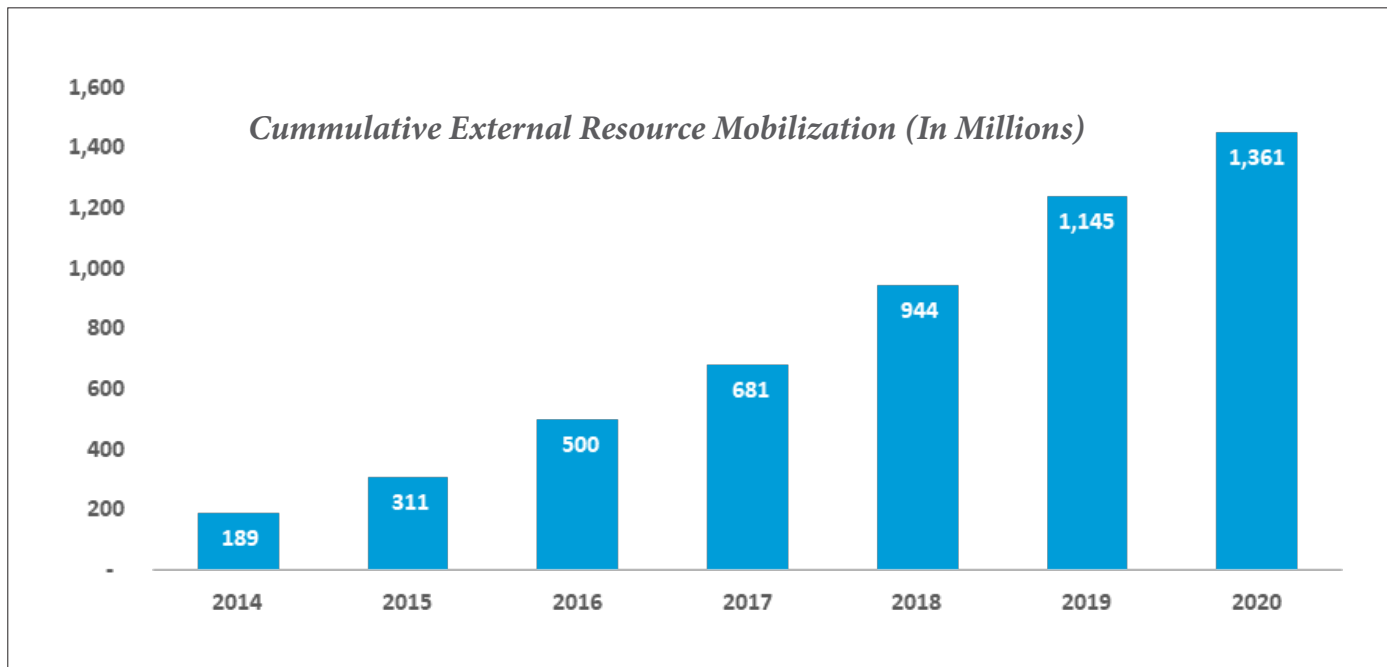
Despite the non-receipt of Quarter Exchequer of **Kshs. 2.85B** from the National Treasury, the total Balance Sheet grew to **Kshs.84.75B** by June 2020 from **Kshs.74.8B** in 2019 representing an 13% growth buoyed by the **Kshs.15.36B** loans to students during the year under review.

Overall Accounting surplus declined by 34% from **Kshs.1.017B** to **Kshs.672.94B**.

**Efficiencies and cost optimization** - Our strategy focuses on disciplined operational efficiency with key emphasis being on cost optimisation. To this end continued improved efficiency in operations through automation of the various processes and procedures whilst expanding services to 28 outlets saw the operational efficiency improve from 6.9% in June 2019 to 6.7% in June 2020. This implies that for every Shilling awarded to the student, 0.067 cents were spent on operations and capital expenses.

**Transformative Partnerships** - SDG number 17, seeks to strengthen and revitalize the global partnership for sustainable development and clearly refers to the UN process of developing the global sustainable development agenda. Financial sustainability is key to the realization HELB Agenda 2019 - 2023 through creation of a Self-Sustainable National revolving fund anchored on prudent financial management & stewardship, integrity & accountability, optimization of loan recoveries, resource mobilization through exchequer funding and strategic partnerships with Counties/Constituencies, Scholarship granting organizations, Corporates, Development Partners, Individuals and sector specific funds. Since 2014 when focus was placed on External Resources Mobilization, there has been a steady growth closing the year at **Kshs.1.361B**.





### Driving a Loan Repayment Culture

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

### Recognition and Awards

Beyond sound financial compliance and performance, HELB was also feted with several accolades in recognition of our deliberate efforts in stakeholder engagement and service delivery improvement initiatives. HELB was awarded Digital Brand of the Year in the 2019 Digital Media Awards for a Digital Loan Recovery Campaign dubbed #TwendeTulipeHELB which was regarded as well-executed with demonstrable Return on Investment. HELB also emerged the Best in Crisis and Reputation Management category in the 2019 Public Relations Society of Kenya [PRSK] Awards for excellent response to a media crisis where HELB had been misquoted.

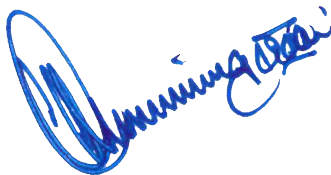


## Outlook

Despite the impact of COVID-19 on learning institutions in Kenya we are optimistic about the future. It offers a considerable upside for the increased push for Digitalization of learning and administrative processes. It offers HELB opportunities to increase product offering to the students for e-learning. COVID-19 is only accelerating the pressures after years of untrammled growth and approbation. In 2020/2021 Kenya Budget Education sector, was allocated KShs.497.7Billion or 26.7% of the National Budget, up from Kshs.495Billion in 2019/2020. The Government is in the process of injecting a Post COVID-19 Education Stimulus financial stabilization package to absorb the shocks of COVID-19 impact. This however comes with a caveat to embrace reforms in higher education; - Universities squeezed by domestic pressures, need to answer the underlying debate on the value of education, and its accessibility to the broadest possible numbers, in order to form a coherent education system. Working with key stakeholders, HELB will identify opportunities that the markets present to expand customer reach through enhanced and digitalized non-contact services.

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

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



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

**REVIEW OF HIGHER  
EDUCATION LOANS BOARD  
PERFORMANCE FOR  
FY 2019/2020**





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

**(i) Customer Centred Leadership:**

*“Delivering on the Customer Promise”*

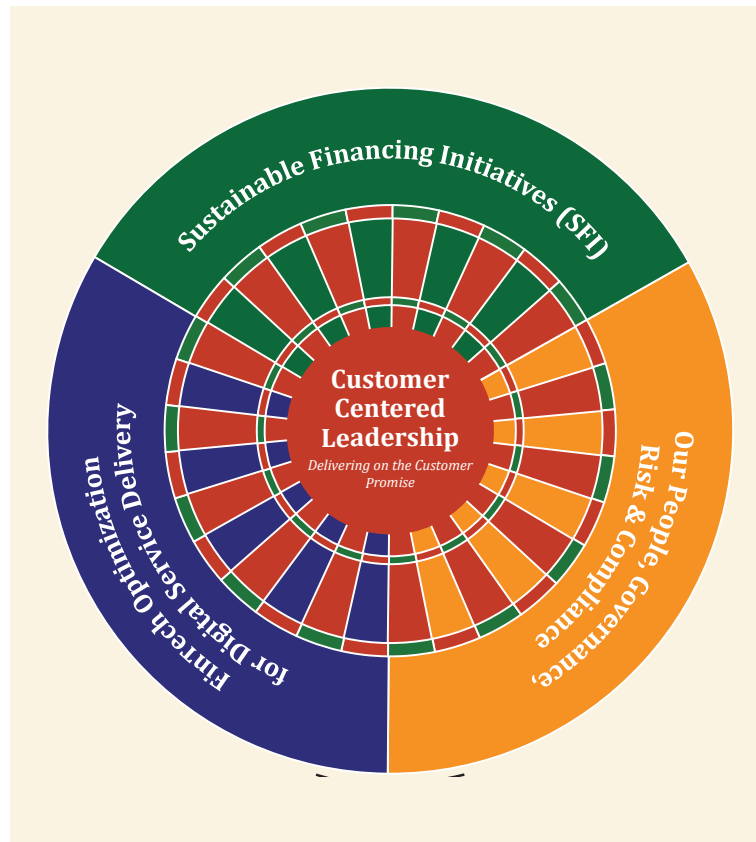
**(ii) Sustainable Financing Initiatives:**

*“Impactful financing of Students through optimal resource mobilization”*

**(iii) FinTech Optimization for Digital service delivery**

*“Deepen, Broaden and Enhance Innovative Technologies that deliver First Class Customer Service” and*

**(iv) Our People, Governance, Risk & Compliance:** *“Make HELB a Great Place to work in by investing in Our People while propelling it to a Risk Intelligence Organization through ensuring adherence to Governance, Risk and Compliance Model”.*



### Implementation status of HELB Agenda 2019 – 2023

The second (2nd) year of implementation of the 5 year Strategic plan dubbed HELB Agenda 2019 – 2023 ended on 30th June 2020. The table below shows the implementation status of the planned activities for FY2019/2020 as at 30th June 2020.

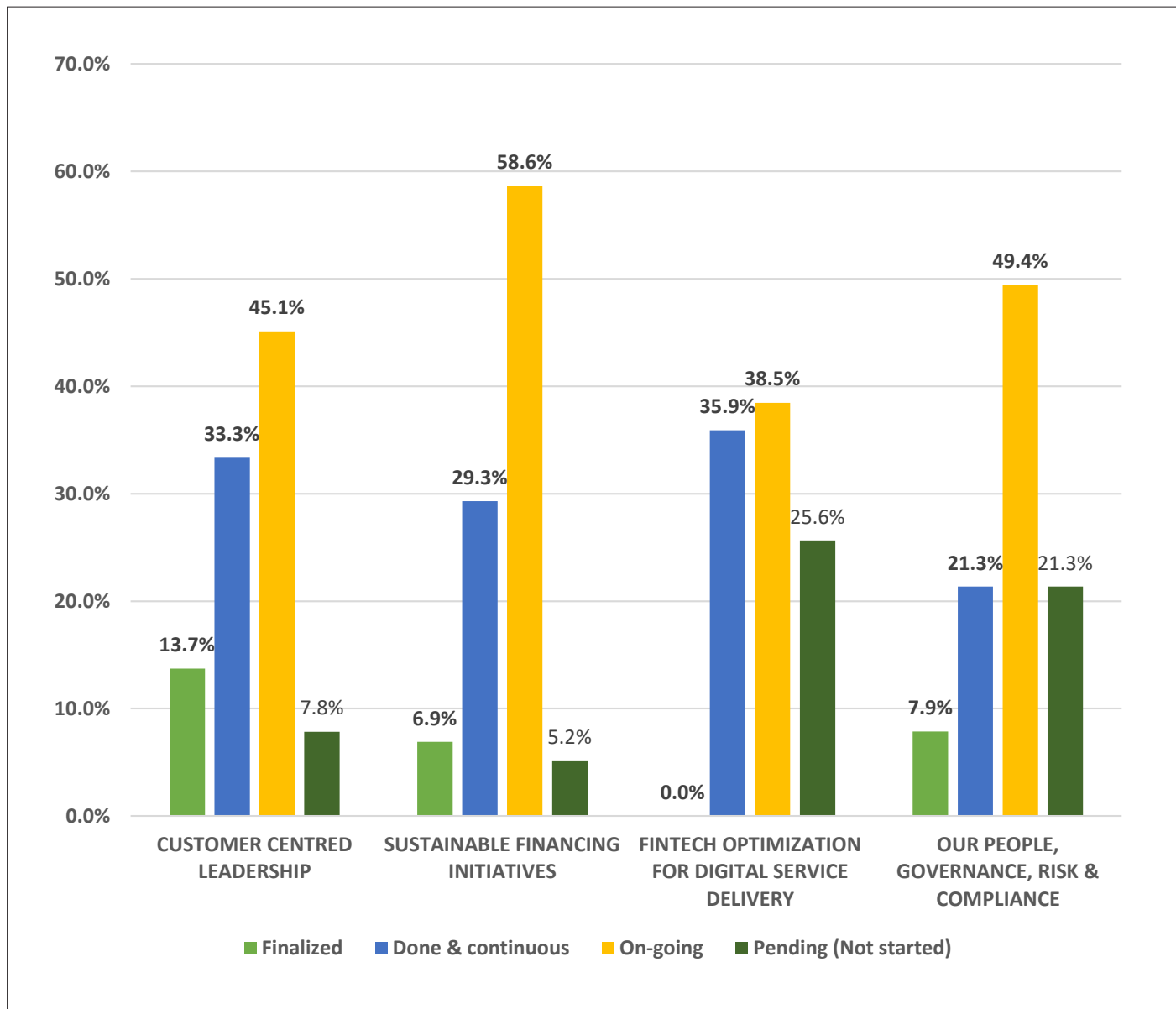
S/NO	STATUS OF ACTIVITIES	CUSTOMER CENTRED LEADERSHIP	SUSTAINABLE FINANCING INITIATIVES	FINTECH OPTIMIZATION FOR DIGITAL SERVICE DELIVERY	OUR PEOPLE, GOVERNANCE, RISK & COMPLIANCE	TOTAL NUMBER OF ACTIVITIES	%age
1	Finalized	9	6	0	12	27	11.4%
2	Done & continuous	23	32	14	43	112	47.3%
3	On-going	15	19	19	25	78	32.9%
4	Pending (Not started)	4	1	6	9	20	8.4%
	<b>TOTAL</b>	<b>51</b>	<b>58</b>	<b>39</b>	<b>89</b>	<b>237</b>	<b>100%</b>



**HELB AGENDA 2019 - 2023 - ANALYSIS OF IMPLEMENTATION STATUS AS AT 30th JUNE 2020**

1. Planned activities that had been completed as at 30th June 2020 are 11.4% (27 out of 237).
2. Activities that have been implemented and recur every financial year are at 47.3% (112 out of 237).
3. Activities that have been started but are still ongoing are 32.9% (78 out of 237)
4. Activities planned as at the FY 2019/2020 and are yet started are 8.4% (36 out of 237).

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



# **CORPORATE GOVERNANCE STATEMENT**



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

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

#### a. Ownership

The Higher Education Loans Board (HELB) is a State Corporation under the Ministry of Education. It was established in July 1995 by an Act of Parliament 'Higher Education Loans Board Act' Cap 213A. It is headed by the Chief Executive Officer and Board Secretary who is responsible for implementation of the Board policy decisions and the day-to-day operation of the organization.

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

Board Members are appointed by the Cabinet Secretary for Education except for the Chairman who is appointed by the President. The membership of the board of directors is as follows:

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

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

#### c. The Board members as of 30 June 2020 were as follows.

Name	Role in the Board	Date of Appointment	Date of Retirement	
1	Hon. Ekwee Ethuro	Chairman, BOD	20-Sep-18	19-Sep-23
2	Mrs. Jacqueline Mugo	Chairman, LDRC	15-Feb-16	14-Feb-21
3	Prof. Mumo Kisau	Member	20-Sep-18	19-Sep-23
4	Prof. Mwenda Ntarangwi	Member	15-Feb-16	14-Feb-21
5	Dr. Habil Olaka	Chairman, ARMCC	15-Feb-16	14-Feb-21
6	Mrs. Rita Wambui Kosgey	Member	20-Sep-18	19-Sep-23
7	Mr. Ezra Magati	Member	15-Feb-16	28-May-2020
8	Mr. Samuel M. Mutwiri	Member	28-May-2020	28-May-2024
9	Prof. Francis W. O. Aduol	Member	20-Sep-18	19-Aug-23
10	Ms. Cheryl Majiwa	Member	15-Feb-16	14-Feb-21
11	Mr. Charles Maranga	Chairman, FSGPC	15-Feb-16	15-Feb-21
12	Mr. Charles M. Ringera	Chief Executive Officer, HELB	01-Mar-19	28-Feb-25

#### d) Responsibility of Board of Directors

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

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

#### e) Remuneration of Board of Directors

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

The below is individual remuneration: -

	Name	Remuneration (Kshs)
1	Hon. Ekwee Ethuro	2,058,000.00
2	Mrs. Jacqueline Mugo	632,000.00
3	Dr. Habil Olaka	360,000.00
4	Mr. Ezra Magati	512,000.00
5	Prof. Francis W. O. Aduol	312,000.00
6	Mr. Charles Maranga	614,000.00
7	Prof. Mwenda Ntarangwi	608,000.00
8	Prof. Mumo Kisau	588,000.00
9	Mrs. Wambui Kosgey	810,000.00
10	Ms. Cheryl Majiwa	574,000.00
	<b>Total</b>	<b>7,174,000.00</b>

#### f) Board Members meetings

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

The meetings of the Board are held at least once every quarter in a calendar year. The meetings are structured to allow open discussions. All agenda items have comprehensive briefing papers which are circulated seven days before the meeting. This assists the Board Members to maintain full and 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**

In order to facilitate the smooth running of its affairs the Board members have established committees with a membership and terms of reference as outlined in the HELB Act. The following committees were in place during the year 2019/2020;

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

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

**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 ought to refrain from discussing or voting on a matter of real, perceived, or potential conflict of interest. There exists a conflict-of-interest register.

**j) Board Evaluation**

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

**k) Board and Committees Meetings Attendance 2019/2020****a. Full Board Meetings**

Members	15 <sup>th</sup> Jul 2019	30 <sup>th</sup> Jul 2019	23 <sup>rd</sup> Sept 2019	31 <sup>st</sup> Oct 2019	30 <sup>th</sup> Jan 2020	5 <sup>th</sup> May 2020	30 <sup>th</sup> June 2020	Count
Hon. Ekwee Ethuro-Chairman	√	√	√	√	√	√	√	7/7
Mrs. Jacqueline Mugo	√	√	√	A	√	√	√	6/7
Prof. Mumo Kisau	A	√	√	√	A	√	√	5/7
Prof. Mwenda Ntarangwi	√	√	A	A	√	√	A	4/7
Mr. Ezra Magati	√	√	√	√	√	√	**	6/6
Mrs. Rita W. Kosgey	√	A	√	√	√	√	√	6/7
Prof. Francis W. O. Aduol	√	√	A	√	A	√	√	5/7
Mr. Charles Maranga	√	√	√	√	√	√	√	7/7
Dr. Habil Olaka	A	√	A	√	√	√	√	5/7
Ms. Cheryl Majiwa	√	√	A	√	√	√	√	6/7
Mr. Charles Ringera CEOHELB	**	√	**	√	√	√	√	5/5

KEY - √ Present A - Apol \*\*No Obligation to attend

**b. Loans Disbursement and Recovery Committee**

Members	15 <sup>th</sup> Jul 2019	14 <sup>th</sup> Oct 2019	9 <sup>th</sup> Jan 2020	15 <sup>th</sup> Apr 2020	9 <sup>th</sup> Jun 2020	Count
Mrs. Jacqueline Mugo	√	√	√	√	√	5/5
Mr. Ezra Magati	√	√	A	√	**	3/4
Mrs. Rita Wambui Kosgey	√	√	√	√	√	5/5
Prof. Francis W. O. Aduol	√	A	√	√	√	4/5
Prof. Mumo Kisau	A	√	√	√	√	4/5
Mr. Charles Ringera (In Attendance)	√	√	√	√	√	5/5

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

**c. Finance Staff and General-Purpose Committee**

Members	11 <sup>th</sup> Jul 2019	2 <sup>nd</sup> Sept 2019	15 <sup>th</sup> Oct 2019	8 <sup>th</sup> Jan 2020	14 <sup>th</sup> Apr 2020	11 <sup>th</sup> Jun 2020	Count
Mr. Charles Maranga	√	√	√	√	√	√	6/6
Prof. Mwenda Ntarangwi	√	√	√	√	√	√	6/6
Mr. Ezra Magati	√	√	√	√	√	√	6/6
Mrs. Jacqueline Mugo	A	A	√	√	√	√	4/6
Ms. Cheryl Majiwa	√	A	√	√	A	√	4/6
Mr. Charles Ringera (In Attendance)	√	√	√	√	√	√	6/6

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

**d. Audit, Risk Management and Compliance Committee**

Members	17 <sup>th</sup> Jul 2019	17 <sup>th</sup> Sept 2019	16 <sup>th</sup> Oct 2019	20 <sup>th</sup> Jan 2020	4 <sup>th</sup> Feb 2020	16 <sup>th</sup> Apr 2020	Count
Dr. Habil Olaka	√	√	√	√	√	√	6/6
Mrs. Wambui Kosgey	√	√	A	√	√	√	5/6
Prof. Mwenda Ntarangwi	√	√	A	√	√	√	5/6
Ms. Cheryl Majiwa	√	√	√	√	√	√	6/6
Prof. Mumo Kisau	A	√	√	√	√	√	5/6

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

**l) The Management Team**

Members of the management team are appointed by the Board. The membership consists of the Chief Executive Officer and the heads of various functional areas as per the Board's establishment. In the year 2019/2020 the management team was as disclosed on page (15-19).

**m) Risk Management**

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

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

The Business of HELB was conducted in accordance with a carefully formulated strategy, annual business plans and approved budget that is aligned to clear objectives. Currently HELB has a 5-year Strategic Plan dubbed HELB Agenda 2019-2023, anchored on 4 pillars. HELB believes that through implementation of the annual corporate scorecard it will deliver on its objectives which are aligned to Big 4 Agenda, Vision 2030 and Africa Agenda 2063. Performance against the objectives is reviewed on a quarterly basis and reports filed with the respective authorities.

#### **o) Compliance with Laws**

As at the end of the financial year 2019/2020, the Board is satisfied that to the best of its knowledge, the organization has complied with all applicable laws and that business was conducted in accordance with the 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 have been 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 that binds them. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioural requirements and where these are not met, there are consequences. It is distributed to all employees and directors who are required to comply with it 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 on our website and easily reachable by all complainants.

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

The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all stakeholders are treated equitably. Stakeholder forums are held on an annual basis to consult on areas that would improve service delivery and create efficiency.

#### **s) Procurement policy, top contracts, and any legal challenges**

The Board is committed to ensuring provision of quality Procurement and Logistics services that include Procurement and Disposal services to all customers. A list of the top ten tenders awarded during the year is presented as appendix iii. The Board wishes to state that there were no legal challenges faced during the year that required the intervention of Parliament or the Public Procurement Regulatory Authority of Kenya.

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

The Board 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 and the 28 Huduma Centres spread throughout the country. It has equally put adequate mechanisms in place to deal with the challenges emanating from IT governance.

# MANAGEMENT DISCUSSION AND ANALYSIS



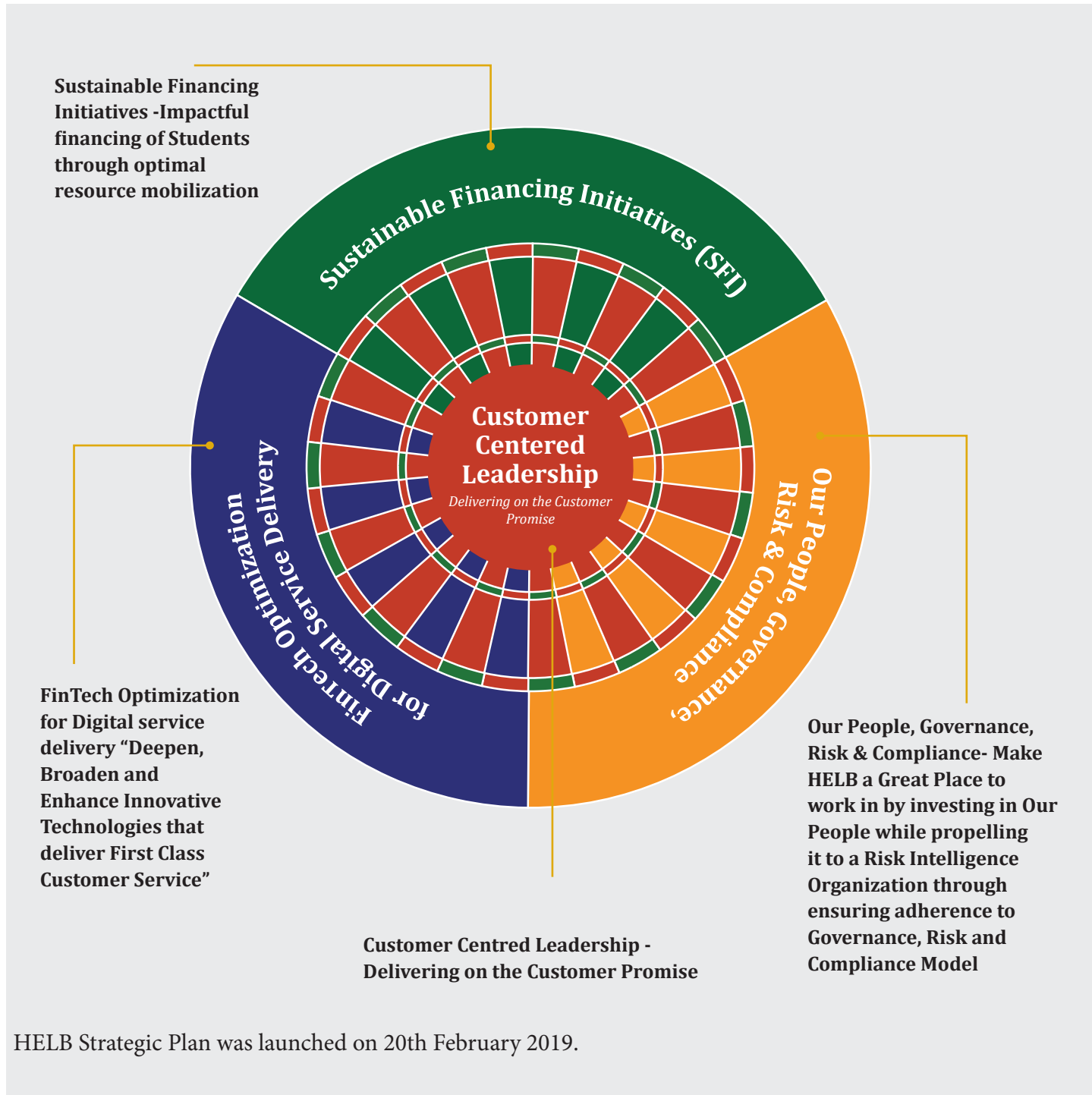


## SECTION A

### (a) HELB MANDATE AND STRATEGIC PLAN

The implementation of HELB Agenda 2019-2023 commenced on 1st July 2018 with a focus on creating a sustainable revolving fund through elaborate resource mobilisation including getting into partnerships with counties, constituencies, scholarships granting organizations, corporate foundations, developments partners, philanthropic individuals, and other higher education financiers.

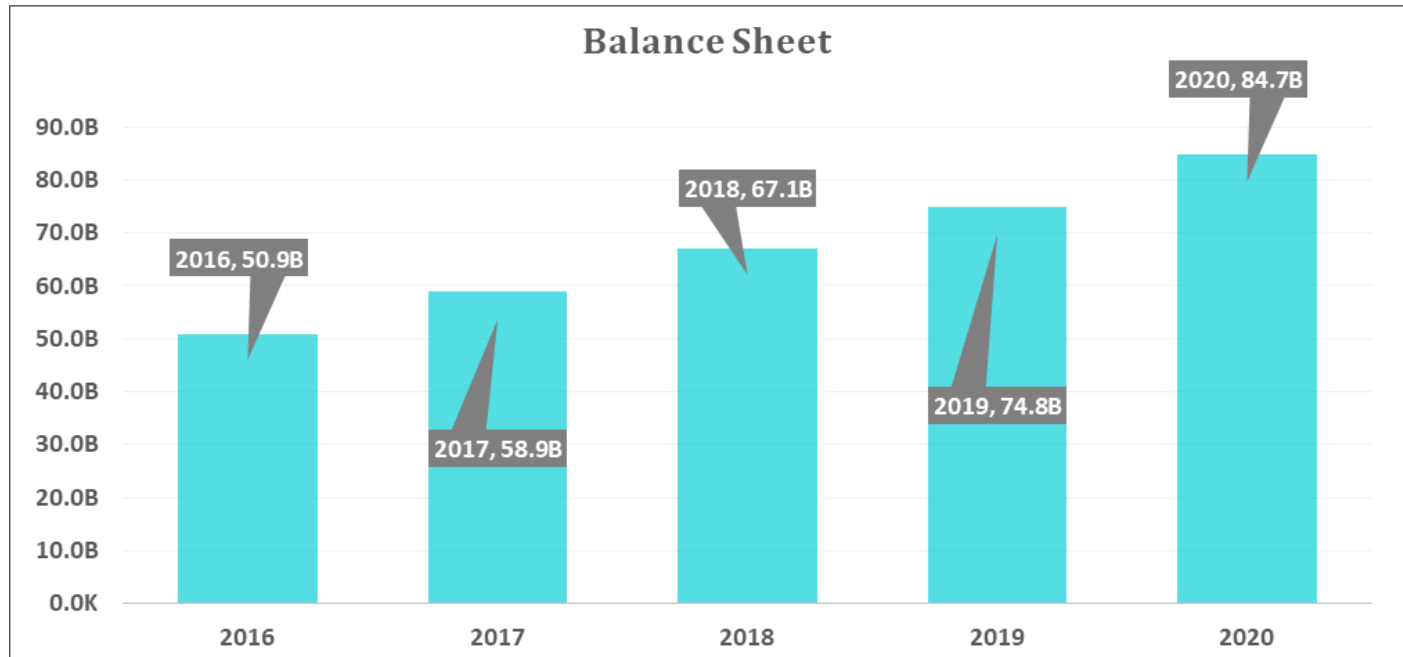
The four strategic objectives that the Board strives to achieve its vision and objectives are;



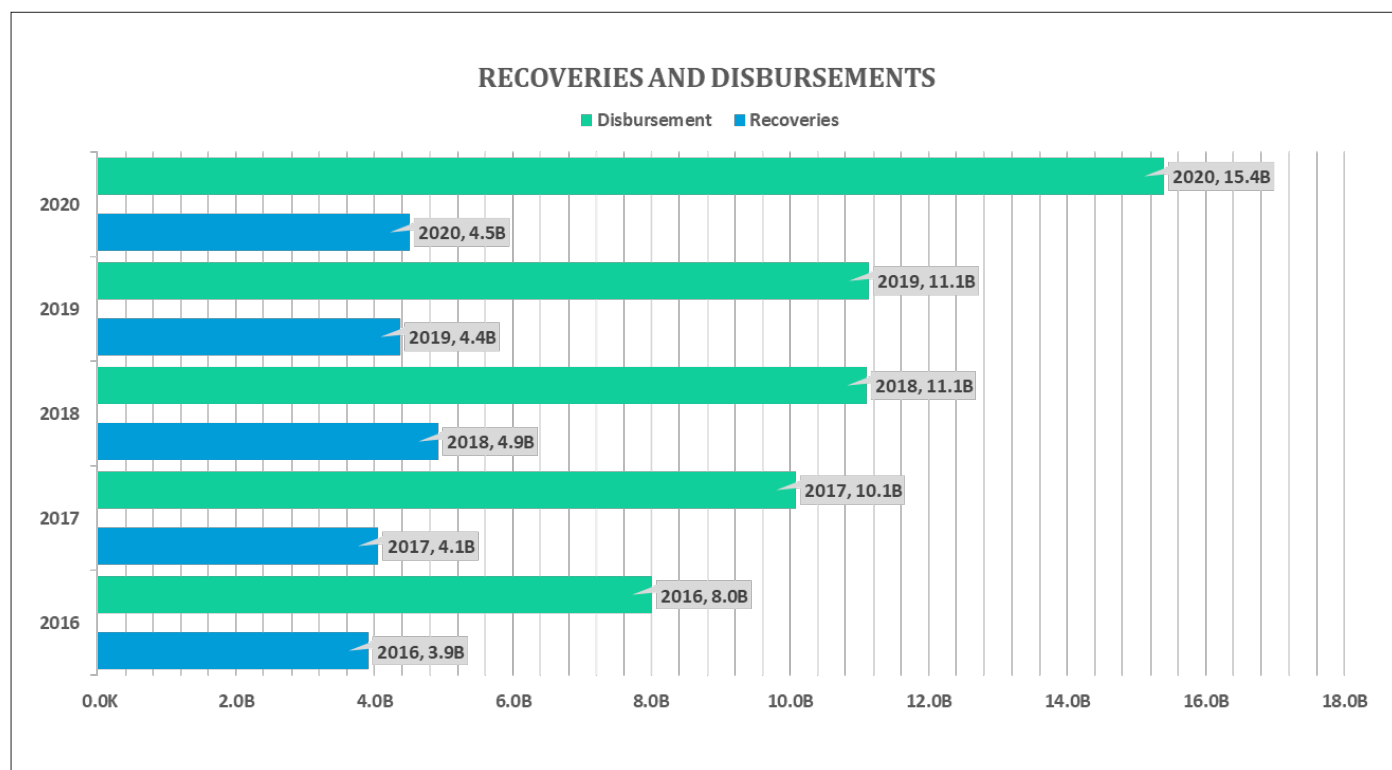
**(b) OPERATIONAL AND FINANCIAL PERFORMANCE OF THE ORGANISATION**

As at 30<sup>th</sup> June 2020 the Board’s assets had grown by 13% from Kshs.74.8Billion in June 2019 to Kshs.84.7Billion. In the same year HELB awarded students loans and bursaries amounting to Kshs.15.4Billion and recovered a total of Kshs.4.508Billion from past beneficiaries. HELB also received funds from the exchequer totalling Kshs.8.576Billion and Kshs.216.2Million from other higher education financing partners.

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

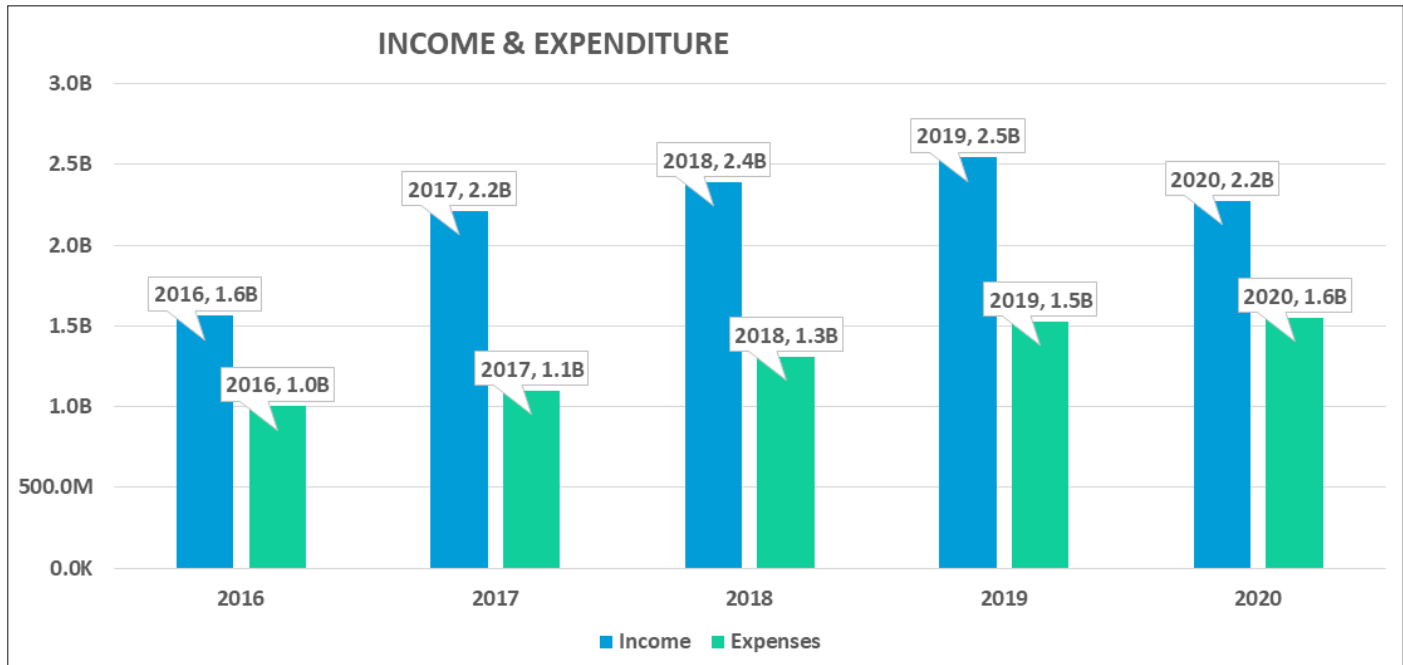


**Loan Disbursements and Recoveries for the period 2016 to 2020**



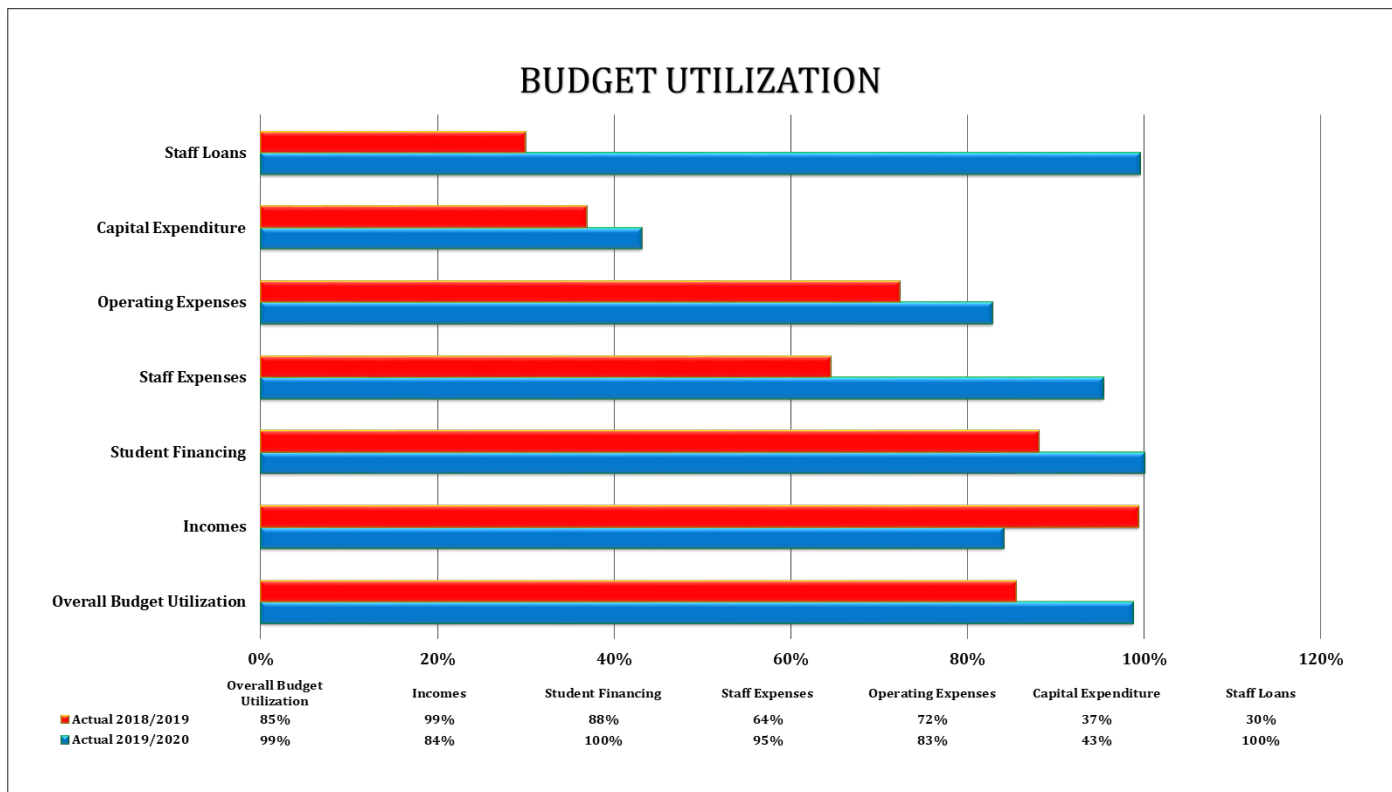
**Incomes and Expenditure for the period 2019 / 2020**

The income received for the FY 2019/2020 is Kshs.2.2Billion and the expenditure is Kshs.1.6Billion, thus achieving an accounting surplus of Kshs.672.9Million.



**Budget Utilization**

The incomes received during the period was Kshs.13.551Billion while the expenditure incurred was Kshs.16.400Billion resulting into a budget deficit of Kshs.2.848Billion. The budget deficit is due to student loans committed but yet to be disbursed. This was a result of failure to receive quarter 4 capitation from the National Treasury. The budget utilization was at 99%. There has been an upward growth in all the activities of the Board.



**Students Loans, Bursary and Scholarship Awards Accountability Statement**

County	Scholarship		Bursary		Loans		Total Number of Records	Total Amount Awarded
Name	Awards	Amount	Awards	Amount	Awards	Amount	Total Awards	Total Amount
BARINGO	15	1,738,808	580	3,252,000	4,965	272,723,930	5,560	277,714,738
BOMET	12	1,540,450	1,422	7,628,000	14,962	571,928,880	16,396	581,097,330
BUNGOMA	13	1,589,150	2,001	10,717,000	15,313	731,859,753	17,327	744,165,903
BUSIA	39	3,219,712	1,230	6,801,000	8,269	399,797,700	9,538	409,818,412
ELGEYO/MARAKWET	9	1,497,350	355	2,026,000	4,914	226,856,823	5,278	230,380,173
EMBU	20	1,937,546	485	2,849,000	4,732	222,930,688	5,237	227,717,234
GARISSA	11	1,750,000	16	104,000	77	3,738,433	104	5,592,433
HOMA BAY	15	1,398,470	2,700	16,280,000	12,816	701,693,190	15,531	719,371,660
ISIOLO	7	1,078,445	83	568,000	308	13,845,523	398	15,491,968
KAJIADO	15	1,935,964	227	1,397,000	2,652	137,271,325	2,894	140,604,289
KAKAMEGA	12	951,068	2,549	13,892,000	17,882	883,335,428	20,443	898,178,496
KERICHO	11	1,391,478	1,092	5,961,000	10,427	480,471,501	11,530	487,823,979
KIAMBU	18	2,305,529	830	5,025,000	10,246	479,321,952	11,094	486,652,481
KILIFI	11	1,596,000	1,086	7,850,000	3,493	179,457,800	4,590	188,903,800
KIRINYAGA	11	951,289	382	2,203,000	3,696	219,688,300	4,089	222,842,589
KISII	19	2,162,478	1,668	9,609,000	12,442	707,521,100	14,129	719,292,578
KISUMU	17	2,050,400	1,875	11,542,000	11,320	540,995,445	13,212	554,587,845
KITUI	18	1,734,417	894	5,475,000	9,496	429,523,128	10,408	436,732,545
KWALE	1	98,000	315	2,266,000	1,424	63,905,993	1,740	66,269,993
LAIKIPIA	11	933,051	395	2,334,000	3,389	165,908,340	3,795	169,175,391
LAMU	6	537,510	69	462,000	307	13,627,627	382	14,627,137
MACHAKOS	16	1,649,500	677	4,139,000	8,183	376,458,902	8,876	382,247,402
MAKUENI	15	2,073,546	935	5,592,000	10,060	460,671,061	11,010	468,336,607
MANDERA	7	841,550	7	39,000	77	3,460,493	91	4,341,043
MARSABIT	13	1,694,950	129	905,000	630	28,967,154	772	31,567,104
MERU	20	2,762,705	1,239	6,758,000	10,599	490,340,261	11,858	499,860,966
MIGORI	14	1,463,920	1,459	8,576,000	7,667	418,248,140	9,140	428,288,060
MOMBASA	15	1,729,155	182	1,062,000	3,747	222,040,129	3,944	224,831,284
MURANGA	12	1,687,650	778	4,745,000	8,605	391,673,018	9,395	398,105,668



County	Scholarship		Bursary		Loans		Total Number of Records	Total Amount Awarded
NAIROBI	32	3,256,018	1,061	6,695,000	12,984	655,977,754	14,077	665,928,772
NAKURU	16	1,780,310	1,375	8,099,000	13,428	696,206,365	14,819	706,085,675
NANDI	13	1,787,150	1,009	5,514,000	9,272	431,837,980	10,294	439,139,130
NAROK	10	1,256,774	1,291	8,966,000	4,220	209,748,853	5,521	219,971,627
NYAMIRA	13	1,510,495	884	4,980,000	6,914	382,982,530	7,811	389,473,025
NYANDARUA	13	1,638,922	532	3,207,000	4,834	268,102,839	5,379	272,948,761
NYERI	14	1,995,707	768	4,540,000	7,423	354,690,461	8,205	361,226,168
SAMBURU	10	883,696	293	2,063,000	877	40,417,923	1,180	43,364,619
SIAYA	18	2,035,904	2,256	13,724,000	11,945	563,684,500	14,219	579,444,404
TAITA TAVETA	11	1,251,430	463	3,159,000	1,726	78,353,623	2,200	82,764,053
TANA RIVER	9	1,134,937	56	394,000	235	10,292,093	300	11,821,030
THARAKA - NITHI	9	1,283,300	511	2,770,000	4,023	188,779,753	4,543	192,833,053
TRANS NZOIA	15	1,965,606	903	5,162,000	7,320	396,464,040	8,238	403,591,646
TURKANA	13	1,451,780	207	1,389,000	883	39,225,821	1,103	42,066,601
UASIN GISHU	12	1,801,700	833	4,696,000	9,853	458,368,850	10,698	464,866,550
VIHIGA	11	1,309,004	721	4,098,000	4,487	268,202,177	5,219	273,609,181
WAJIR	4	350,000	634	3,193,000	71	3,202,593	709	6,745,593
WEST POKOT	9	777,619	606	4,294,000	3,140	159,678,528	3,755	164,750,147
Grand Total	635	73,770,443	40,063	237,000,000	306,333	15,044,478,701	347,031	15,355,360,844

## SECTION B

### Compliance with statutory requirements

HELB had no non-compliance issue raised by either internal or external audits, all statutory compliance and requirements have been complied with. HELB was able to meet its statutory obligations during the year under review remitting Kshs.95.504Million to the Kenya Revenue Authority in tax payments, Kshs.4.825Million to the NHIF and Kshs.1.488Million to the NSSF.

## SECTION C

### Key projects and investment decisions being planned/implemented.

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

The imperative today in the society as result of the Corona Virus Pandemic demands that ICT be alive to the

greater call for the facilitation of remote working. The following are the key technology drivers adopted to mitigate on service delivery; Virtual desktop, Virtual Private Networks (VPN), Video conferencing (Skype, Teams, Zoom), USSD/Mobility/Web portal and Soft phones/ social media for customer interactions.

## SECTION D

### Enterprise Risk Management

Risk is the potentiality that expected and unexpected events may have an adverse impact on the achievement of the Board’s objectives. Risk management is an integral part of the Board’s Strategic management. The Board Audit, Risk Management & Compliance Committee is responsible for monitoring compliance with the policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Board. This Committee is assisted in these functions by the Internal Audit, Risk Management & Compliance Function who undertakes reviews of risk management controls and procedures, the results of which are reported to the Committee.

HELB recognizes the centrality of risk management and has continuously advocated for an overarching risk management culture in strategy implementation. The Board has developed a robust risk management framework in line with the International Organization for Standardization (ISO) requirements. Through the review of the risk management policy & framework, risk assessments are all mapped on a risk profile. Each strategic business unit head is responsible for identifying, monitoring, managing and reporting on the effectiveness and risks of their business’ strategic objectives, and the progress they have made towards achieving these. They oversee the direction and trends of significant current and emerging risks related to their business units and that mitigating actions are taken where appropriate.

#### Key risks facing HELB.

HELB identified several key risks that were likely to impede the implementation of its objectives. Strategies to mitigate the identified risks were mapped out and appropriate risk responses have been applied the risks followed up on regularly. Below is HELB’s Heat-Map.

Impact			<b>4. Technological Risks</b>	<b>2. External/ Pandemic risk</b>	<b>1. Credit Risk</b>
		<b>6. Reputational Risks</b>		<b>3. Operational Risks</b>	
			<b>7. Strategic Risk</b>		<b>5. Financial / Liquidity Risk</b>
				<b>8. Political &amp; Governance Risks</b>	

**a) Credit Risk:**

This is the risk of financial loss to the Board if a borrower of a student loan instrument fails to meet its contractual obligations. Credit risk is the single largest risk for the Board’s business and management carefully manages its exposure to credit risk. For risk management reporting purposes, the Board considers and consolidates all elements of credit risk exposure.

CAPITAL STRUCTURE	AMOUNT(KSHS)	%
G.O.K. GRANTS AND RESERVES	80,537,863,695	97%
FUNDING PARTNERSHIPS	2,830,257,250	3%
	<b>83,368,120,944</b>	<b>100%</b>

**b) Pandemic Risk:**

The country and indeed the whole world during the last quarter of the year was faced with the spread of COVID -19 pandemic that affected the normal working environment forcing staff to adjust and work from home. The clients were not able to receive service on a face-to-face interaction. This impeded on the timely achievement of the Board’s strategic objectives. The mitigation measures that have been put in place involve; Re-engineering of workflow processes, enhanced automation of core business operations, Review of Human Resources Policies and procedures, maintaining a clean and conducive working environment, strengthening the safety & security for staff, clients and service providers, staff training on safety and security matters and implementation of both the corporate safety and security policy and Occupational Safety & Health Act (OSHA). All these enabled staff to seamlessly work from home albeit with some element of culture shift.

**c) Operational Risks.**

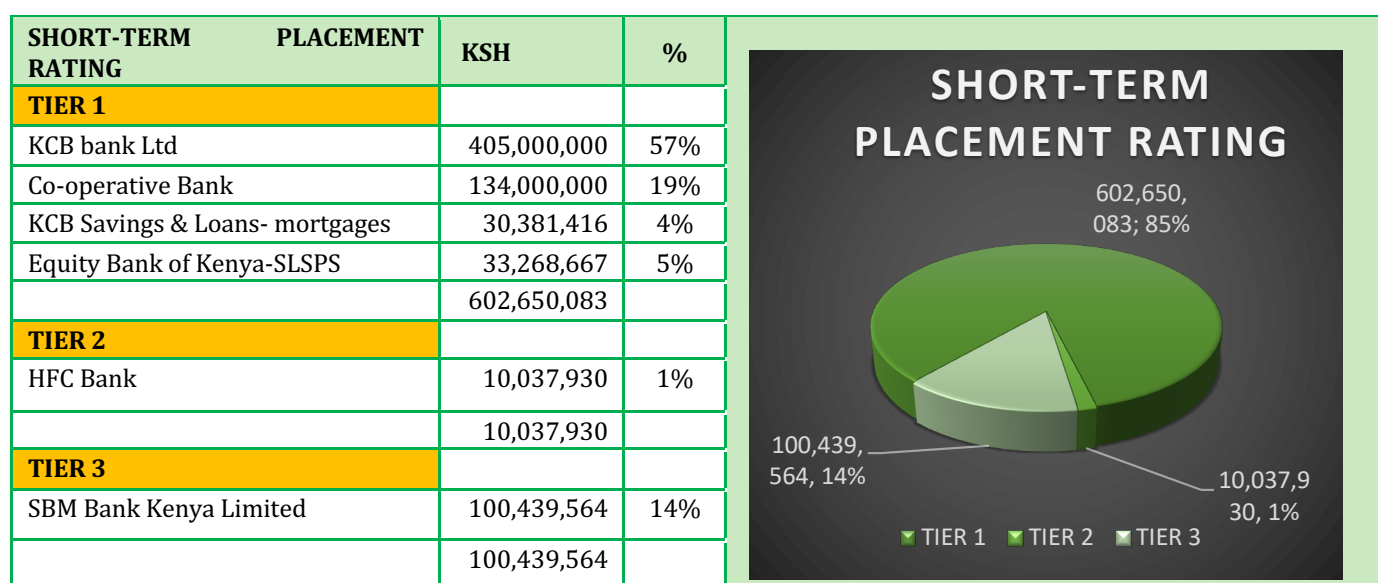
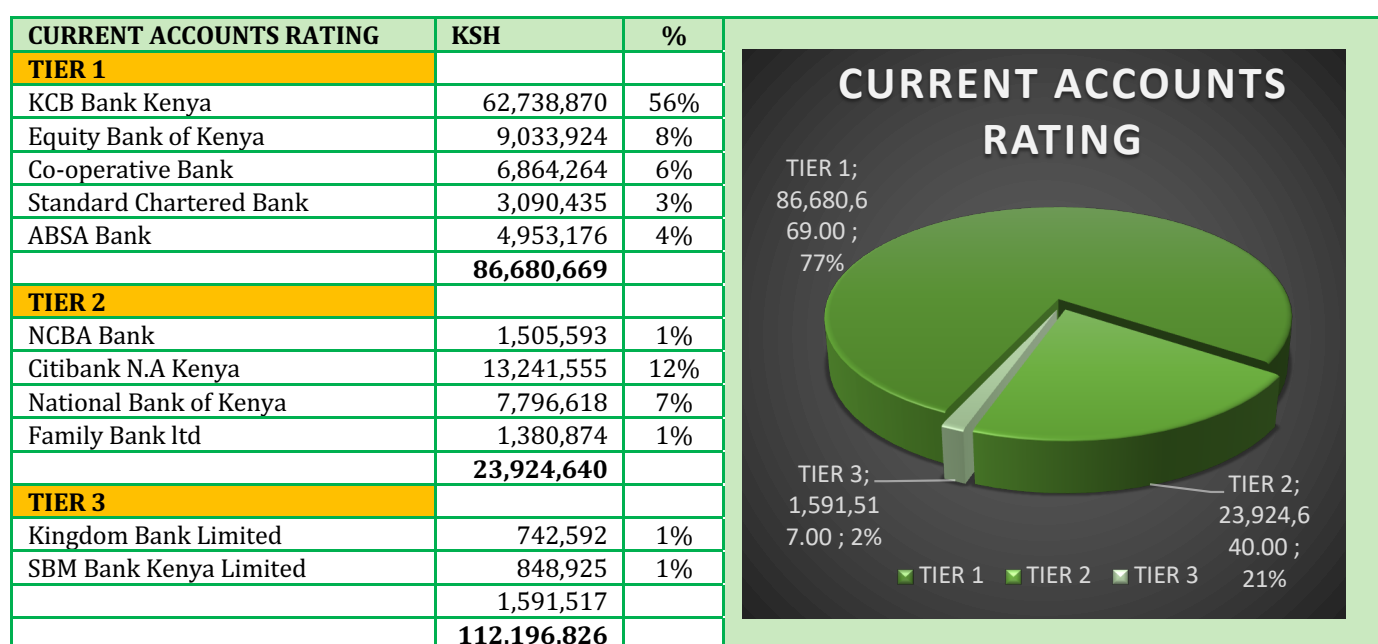
The Board receives volumes of records, documents and information from the students, universities and Technical and Vocational institutions as well as other stakeholders during its operations. Clients’ records and information need to always be maintained with utmost care. The mitigation measures that have been put in place to safeguard these records, documents and information under the custody of the board include; IT innovations to implement a more effective enterprise electronic data and document management system for improved archiving, storage and retrieval, acquisition of adequate secure and convenient storage facilities and office space, and consistent adherence to the records management policy.

**d) Technology Risk:**

The increased leveraging on technology exposes the Board to increased cyber risk. Cybercrime is one of the risks which is expected to increase in sophistication and frequency as more staff work from home with myriad network links and the use of personal laptops which are not being controlled for viruses and an unauthorized access. To mitigate on the risks, the staff working from home are connected through secure channels such as VPN and VDI. Also, the personal computers are configured, and HELB security features installed.

**e) Liquidity Risk:**

The Board’s main source of funds is the Exchequer. The allocation that the Board has been receiving from the Exchequer is not adequate to achieve universal funding of needy students pursuing higher education as envisaged in the HELB Agenda 2019-2023. The mitigation measures that the Board has put in place include; prudent financial management, implementing cost management strategies, collaboration with funding partners, enhancement of the internal revenue generation strategies, and working with other government arms for additional government funding. Below is the cash and cash equivalent risk factor.



**f) Reputational Risk:**

The Board’s reputation is an invaluable and fragile asset that is broad and far reaching and includes image, goodwill, and brand equity. Reputational risk management supports value creation and seeks to deal effectively with potential future events that create uncertainty. The mitigation strategies that have been put in place include; an endeavour by the Board to have a clear understanding of the its mandate amongst the internal & external stakeholders, regular review of service charter and sharing it with all the stakeholders, rebranding, implementation of customer feedback, signing of MOU’s with strategic stakeholders, communicating and enforcing the Board’s code of conduct and ethics, and, developing and implementing the anti- corruption and whistle blowing policy.

**g) Strategic Risk:**

This is the current and prospective impact on revenues arising from adverse business decisions, or improper implementation of decisions. This risk is a function of the compatibility of Board’s strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

The Board faces several strategic risks from its environment which include: macro-economic changes, technological changes, key legislative and regulatory changes, major political events, human capital or social/demographic trends and changes.



The Board of Directors, with support of the Chief Executive Officer and Senior Management team, develops and implements a new strategic plan every 5 years to cater for the next growth phase of the Board. Currently, the implementation of the *HELB Agenda 2019-2023* is constantly reviewed on a quarterly basis.

***h) Governance Risks:***

The Board has an established governance framework, which includes policies, procedures, and other steering documentation. The scope of the governance framework, including the controls implemented, is based on business requirements and risk exposure. This framework enable accountability at all levels from the board to senior management and the entire staff community. The risk mitigation measures on this risk include; introduction of risk based decision making and reporting, strategic leadership and management training programs, Professional trainings for various professionals within the Board; and, Board of Directors training on Corporate Governance and Risk Management.

***i) Sustainability Risks***

Responsible and sustainable practices have always been, and will remain, an integral part of our strategy. And with the economic environment rapidly changing, it represents both a challenge and an opportunity. It is in this regard that sustainability related risks are now an emerging focus. To enable HELB actively consider sustainability related challenges and risks, a Sustainability Policy has been developed and will be operationalized in accordance with the Global Reporting Standards (GRI) effective FY 2020-2021.

## **SECTION E**

***Material arrears in statutory/financial obligations***

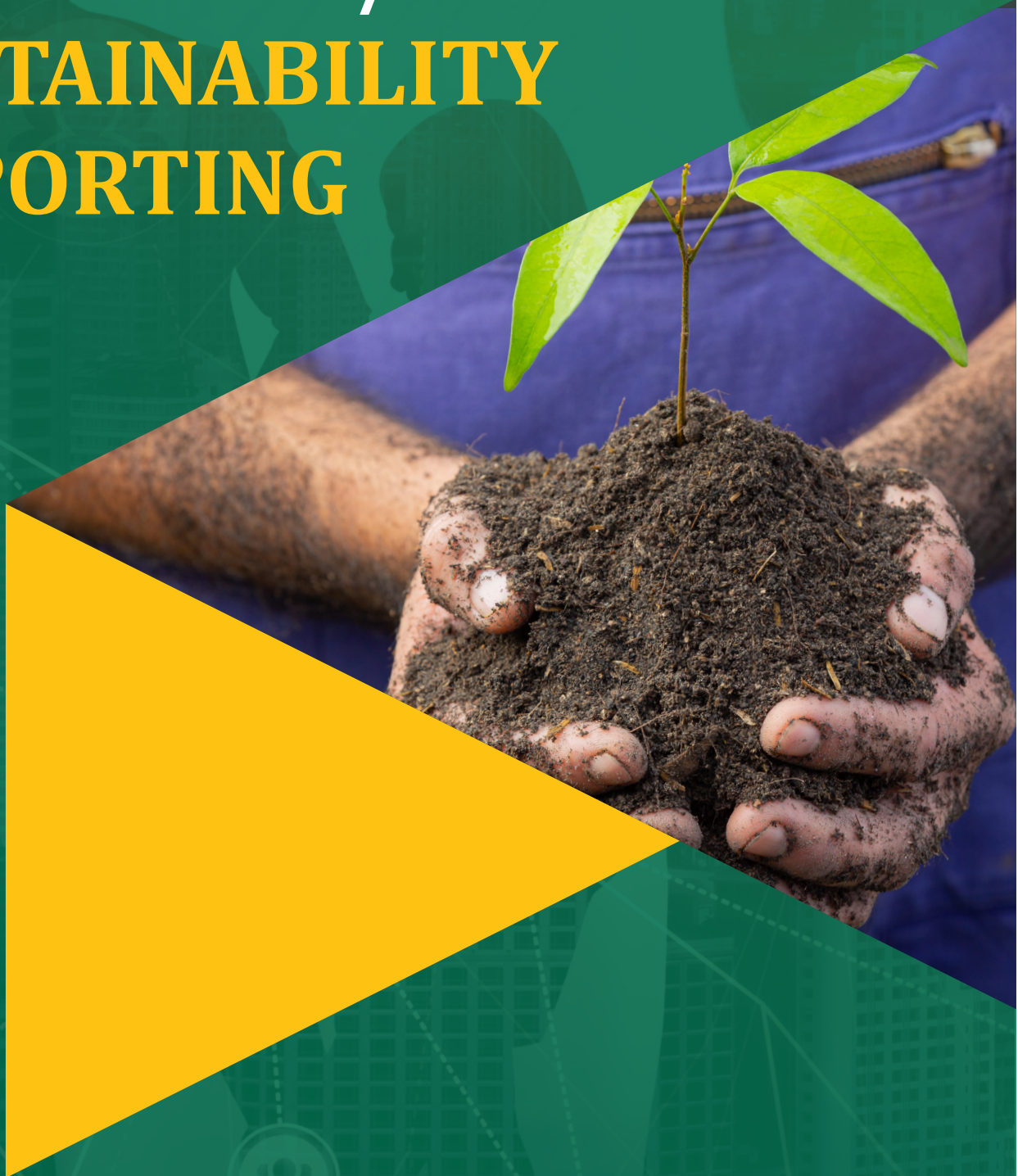
The Board has no outstanding arrears and will continue planning its activities in a prudent manner to avoid pending bills.

## **SECTION F**

***The entity's financial probity and serious governance issues***

The Board has no financial impropriety 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.

# CORPORATE SOCIAL INVESTMENT STATEMENT/ SUSTAINABILITY REPORTING



## Introduction

As the leading financier of higher education in Kenya, the Higher Education Loans Board (HELB) remains committed to empowering the dreams of Young Kenyans by financing their higher education. In addition, HELB takes part in the Corporate Social Investment (CSI) activities as well as the Environmental Conservation and Forest Restoration. By engaging in Environmental Conservation, HELB seeks to protect, preserve, manage, and restore natural environments and the ecological communities that inhabit them. The breakdown below shows the activities for the year 2019-2020.

*The Board's CSR activities carried out during the period were leveraged on two pillars.*

CSR ACTIVITIES FOR THE YEAR 2019-2020					
Date	CSR Activity	Venue	No. Of Attendees	Pillar	COST Kshs.
27th October 2019	Standard Chartered Marathon (CSR)	Nairobi	60	The Health Pillar	202,750
9th November 2019	Ndakaini Marathon (CSR)	Murang'a	65	Environment Pillar	213,100
March-June-2020	COVID-19 ERF Contributions	Nairobi	54	The Health Pillar	386,715
Total cost					802,565

## Sustainable Financing

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

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

However, HELB implementation of the various strategies has mitigated the adverse effects of the macro-economic dynamics making the Board defy all odds and post an upward trajectory in operations. This has been actualised through aggressive external resource mobilization other than from the Government and loan recovery, operationalisation of self-protection scheme and implementation of smart card. These interventions are aligned to the Government development blueprint, The Big 4 Agenda comprising of Universal Health Care, Food Security, Manufacturing, and Affordable Housing, Sustainable Development Goals and GRI applicable standards.

## Environmental Performance

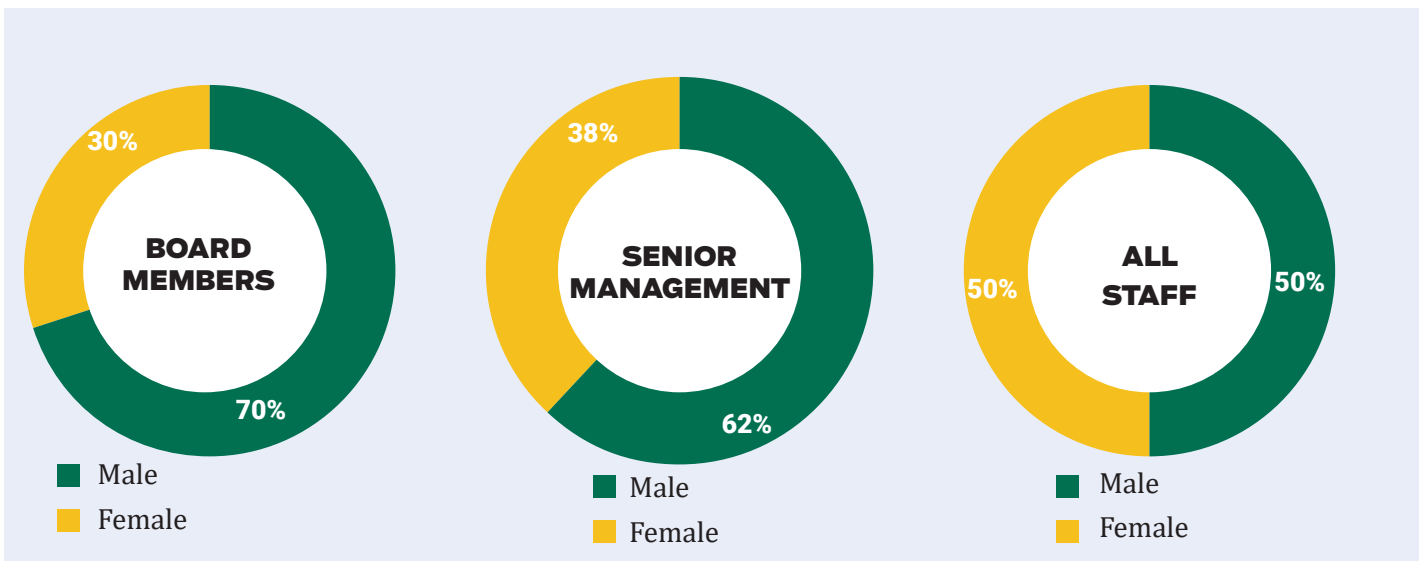
Climate change has become a major cause of concern in the country due to its far reaching effect on the country's economic performance of the country. It affects the food security, investment especially in agriculture, trade and countries stability. His excellency, President Uhuru Kenyatta noted that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

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

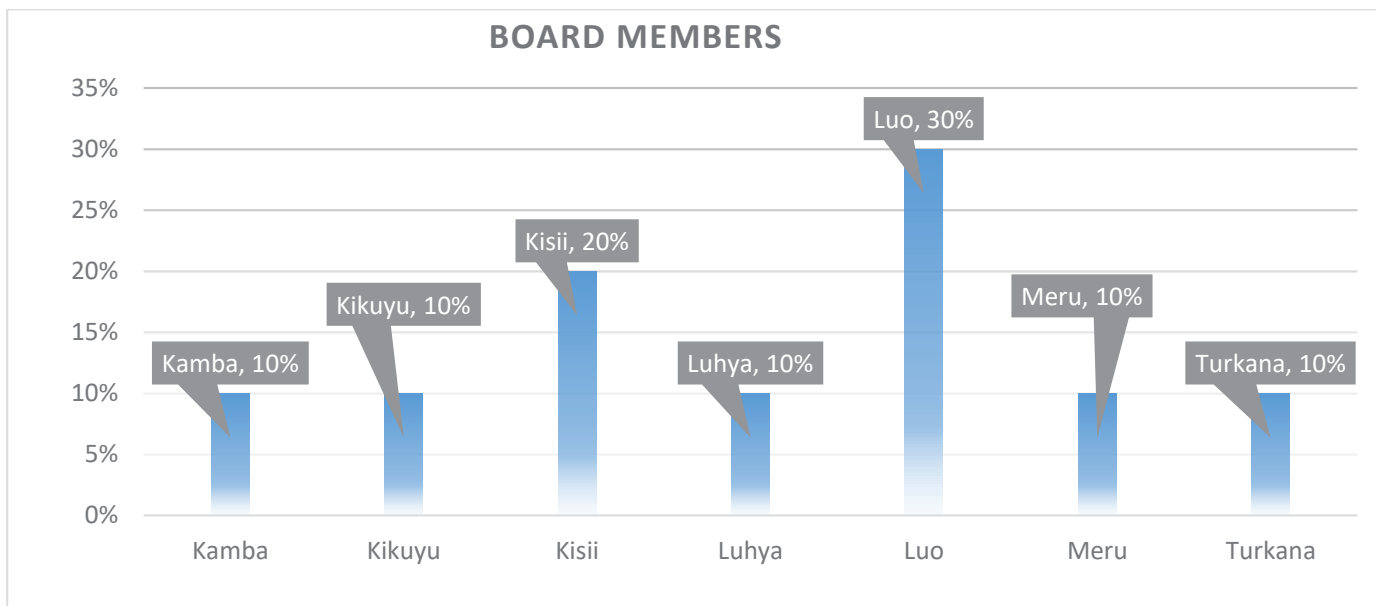
### Employee Welfare

As at 30 June 2020, there were ten (10) Non- executive Board members, fourteen (14) senior management and two hundred and fifty-three (253) staff members. Out of the 267 staff of the board i.e. is both senior management and other staff members, 81% were on permanent and pensionable terms and 19% were on fixed term contract, three staff were persons living with disabilities.

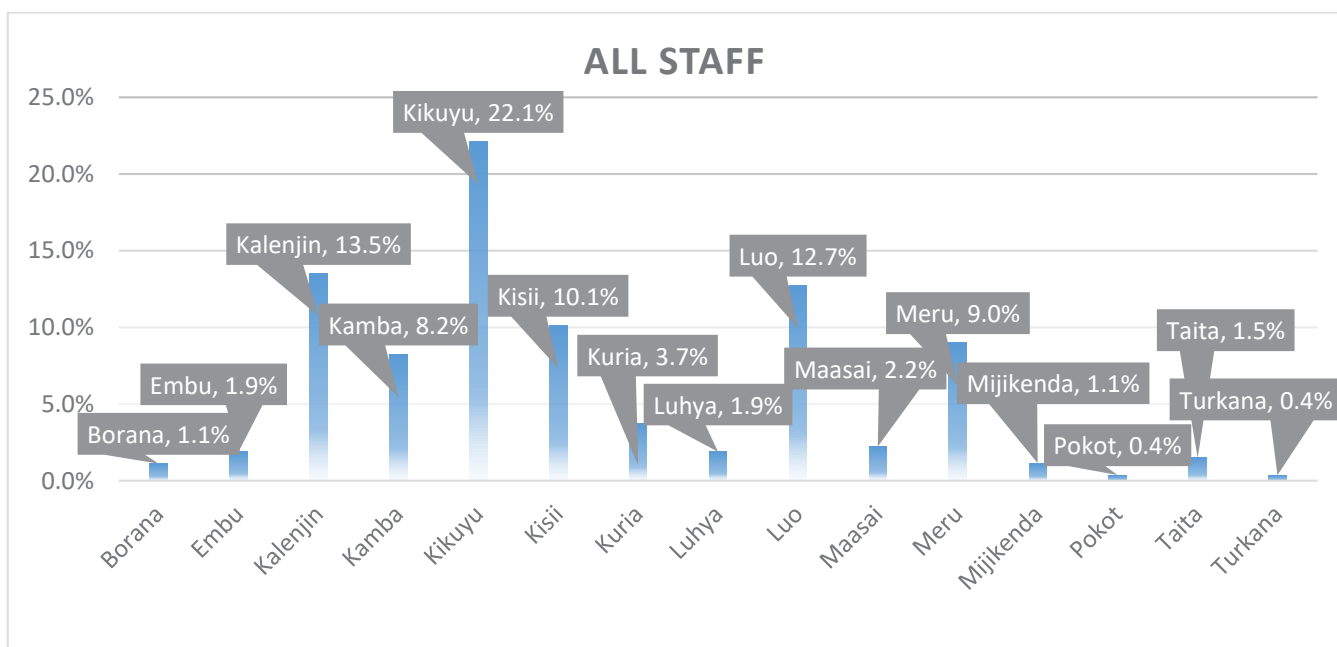
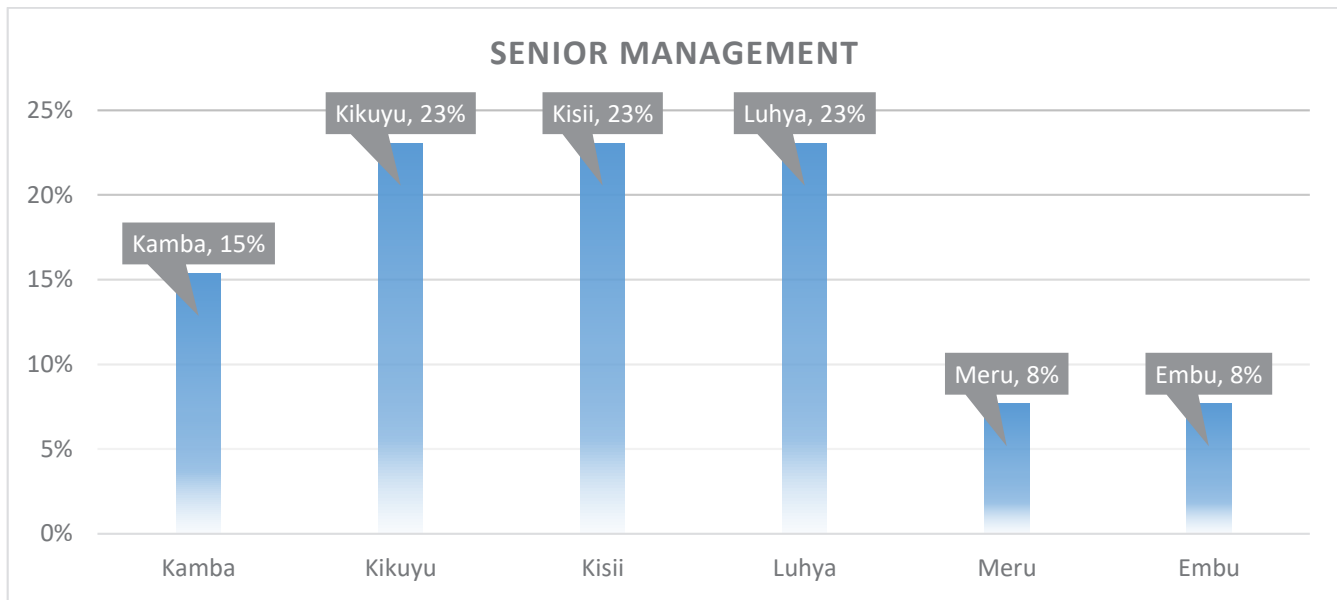
### Gender Composition



### Diversity of Board, Senior Management and All Staff







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

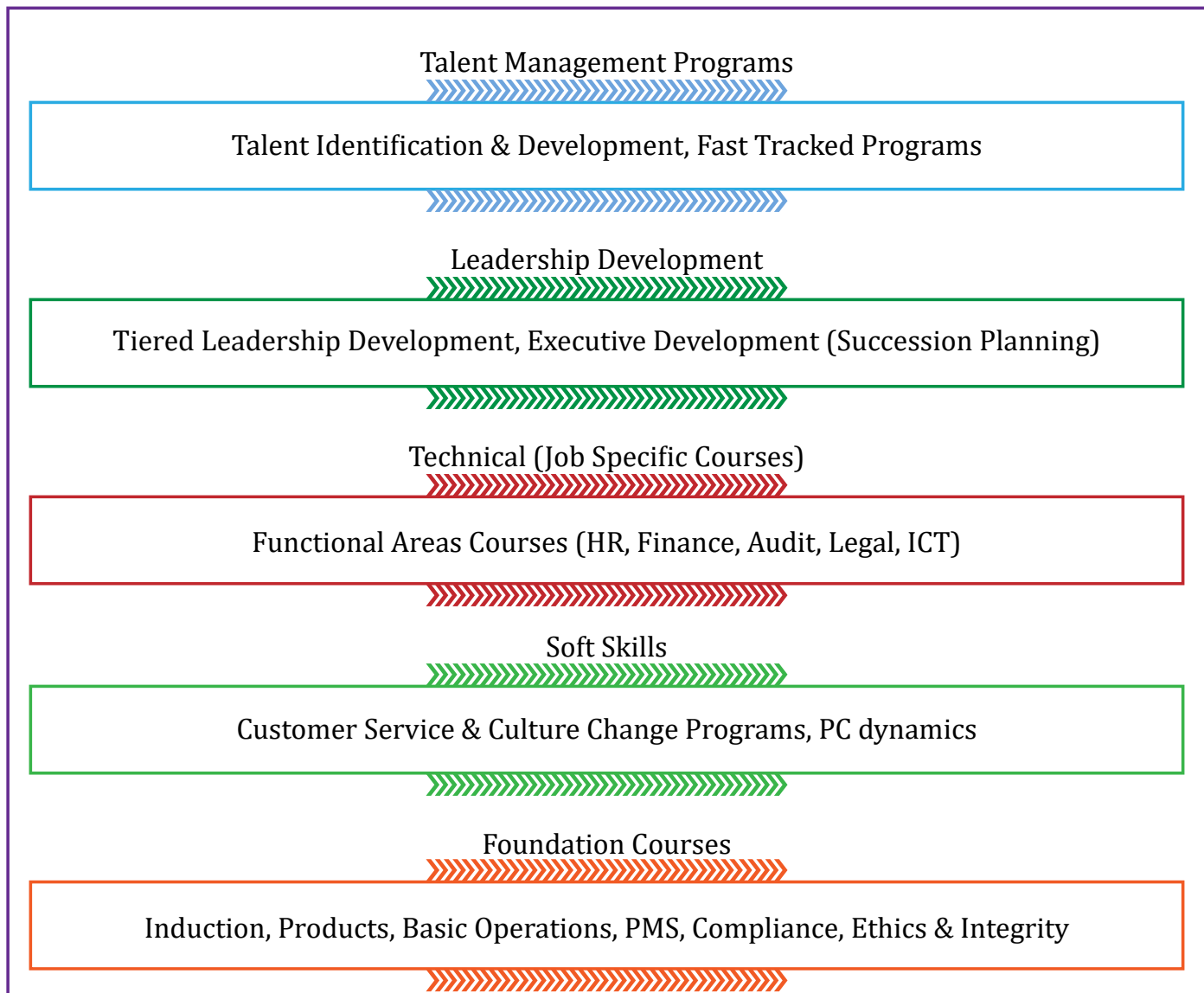
### Talent Management

HELB maintains a strong talent bench by attracting and retaining staff with the right talent and motivation to drive the successful delivery of its mandate. In this regard, the Board has put in place several talent management 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 enables employees 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 benefit package that include house loans, car loans, enhanced medical cover.

## Learning and Development Model



## Market Place Practices

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

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

To enhance management of all incoming and outgoing audio calls, Social Media interactions, Email communication as well as Bulk Messaging for ease of communication with customers as well as report generation and management

an integrated Customer Relationship Management [CRM] System has been implemented. It also leverages on digital media to enhance business growth such as Landing Pages for Business Leads, as well as leveraging on Data Analytics to drive mass personalization in bulk messaging.

### Community Engagements

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

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

### Environmental Conservation

#### Ndakaini Dam Half Marathon





HELB participated in the 16th edition of the annual Ndakaini Half Marathon on 9th November 2019 in Gatanga and Murang'a. The marathon aims at raising funds towards conserving Ndakaini Dam's catchment area.

Environmental Management is one HELB's CSR pillars and supports efforts towards environmental sustainability, in line with SDG 7 which commits to Ensure environmental sustainability. It further states that the natural resources base and ecosystems must be managed sustainably to meet people's food requirements and other environmental, social and economic needs.

## Health

### Standard Chartered Nairobi marathon held on 27th October 2019

Standard chartered Nairobi marathon aimed at tackling avoidable blindness and visual impairment to Kenyan communities.

*“seeing is believing”*





## REPORT OF THE BOARD

We the Board of HELB submit the Annual report together with the Audited financial statements for the year ended June 30, 2020 which show the state of the Board's affairs.

### Principal activities

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

### Our Mission

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

### Our Vision

*Universal Financing for Kenyans pursuing Higher Education.*

### Results

The accounting surplus for the year 2019/2020 of Kshs.672.940 Million (2019: Kshs.1.017Billion) has been added to accumulated surplus. HELB awarded loans, bursaries and scholarships, worth Kshs.15.355bn to 347,031 students. The Financial results of HELB for the year ended June 30, 2020 are set out on pages 1-5.

### Board Members

The Board Members who served during the year are shown on page x-xv. During the year there was no renewed contracts for the members of the board.

### Auditors

The Auditor General is responsible for the statutory audit of the HELB in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2020.

By Order of the Board



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

## STATEMENT OF RESPONSIBILITIES OF THE BOARD

The financial statements of Higher Education Loans Board have been prepared in accordance to Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act and HELB Act CAP 213A which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year ending 30 June 2020.

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, 2020.

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.

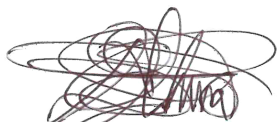
The members of the Board accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner 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, 2020, 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 **22<sup>nd</sup> September 2020** and signed on its behalf by:



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

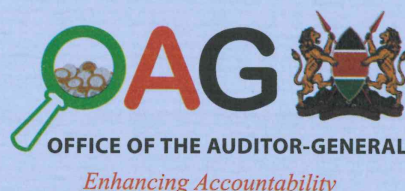


**CHARLES M. RINGERA**  
**CHIEF EXECUTIVE OFFICER**

## REPORT OF THE INDEPENDENT AUDITORS ON THE ACCOUNTS OF HIGHER EDUCATION LOANS BOARD

### REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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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, 2020

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Higher Education Loans Board set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2020, 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 amount for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Higher Education Loans Board as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), the Higher Education Loans Board Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Opinion

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

#### Emphasis of Matter

#### Land in Dispute

As disclosed in Note 39 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.859,175,265 as at 30 June, 2020, which constitutes an amount of Kshs.717,500,000 in respect of land. Included under land

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*Report of the Auditor-General on Higher Education Loans Board for the year ended 30 June, 2020*



is a parcel of land measuring 0.6 hectares situated at Upper Hill area, Nairobi, recorded at a historical cost of Kshs.44,588,742.

However, although the ownership documents indicate that the parcel of land belongs to the Board, a discrepancy exists between the deed plan at the then Ministry of Lands Housing and Urban Development and the actual position on the ground which shows that the land's perimeter wall on one side was put up in a straight line while the deed plan reflects a curve. Further, the Kenya Railways Corporation claims that the plot was illegally exercised from the Corporation's Land, by the then Commissioner of Lands. Management had indicated in a letter dated 27 March, 2020 to the Principal Secretary, Ministry of Lands and Physical Planning, that a tripartite meeting was held between the Board, Kenya Railways Staff Retirement Benefits Scheme and Kenya Railways Corporation following a circular reference DGIPE/A/1/10 dated 10 February, 2020 from Cabinet Secretary, The National Treasury which directed that all court cases where all parties involved are public institutions should withdraw the cases and have such matters resolved amicably. However, no resolution had been attained at the date of my report. The actual shape and size of the land and the alleged excision of the same land could not therefore be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.16,108,565,275 and Kshs.13,598,102,160 respectively resulting to an under-funding of Kshs.2,510,463,115 or 16% of the budget. Similarly, the Board expended Kshs.16,400,436,006 against an approved budget of Kshs.16,645,314,872 resulting to an under-expenditure of Kshs.244,878,866 or 1.2% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on issuance of loans to students and service delivery to the stake holders.

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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*Report of the Auditor-General on Higher Education Loans Board for the year ended 30 June, 2020*



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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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, and risk management and overall governance were not effective.

### Outstanding Matured Loans to Students

As disclosed in Note 25 to the financial statements, the statement of financial position reflects matured students' loans balance of Kshs.34,606,683,080 (2019: Kshs.29,478,131,466) which is net of provision for bad and doubtful debts of Kshs.1,821,404,373. Examination of records indicate that the balance includes loans amounting to Kshs.8,555,136,317 or 25% representing matured students' loans which have been outstanding beyond the stipulated period of 10 years. Further, a balance of Kshs.168,566,013 has outstanding for over 35 years and due from loanees who are likely to have retired and may not currently be in any payroll. Management has however indicated that various measures have been put in place to ensure that all matured loans are fully recovered.

In the circumstances, it has not been possible to determine whether there exist an effective and efficient internal control system to manage the loan issued to students over the years.

The audit was conducted in accordance with ISSA1 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**27 October, 2021**



# FINANCIAL STATEMENTS



## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

PARTICULARS	NOTES	2019/2020			2018/2019			CHANGE
		OPERATIONS KSHS	STUDENT FINANCING KSHS	TOTAL KSHS	OPERATIONS KSHS	STUDENT FINANCING KSHS	TOTAL KSHS	
<b>INCOME</b>								%
<b>Revenue from non-exchange transactions</b>								
Income from Non -Exchange Transactions-GOK Grants	6	113,698,560	177,750,000	291,448,560	211,188,118	237,000,000	448,188,118	-35%
Income from Non -Exchange Transactions-Partnerships	7	42,903,219		42,903,219	84,735,669		84,735,669	
Income from Non -Penalties	8 (a)	98,000,339		98,000,339	-		-	
<b>Revenue from exchange transactions</b>								
Income from Exchange transactions	8 (b)	1,712,583,885		1,712,583,885	1,892,590,203		1,892,590,203	-10%
Interest on short-term placements	9	96,258,511		96,258,511	119,015,048		119,015,048	-19%
<b>TOTAL INCOME</b>		<b>2,063,444,514</b>	<b>177,750,000</b>	<b>2,241,194,514</b>	<b>2,307,529,038</b>	<b>237,000,000</b>	<b>2,544,529,038</b>	<b>-12%</b>
<b>LESS: EXPENSES</b>								
Bursaries to Students	10		236,985,000	236,985,000		237,000,000	237,000,000	0%
Scholarships	10	73,253,219		73,253,219	115,385,669		115,385,669	-37%
Employee Costs	11	540,523,337		540,523,337	482,218,515		482,218,515	12%
Operating Expenses	12, -15	304,461,336		304,461,336	302,585,877		302,585,877	1%
Board Members Expenses	16	16,467,847		16,467,847	17,565,935		17,565,935	-6%
Bank Charges, Commissions & Debt collection fee	17, -18	57,721,788		57,721,788	72,085,543		72,085,543	-20%
Audit Fees	19	1,160,000		1,160,000	1,160,000		1,160,000	0%
Provision for Bad & Doubtful Debts	36	271,700,563		271,700,563	172,009,583		172,009,583	
Depreciation & Amortization for the year	37&39	65,981,911		65,981,911	126,679,395		126,679,395	-48%
<b>TOTAL EXPENSES</b>		<b>1,331,270,001</b>	<b>236,985,000</b>	<b>1,568,255,001</b>	<b>1,289,690,516</b>	<b>237,000,000</b>	<b>1,526,690,516</b>	<b>3%</b>
<b>ACCOUNTING SURPLUS</b>		<b>732,174,513</b>	<b>-59,235,000</b>	<b>672,939,513</b>	<b>1,017,838,522</b>	<b>0</b>	<b>1,017,838,522</b>	<b>-34%</b>

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

PARTICULARS	NOTES	2019/2020	2018/2019	CHANGE%
		KSHS	KSHS	
<b>CURRENT ASSETS</b>				
CASH AND BANK BALANCES	20 a & d	112,263,833	216,538,102	-48%
SHORT TERM PLACEMENT	20 b & c	713,127,577	2,881,250,085	-75%
ACCOUNTS RECEIVABLES & PREPAYMENTS	21	161,179,140	167,159,841	-4%
INVENTORIES	22	6,975,282	6,163,826	13%
PROJECT IN PROGRESS	23	4,879,219	0	
		<b>998,425,052</b>	<b>3,271,111,854</b>	-69%
<b>NON-CURRENT ASSETS</b>				
STAFF LOANS	24	226,416,220	176,856,724	28%
MATURED STUDENT LOANS	25	34,606,683,080	29,478,131,466	17%
UNMATURED STUDENTS LOANS	26	48,026,313,708	40,992,119,467	17%
INTANGIBLE ASSETS	37	32,528,100	10,452,292	211%
PROPERTY, PLANT & EQUIPMENT	39	859,175,265	859,322,062	0%
		<b>83,751,116,373</b>	<b>71,516,882,012</b>	17%
<b>TOTAL ASSETS</b>		<b>84,749,541,425</b>	<b>74,787,993,866</b>	13%
<b>FUNDS AND LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
LOANS, BURSARIES & SCHOLARSHIPS PAYABLE	27	1,056,447,642	608,563,184	74%
PAYABLE- STUDENTS LOAN SELF-PROTECTION SCHEME	28	33,932,336	0	
ACCOUNTS PAYABLE & ACCRUALS	29	107,962,780	52,533,963	106%
LOANEE DEPOSITS	30	759,583,487	465,766,538	63%
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,957,926,245</b>	<b>1,126,863,685</b>	74%
-				
<b>REVOLVING FUNDS</b>				
G.O.K. GRANTS	31	65,162,400,281	56,878,162,435	15%
FUNDING PARTNERSHIPS	32	2,830,257,248	2,656,949,609	7%
ACCUMULATED FUND	34	14,092,906,943	13,418,785,305	5%
REVALUATION RESERVE	35	706,050,708	707,232,833	0%
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>82,791,615,180</b>	<b>73,661,130,181</b>	12%
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>84,749,541,425</b>	<b>74,787,993,866</b>	13%

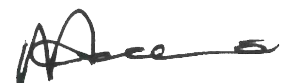
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by:



**EKWE ETHURO**  
**CHAIRMAN OF THE BOARD**



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



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

**Date: 26<sup>th</sup> February 2021**

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

Year ended 30 June 2019	ACCUMULATED FUND	REVALUATION RESERVE	FUNDING PARTNERSHIPS	GOK GRANTS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Opening balance	12,397,918,736	710,260,880	2,446,235,828	49,832,511,975	65,386,927,419
Surplus/ Capital for the year	1,017,838,522	-	210,713,779	7,045,650,460	8,274,202,761
Movement	3,028,047	(3,028,047.00)			0
<b>Balance at the end of the year</b>	<b>13,418,785,305</b>	<b>707,232,833</b>	<b>2,656,949,607</b>	<b>56,878,162,435</b>	<b>73,661,130,179</b>
Year ended 30 June 2020	ACCUMULATED FUND	REVALUATION RESERVE	FUNDING PARTNERSHIPS	GOK GRANTS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Opening balance	13,418,785,305	707,232,833	2,656,949,607	56,878,162,435	73,661,130,179
Surplus/ Capital for the year	672,939,513		173,307,641	8,284,237,846	9,130,485,000
Movement	1,182,125	(1,182,125)			0
<b>Balance at the end of the year</b>	<b>14,092,906,943</b>	<b>706,050,708</b>	<b>2,830,257,248</b>	<b>65,162,400,281</b>	<b>82,791,615,180</b>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

PARTICULARS	NOTES	2019/2020 KSHS.	2018/2019 KSHS.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Matured Loans Adjustment (Refer FY2019)	25&26	(4,950,590,926)	(3,928,541,742)
Income from Non -Exchange transactions-GOK Grants	6 - 8(a)	432,352,118	532,923,787
Income from Exchange transactions	8(b) - 9	1,808,259,008	2,010,500,839
		<b>(2,709,979,799)</b>	<b>(1,385,117,116)</b>
<b>PAYMENTS</b>			
Disbursements to Students	26	7,034,194,241	5,120,761,802
Bursaries& Scholarships	10	310,238,219	352,385,669
Employee Costs	11	540,523,337	482,218,515
Other operating expenses	12, -16	320,929,183	320,151,812
Bank charges and commissions & debt collection	17&18	57,721,788	72,085,543
Audit fee	19	1,160,000	1,160,000
		<b>8,264,766,768</b>	<b>6,348,763,341</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(10,974,746,567)</b>	<b>(7,733,880,457)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase/Capitalization of Intangible Assets	37	(43,366,880)	(10,850,536)
Work in Progress (capitalized in FY 2019)	23	(4,879,219)	21,997,003
Disposal of assets	38	624,450	2,166,600
Purchase of Property, Plant & Equipment	39	(44,585,104)	(81,799,593)
Accounts Receivables (Non-Current)	21 (ii)	10,591,036	(95,074,006)
Staff loans	24	(49,559,496)	5,733,400
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(131,175,213)</b>	<b>(157,827,131)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capitation received from G.O.K for Student Loans	31	8,284,237,846	7,045,650,462
Funds from Capitation transferred to TVET & Afya Elimu fund	31	-	-
Capitation received from Funding Partnerships	33	173,307,641	210,713,779
Inventory	22	(811,456)	(2,379,713)
Accounts Receivables (Current)	21 (i)	(6,387,128)	(38,448,283)
Payable- Students Loan Self-Protection Scheme	28	33,932,336	-
Accounts Payables	29	55,428,817	(25,033,017)
Loan Refunds	30	293,816,950	544,868
		<b>8,833,525,005</b>	<b>7,191,048,096</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>8,833,525,005</b>	<b>7,191,048,096</b>
<b>Net Cash and Cash Equivalents</b>		<b>(2,272,396,775)</b>	<b>(700,659,493)</b>
Cash and Cash Equivalents at the Beginning of the Year		3,097,788,185	3,798,447,678
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	20	<b>825,391,410</b>	<b>3,097,788,185</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

Sources of finance	Original budget	Adjustments	Final budget	Actual Year to date	Variance	Usage	Remarks
<b>Income</b>							
GOK Fund-Student loans	11,142,799,982	0	11,142,799,982	8,284,237,846	(2,858,562,136)	74%	Q4 capitation not received
Recoveries	3,438,748,181	(799,919,147)	2,638,829,034	2,932,429,631	293,600,597	111%	Intensified loan recovery approaches
Partnership Fund-Student loans	200,000,000	(66,692,359)	133,307,641	173,307,641	40,000,000	130%	Robust mobilization of funds
Income from Non-Exchange transactions-GOK Grants	291,448,560	0	291,448,560	291,448,560	0	100%	
Income from Non-Exchange Transactions-Penalties	98,000,400	0	98,000,400	98,000,339	(61)	100%	
Income from Non-Exchange Transactions-Partnership Grant	50,000,000	(7,096,781)	42,903,219	42,903,219	0	100%	
Income from Exchange transactions-	1,634,438,807	25,025,020	1,659,463,827	1,679,516,413	20,052,586	101%	
Income from Exchange Transactions-Short term placement	101,812,612	0	101,812,612	96,258,511	(5,554,101)	95%	
<b>Total finances</b>	<b>16,957,248,542</b>	<b>(848,683,267)</b>	<b>16,108,565,275</b>	<b>13,598,102,160</b>	<b>(2,510,463,115)</b>	<b>84%</b>	Q4 capitation not received
<b>Expenses</b>			<b>0</b>				
Disbursements (Loan awards to students)	14,841,415,079	240,574,765	15,081,989,844	15,045,122,625	(36,867,219)	100%	
Bursaries to students	237,000,000	0	237,000,000	236,985,000	(15,000)	100%	
scholarships	73,753,219	0	73,753,219	73,253,219	(500,000)	99%	
Employee cost	755,081,064	(185,616,961)	569,464,103	540,523,337	(28,940,766)	95%	
Board members exp	28,384,000	(13,424,000)	14,960,000	16,467,847	1,507,847	110%	Training of new Board Members
Bank charges	26,764,000	(1,764,000)	25,000,000	24,654,316	(345,684)	99%	
Audit fee	1,160,000	0	1,160,000	1,160,000	0	100%	
Operating expenses	523,051,531	(141,985,680)	381,065,850	304,461,336	(76,604,514)	80%	Realignment of activities due to COVID-19 Pandemic
Capital Expenditure	238,067,500	(47,345,644)	190,721,856	87,951,984	(102,769,872)	46%	Re-alignment of planned activities
Staff loans	120,000,000	(49,800,000)	70,200,000	69,856,343	(343,657)	100%	
<b>Total expenditure</b>	<b>16,844,676,392</b>	<b>(199,361,520)</b>	<b>16,645,314,872</b>	<b>16,400,436,006</b>	<b>(244,878,866)</b>	<b>99%</b>	
<b>Surplus / (Deficit)</b>	<b>112,572,150</b>	<b>(649,321,747)</b>	<b>(536,749,597)</b>	<b>(2,802,333,846)</b>	<b>(2,265,584,249)</b>	<b>522%</b>	Q4 capitation not received

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Higher Education Loans Board (HELB) is a statutory body established in July 1995 by an Act of Parliament 'Higher Education Loans Board Act' Cap 213A. It is a state corporation in the ministry of Education. The Board is domiciled and operates within the republic of Kenya. It is governed by the Board of Directors and headed 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. Relevant new IPSAS standards and amendments to published standards effective for the year ended 30 June 2020

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

- ii. There was no new and amended standard and interpretation in issue not yet effective in the year ended 30 June 2020
- iii. Early adoption of standards  
The Board did not early – adopt any new or amended standards in year 2020.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Revenue recognition

#### i. Revenue from non-exchange transactions

##### Transfers from other government entities

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

##### **Fees, taxes and fines**

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

#### ii) Revenue from exchange transactions

##### Interest Income

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

### b) Budget Information

The original budget for FY 2019-2020 was approved by the National Assembly in June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget.

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

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

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



### c) Taxes

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

### d) Property, Plant and Equipment

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

The annual rates for this purpose are.

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

### e) Leases

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

### f) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The intangible assets in the statement of financial position are made up of software developed in-house and other software's purchased by the Board. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as finite and is amortized yearly at a straight-line amortization at the rate of 33.33%.

### g) Inventories

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

## **h) Provisions**

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

## **Contingent Liabilities**

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

## **Contingent Assets**

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

## **i) Nature and purpose of reserves**

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

## **j) Changes in accounting policies and estimates**

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

## **k) Employee Benefits - Retirement benefit plans**

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

## **l) Related Parties**

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

## **m) Cash and Cash Equivalents**

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

## n) Comparative Figures

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

## o) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### i. Estimates and Assumptions.

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

### ii. Useful lives and residual values

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

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

### iii. Provisions

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

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

Provisions include; provision for bad debt mature loans and account receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS		2019/2020	2018/2019
<b>6</b>	<b>TRANSFERS FROM GOVERNMENTS</b>		
	<b>Name of the Entity sending the grant</b>	<b>KShs</b>	<b>KShs</b>
	a) Transfers from Ministry of Education		
	GOK - Ministry of Education - Bursaries (University students)	102,750,000	137,000,000
	GOK - Ministry of Education - Bursaries (TVET students)	75,000,000	100,000,000
	GOK - Ministry of Education - Operations	113,698,560	211,188,118
		<b>291,448,560</b>	<b>448,188,118</b>
	GOK - Ministry of Education -Students Grants University/TVET	8,284,237,846	7,045,650,462
	<b>Total</b>	<b>8,575,686,406</b>	<b>7,493,838,580</b>
	b) Ministry of Public Service, Youth & Gender Affairs	30,291,806	54,220,950
	c) County Governments of : Kakamega	7,500,000	27,500,000
	Taita Taveta	5,000,000	8,000,000
	Bomet County	29,100,000	
	Busia County	28,000,000	
	<b>Total</b>	<b>8,675,578,212</b>	<b>7,583,559,530</b>
<b>7</b>	<b>ALTERNATIVE FUNDS-BURSARY/SCHOLARSHIP</b>		
	ABSA Scholarship	42,903,219	84,735,669
		<b>42,903,219</b>	<b>84,735,669</b>
<b>8</b>	<b>OTHER INCOME</b>		
	<b>Income from Non-Exchange Transactions</b>		
a)	Miscellaneous Income Penalties Loanee Default	98,000,339	158,465,658
		<b>98,000,339</b>	<b>158,465,658</b>
	<b>Income from Exchange Transactions</b>		
	Interest Income Student Loans	1,405,691,123	1,326,084,353
	Income from Administrative Fees - mature loans	72,279,963	158,005,000
	Income from Administrative Fees - unmaturred loans	177,479,000	148,286,500
	Interest Income Staff Loans	4,312,351	2,102,651
	Debt collection fees	33,067,472	47,618,580
b)	Miscellaneous Income	4,144,658	-
	Miscellaneous Income Loan Forms	566,000	5,600,000
	Miscellaneous Income Scholarship Forms	1,005,000	1,595,000
	Miscellaneous Income Clearance Certificates	13,454,930	43,728,050
	Decrease in provision for Bad Debts	-	-
	Gain/Loss on Sale of Fixed Assets	583,388	1,104,413
		<b>1,712,583,885</b>	<b>1,734,124,546</b>
	<b>Total Other Income</b>	<b>1,810,584,224</b>	<b>1,892,590,203</b>
<b>9</b>	<b>SHORTTERM PLACEMENTS INCOME</b>		
	Interest on Short-term placements and Treasury bills	96,258,511	119,015,048
		<b>96,258,511</b>	<b>119,015,048</b>
<b>10</b>	<b>BURSARIES AND SCHOLARSHIPS TO STUDENTS</b>		
	Bursaries to Undergraduate University Students	137,000,000	137,000,000
	Bursaries to TVET Students	99,985,000	100,000,000
	Scholarships-PG	30,350,000	30,650,000
	Scholarships- ABSA Scholarship	42,903,219	84,735,669
		<b>310,238,219</b>	<b>352,385,669</b>



	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2019/2020	2018/2019
<b>11</b>	<b>EMPLOYEE COSTS</b>		
	Staff Emoluments	401,452,738	363,644,553
	Gratuity and Pension	42,101,579	33,611,236
	Staff Welfare Expenses	12,624,256	11,531,630
	Medical Expenses	41,010,379	32,619,216
	Performance Contract Dynamics	7,302,507	8,672,110
	Subsistence Expenses	22,454,060	20,787,102
	Travelling Expenses	13,577,818	11,352,669
		<b>540,523,337</b>	<b>482,218,515</b>
<b>12</b>	<b>REPAIRS AND MAINTENANCE</b>		
	Repair & Maintenance -Motor Vehicle	2,187,624	2,461,730
	Repair & Maintenance-Fixture & Fittings	67,550	209,623
	Repair & Maintenance -Equipment	78,102	737,734
	Repair & Maintenance -Furniture	11,860	76,908
	Repair & Maintenance -Office Premises	596,550	447,420
	Computer & Software Maintenance	107,571,006	83,159,865
		<b>110,512,692</b>	<b>87,093,280</b>
<b>13</b>	<b>CONTRACTED SERVICES</b>		
	Contracted Professional Services	20,053,247	14,617,250
		<b>20,053,247</b>	<b>14,617,250</b>
<b>14</b>	<b>GENERAL EXPENSES</b>		
	Telecommunication Expenses	16,790,892	15,604,404
	Fuel Consumption	2,401,196	2,698,882
	Office Rent, Warehouse & Parking Charges	67,922,273	62,373,886
	Insurance Expenses	2,633,395	2,618,720
	Staff Training	17,440,682	22,883,282
	Seminars and Conferences	20,527,277	21,646,717
	Office Tea	3,071,911	3,574,247
	Office Flowers & Decorations	904,100	674,400
	Official Entertainment	2,238,316	2,574,792
	Staff Uniforms	469,800	600,000
	Newspapers, Journals, Periodicals & Library Books	730,540	925,060
	Advertising, Publicity & Printing	21,151,725	44,325,449
	Office Stationery & Accessories	5,873,916	10,495,223
	Legal fee	580,000	156,660
	<b>Total General Expenses</b>	<b>162,736,023</b>	<b>191,151,722</b>
<b>15</b>	<b>USE OF SERVICES</b>		
	Office Security Expenses	5,113,862	5,202,000
	Office Cleaning and Maintenance	3,486,124	2,298,888
	Subscriptions to Professional Bodies	2,559,389	2,222,736
		<b>11,159,375</b>	<b>9,723,624</b>
<b>16</b>	<b>BOARD MEMBERS EXPENSES</b>		
	Chairman's Honoraria	960,000	751,900
	Directors emoluments	15,507,847	16,814,035
		<b>16,467,847</b>	<b>17,565,935</b>
<b>17</b>	<b>BANK CHARGES &amp; COMMISSIONS</b>		
	Bank Charges & Commissions	24,654,316	24,466,963
		<b>24,654,316</b>	<b>24,466,963</b>
<b>18</b>	<b>DEBT COLLECTION FEES</b>		
	Debt collection fees	33,067,472	47,618,580
		<b>33,067,472</b>	<b>47,618,580</b>

	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2019/2020	2018/2019
<b>19</b>	<b>AUDIT FEES</b>		
	Audit Fees	1,160,000	1,160,000
		1,160,000	1,160,000
<b>20</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Current account	112,196,826	216,438,102
	On- call deposits	679,858,910	1,896,159,085
	Treasury bills/Fixed Deposits	33,268,667	985,091,000
	Cash at hand	67,007	100,000
	<b>Total Cash and Cash Equivalents</b>	<b>825,391,410</b>	<b>3,097,788,187</b>
	<b>a) Current Account</b>		
	<b>Financial Institution</b>		
	KCB Bank- Operations	17,579,346	6,021,370
	KCB Bank- Student loan	41,387,607	106,378,061
	KCB Bank- Staff Loans	2,509,045	808,753
	KCB Bank- Revolving fund	835,394	18,825,528
	Citibank Student Disbursement	545,286	2,171,195
	Citibank collection	12,468,746	12,472,606
	Citi Bank EFT Returns Account	-	-
	Citibank Direct Debits	227,523	3,822,540
	Co-operative Bank- collections	6,864,264	22,937,350
	ABSA Bank- collection	4,953,176	6,260,973
	Equity Bank- collections	9,033,924	4,981,512
	KCB Savings & Loans- mortgage	427,478	447,762
	Family Bank- collection	1,380,874	3,471,504
	Standard Chartered Bank - collection	3,090,435	2,759,236
	SBM Bank (Kenya) Limited- collection	848,925	2,216,409
	Kingdom Bank Limited - collection	742,592	3,316,157
	NCBA Bank	1,505,593	2,338,196
	National Bank of Kenya- collection	7,796,618	6,824,250
	<b>Sub- Total</b>	<b>112,196,826</b>	<b>206,053,403</b>
	<b>b) On- Call Deposits</b>		
	KCB Bank Ltd	405,000,000	551,000,000
	SBM Bank (Kenya) Limited	100,439,564	229,552,633
	Equity Bank	-	400,000,000
	Cooperative Bank	134,000,000	700,000,000
	National Bank	-	-
	Housing Finance mortgage	10,037,930	10,384,698
	KCB Savings & Loans- mortgages	30,381,416	15,606,453
	<b>Sub- Total</b>	<b>679,858,910</b>	<b>1,906,543,783</b>
	<b>c) Fixed deposits account</b>		
	Central bank treasury bills	-	985,091,000
	Students Loans Self Protection Scheme-Short Term Placement	33,268,667	-
	<b>Sub- Total</b>	<b>33,268,667</b>	<b>985,091,000</b>
	<b>d) Others- Cash in Hand</b>		
	Cash in hand	67,007	100,000
	<b>Sub- Total</b>	<b>67,007</b>	<b>100,000</b>
	<b>Grand Total</b>	<b>825,391,410</b>	<b>3,097,788,187</b>

	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2019/2020	2018/2019
<b>21</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS AND PREPAYMENTS</b>		
<b>a)</b>	<b>i) Current Receivable</b>		
	Hospital Deposit	725,000	725,000
	Utilities & Rent Deposit	9,904,848	10,204,848
	Staff Imprest	-	184,310
	Staff Salary Advances	152,919	233,413
	Medical Over expenditure	2,267,874	2,393,447
	Other Accounts Receivable	14,083,450	6,370,277
		<b>27,134,091</b>	<b>20,111,294</b>
	<b>ii) Non-Current Receivables</b>		
	Accrued Interest on short term placements	2,984,484	13,575,520
	Kenya Deposit Insurance Corporation (KDIC)	100,439,561	100,439,561
	<b>Total (I &amp; ii)</b>	<b>103,424,045</b>	<b>114,015,081</b>
		<b>130,558,137</b>	<b>134,126,376</b>
	Less: Provision for Bad & Doubtful Debt	(6,527,907)	(6,706,319)
	<b>Total</b>	<b>124,030,230</b>	<b>127,420,057</b>
<b>b)</b>	<b>PREPAYMENT</b>		
	Computer and Software Maintenance	39,104,116	39,739,785
	Less: Provision for Bad & Doubtful Debt	(1,955,206)	
		<b>37,148,910</b>	<b>39,739,785</b>
		<b>161,179,140</b>	<b>167,159,841</b>
<b>22</b>	<b>INVENTORIES</b>		
	Balance b/f	6,163,826	3,783,113
	Purchase	13,676,039	16,450,183
	Consumable Stores	(12,864,583)	(14,069,470)
	<b>Total inventories at the lower of cost and net realizable value</b>	<b>6,975,282</b>	<b>6,163,826</b>
<b>23</b>	<b>PROJECT IN PROGRESS</b>		
	Project in progress- Renovation of Ground Floor and Industrial Area	4,879,219	-
		<b>4,879,219</b>	<b>-</b>
<b>24</b>	<b>STAFF LOANS</b>		
	KCB Savings & Loans	115,432,438	126,900,224
	Housing Finance Company	56,948,455	42,811,031
	Staff Car Loans	12,192,606	7,145,469
	SBM Bank-Mortgage Account	41,842,721	-
		<b>226,416,220</b>	<b>176,856,724</b>
<b>25</b>	<b>MATURE LOANS TO STUDENT</b>		
	Balance brought forward	31,029,612,070	27,683,202,923
	Add: Mature loans during the year	8,010,928,384	6,013,333,984
		<b>39,040,540,454</b>	<b>33,696,536,907</b>
	Add: Accrued interest in the year	1,405,691,117	1,326,084,353
	Administrative Fees Income - Mature Loans	72,279,963	158,005,000
	Penalties on matured Loans	98,000,339	158,465,658
	Less: Loan recovery during the year - GOK	(4,508,401,051)	(4,365,045,859)
		<b>36,108,110,822</b>	<b>30,974,046,059</b>
	Add: Overpaid Loans movement	306,896,790	28,055,439
	Refunds during the year	13,079,840	27,510,572
		<b>36,428,087,452</b>	<b>31,029,612,070</b>
	Less: Provision for bad & doubtful debts	(1,821,404,373)	(1,551,480,603)
		<b>34,606,683,080</b>	<b>29,478,131,466</b>

	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2019/2020	2018/2019
<b>26</b>	<b>LOANS TO STUDENTS NOT YET MATURED</b>		
	Balance brought forward-Unmatured loans	40,992,119,467	35,871,357,665
	Add: Loans awarded during the year - GOK	14,289,454,035	9,402,322,863
	Loans awarded during the year - Partnership Funds	755,668,590	1,731,772,923
	Less: Mature loans during the year	(8,010,928,384)	(6,013,333,984)
		<b>48,026,313,708</b>	<b>40,992,119,467</b>
<b>27</b>	<b>LOANS, BURSARIES &amp; SCHOLARSHIPS PAYABLE</b>		
	Loans Payable	1,001,932,642	600,455,184
	Scholarships Payable	10,154,000	6,054,000
	Bursaries Payable- Undergraduate & TVET	44,361,000	2,054,000
		<b>1,056,447,642</b>	<b>608,563,184</b>
<b>28</b>	<b>PAYABLE- STUDENTS LOAN SELF-PROTECTION SCHEME</b>		
	Premiums Payable- Students Loan Self Protection Scheme	32,827,049	-
	Interest Payable- Students Loan Self Protection Scheme	1,105,287	-
		<b>33,932,336</b>	<b>-</b>
<b>29</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade payables	96,231,356	34,373,522
	Employee expenses	184,000	9,574,498
	Third-party payments	7,239,184	7,166,978
	Staff Gratuity Payable	4,308,240	1,418,965
	<b>Total Trade and Other Payables</b>	<b>107,962,780</b>	<b>52,533,963</b>
<b>30</b>	<b>OVER PAID LOANS</b>		
	Balance B/Forward	465,766,538	465,221,670
	Overpayments in the year	306,896,790	28,055,439
	Loanee refunds in the year	(13,079,840)	(27,510,572)
		<b>759,583,487</b>	<b>465,766,538</b>
<b>31</b>	<b>CUMMULATIVE GOVERNMENT GRANTS</b>		
	<b>Balance B/Forward (GOK Funds)</b>	58,378,162,435	51,332,511,973
	Capitation received in the year for Students Loans	8,284,237,846	7,045,650,462
		<b>66,662,400,281</b>	<b>58,378,162,435</b>
	Capitation for TVET Fund	(1,192,000,000)	(1,192,000,000)
	Partnership with Afya Elimu Fund	(308,000,000)	(308,000,000)
		<b>65,162,400,281</b>	<b>56,878,162,435</b>
	<b>Capitation for TVET Fund</b>		
	Capitation for TVET Fund	1,192,000,000	1,192,000,000
	Partnership with Afya Elimu Fund	308,000,000	308,000,000
		<b>1,500,000,000</b>	<b>1,500,000,000</b>
<b>32</b>	<b>CUMULATIVE PARTNERSHIP FUNDS AS AT 30 JUNE 2020</b>		
	Capitation for TVET Fund	1,192,000,000	1,192,000,000
	Afya Elimu Fund	807,514,608	782,914,608
	Training Revolving Fund	322,203,475	291,911,669
	HELB Education Fund	1,923,874	1,923,876
	Students Loans - Kenya Revenue Authority Revolving Fund	25,000,000	20,000,000
	Students Loans - Tinderet Education Fund	2,000,000	2,000,000
	Students Loans - MOEST Foreign Universities Fund	58,624,889	58,624,889
	Students Loans - Digital Divide Data Fund	21,848,498	21,848,498
	Students Loans - Community Health Promotion Fund	23,506,500	18,546,500
	Students Loans - Tenwek Hospital Training Fund	2,680,000	1,880,000
	Students Loans - Busia County Fund	55,000,000	27,000,000
	Students Loans - Tigania West Fund	2,800,000	2,800,000



NOTES TO THE ANNUAL FINANCIAL STATEMENTS		2019/2020	2018/2019
	Students Loans - Kakamega County Fund	95,000,000	87,500,000
	Students Loans - Igembe North Education Fund	9,000,000	9,000,000
	Students Loans - Karachuonyo Education Fund	10,800,000	10,800,000
	Students Loans - Tharaka Nithi Constituency Fund	6,384,000	4,884,000
	Students Loans - St Kizito Vocational Training Institute	3,581,366	2,132,838
	Students Loans -Simba Corporation	5,199,038	3,479,100
	Students Loans - Taita Taveta	43,000,000	38,000,000
	Students Loans - AIC Kijabe	4,450,000	3,500,000
	Students Loans - Awendo Education Fund	2,500,000	2,500,000
	Students Loans - Strathmore University	1,320,300	1,320,300
	Students Loans - ABSA Bank Scholarship	45,844,919	98,840,000
	Students Loans - Standard Chartered Bank	10,000,000	10,000,000
	Students Loans - Kenya school of Integrated MEDS	2,000,000	2,000,000
	Students Loans - Chuka Igambang'ombe Fund	4,700,000	4,700,000
	Students Loans - Council for Legal Education	80,000,000	40,000,000
	Students Loans - Bomet County	29,100,000	
	Ford Foundation Project	1,579,000	1,579,000
	Advocates Benevolent Association	3,600,000	
		<b>2,873,160,467</b>	<b>2,741,685,278</b>
	Less: Students Loans - ABSA Bank Scholarship paid	(42,903,219)	(84,735,669)
	<b>Capitation to Revolving Fund</b>	<b>2,830,257,248</b>	<b>2,656,949,609</b>
		<b>2,830,257,248</b>	<b>2,656,949,609</b>
<b>33</b>	<b>PARTNERSHIP FUNDS RECEIVED IN THE PERIOD</b>		
	Capitation for TVET Fund	-	-
	Afya Elimu Fund	24,600,000	80,000,000
	Training Revolving Fund	30,291,806	54,220,950
	Students Loans - Kenya Revenue Authority Revolving Fund	5,000,000	
	Students Loans - Digital Divide Data Fund	-	3,048,498
	Students Loans - Community Health Promotion Fund	4,960,000	6,330,000
	Students Loans - Tenwek Hospital Training Fund	800,000	-
	Students Loans - Busia County Fund	28,000,000	27,500,000
	Students Loans - Kakamega County Fund	7,500,000	-
	Students Loans - Tharaka Nithi Constituency Fund	1,500,000	1,500,000
	Students Loans - St Kizito Vocational Training Institute	1,448,528	650,000
	Students Loans -Simba Corporation	1,719,938	-
	Students Loans - Taita Taveta	5,000,000	8,000,000
	Students Loans - AIC Kijabe	950,000	1,500,000
	Students Loans - Strathmore University	-	-
	Students Loans - ABSA Bank Scholarship	31,740,588	56,000,000
	Students Loans - Standard chartered bank	-	10,000,000
	Students Loans - Kenya school of Integrated MEDS	-	2,000,000
	Students Loans - Chuka Igambang'ombe Fund	-	4,700,000
	Students Loans - Council for legal education	40,000,000	40,000,000
	Students Loans - Bomet county	29,100,000	
	Advocates Benevolent Association	3,600,000	
		<b>216,210,860</b>	<b>295,449,448</b>
	ABSA Scholarship	(42,903,219)	(84,735,669)
	<b>Capitation from partnership received for the year</b>	<b>173,307,641</b>	<b>210,713,779</b>

	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	2019/2020	2018/2019
<b>34</b>	<b>ACCUMULATED FUND</b>		
	Balance as at July 2019	13,418,785,305	12,397,918,736
	Surplus for the Year	672,939,513	1,017,838,522
	Revaluation reserve	1,182,125	3,028,047
	<b>Balance ending</b>	<b>14,092,906,943</b>	<b>13,418,785,305</b>
<b>35</b>	<b>REVALUATION RESERVE</b>		
	Revaluation reserve b/f	707,232,833	710,260,880
	Revaluation reserve on Asset disposal	(1,182,125)	(3,028,047)
		<b>706,050,708</b>	<b>707,232,833</b>
<b>36</b>	<b>ACCUMULATED PROVISIONS FOR DOUBTFUL DEBTS</b>		
	<b>Noncurrent provision for the year</b>		
	Balance b/f	1,551,480,603	1,384,160,146
	Add: Noncurrent provisions for the year	269,923,769	167,320,457
		<b>1,821,404,373</b>	<b>1,551,480,603</b>
	<b>Current provisions for the year</b>		
	Balance b/f	6,706,319	2,017,194
	Add: Provisions for the year	1,776,794	4,689,125
		<b>8,483,113</b>	<b>6,706,319</b>
	Balance c/d	<b>1,829,887,485</b>	<b>1,558,186,922</b>
<b>37</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Cost</b>		
	<b>As at 30th June 2019</b>	<b>190,329,589</b>	<b>179,479,053</b>
	Additions during the year	43,366,880	10,850,536
	<b>As at 30th June 2020</b>	<b>233,696,468</b>	<b>190,329,589</b>
	<b>Amortization and impairment</b>		
	<b>As at 30th June 2019</b>	<b>179,877,297</b>	<b>134,624,628</b>
	Amortization for the year	21,291,072	45,252,669
	<b>As at 30th June 2020</b>	<b>201,168,368</b>	<b>179,877,297</b>
	<b>Net Book Value</b>	<b>32,528,100</b>	<b>10,452,292</b>
<b>38</b>	<b>GAIN OR LOSS ON DISPOSAL</b>		
	Proceeds from asset disposal	624,450	2,166,600
	Less:		
	Revalued cost of assets disposed	1,182,125	3,379,500
	Accumulated depreciation	(1,141,063)	(2,317,313)
		<b>41,063</b>	<b>1,062,188</b>
	<b>Gain</b>	<b>583,388</b>	<b>1,104,413</b>

PROPERTY, PLANT AND EQUIPMENT										
	Land	Building	Motor vehicles	Equipment	Furniture	FITTINGS	Computers	Total		
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>COST</b>										
<b>At 30 JUNE 2018</b>	717,500,000	2,500,001	42,269,999	21,419,765	19,219,653	76,449,343	121,422,727	1,000,781,489		
Additions	-	-	15,153,500	3,824,930	8,152,574	33,837,848	20,830,741	81,799,593		
Disposals	-	-	(2,800,000)	(499,000)	(80,500)	-	-	(3,379,500)		
<b>As at 30- June-2019</b>	717,500,000	2,500,001	54,623,499	24,745,695	27,291,727	110,287,191	142,253,467	1,079,201,581		
Additions	-	-	12,788,448	3,370,640	180,000	3,061,048	25,184,968	44,585,104		
Disposals	-	-	(1,100,000.00)	(57,000.00)	(25,125.00)	-	-	(1,182,125.00)		
<b>As at 30- June-2020</b>	717,500,000	2,500,001	66,311,947	28,059,335	27,446,602	113,348,239	167,438,436	1,122,604,561		
<b>DEPRECIATION AND IMPAIRMENT</b>										
<b>Acc. Dep at 30- June- 2018</b>	-	187,500	26,738,750	6,998,042	5,998,022	16,173,343	84,674,449	140,770,105		
Depreciation for the year	-	62,500	13,655,875	3,093,212	3,411,466	13,785,899	47,417,775	81,426,727		
Less: Accumulated depreciation on disposals as at 30 June 2019			(2,100,000)	(187,125)	(30,188)			(2,317,313)		
<b>Acc. Dep at 30- June- 2019</b>	-	250,000	38,294,624	9,904,129	9,379,300	29,959,242	132,092,224	219,879,519		
Depreciation for the year	-	62,500	16,577,987	3,507,417	3,430,825	14,168,530	6,943,580	44,690,839		
Less: Accumulated depreciation on disposals as at 30 June 2020			(1,100,000)	(28,500)	(12,563)			(1,141,063)		
<b>Acc. Dep at 30- June- 2020</b>	-	312,500	53,772,611	13,383,045	12,797,563	44,127,772	139,035,804	263,429,296		
<b>Net book values</b>										
As at 30 June 2020	717,500,000	2,187,501	12,539,336	14,676,290	14,649,040	69,220,467	28,402,632	859,175,265		
As at 30 June 2019	717,500,000	2,250,001	16,328,875	14,841,567	17,912,427	80,327,949	10,161,244	859,322,062		

## 40. RELATED PARTY BALANCES

### Nature of related party relationships

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

#### a. Government of Kenya

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

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

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

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

#### d. Key Management

#### e. Other partners providing funding.

The transactions that were done with related parties for the financial year 2019-2020 are as below:

RELATED PARTY BALANCES	2019-2020 Kshs	2018-2019 Kshs
<b>Transactions with Related Parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Government	8,284,237,846	7,493,838,580
	<b>8,284,237,846</b>	<b>7,493,838,580</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments for students	15,398,264,059	11,772,294,929
Payments of salaries and wages for 253 employees	427,674,328	482,218,515
	<b>15,825,938,387</b>	<b>12,254,513,444</b>
<b>c) Key Management Compensation</b>		
Board members' emoluments	16,467,847	17,565,935
Compensation to the CEO	11,480,000	13,597,800
Compensation to key management -14	65,326,630	71,327,561
	<b>102,491,296</b>	<b>102,491,296</b>
<b>d) Other Government Bodies</b>		
County government of Kakamega, Taita Taveta, Bomet and Busia	69,600,000	35,500,000
Ministry of Public Service, Youth & Gender Affairs	30,291,806	54,220,950
<b>e) Partners - Other Funding Providers</b>	259,949,448	259,949,448
	<b>359,841,254</b>	<b>349,670,398</b>
<b>Total</b>	<b>24,572,508,783</b>	<b>20,200,513,718</b>



#### **41. EVENTS AFTER THE REPORTING PERIOD**

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

#### **42. ULTIMATE AND HOLDING ENTITY**

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

#### **43. CURRENCY**

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

## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

No	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1	Emphasis of Matter	Ownership of land LR No.209/13515	Pursuing dispute resolution mechanisms to ensure out of court settlement with Kenya Railways	Chief Executive Officer	Work in Progress	Continuous
2	Emphasis of Matter	Recoverability of mature loans amounting to Kshs. 6.3B as at 30/6/2019 older than 10 years.	Measures put in place to recover outstanding loans. The loans are progressively decreasing by 30 <sup>th</sup> June 2020 the outstanding loan was 6.1 Billion	Chief Operations Officer	Work in Progress	Continuous

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

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

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

The Board did not undertake any project in the year 2019-2020 either funded by us or by development partners.

## APPENDIX III: TOP TEN TENDERS AWARDED

Below are the top ten tenders awarded in the financial year 2019-2020 by HELB

S/NO	TENDER NO	DESCRIPTION	FIRM AWARDED	TENDER SUM
1	HELB/DIPR/09/2019-2020	Supply, delivery, installation, upgrade and configuration of SAN system	Telenet Solutions	31,059,139.63.
2	HELB/T/11/2019-2020	Provision of electrical works, structured cabling, CCTV and air conditioning for Ground floor and Industrial Area office renovations	Top Choice Surveillance	15,271,362.00
3	HELB/T/04/2019-2020	Supply, Delivery, Installation, configuration and commissioning of Virtual Desktop Infrastructure products, licensing, warranty and partnership	Telenet Solutions	14,219,854.20
4	HELB/RFQ/07/2019-20	Provision of Main works – for Ground floor and Industrial Area office renovations	East Africa Construction	14,139,525.00
5	HELB/T/03/2019-2020	Supply, delivery, installation and commissioning of Next Generation Security Gateway and End Point Security	Xtranet Communications	13,519,202.14
6	MOICT/SDBT/12/2019-2020	Advertising Agency -Creative digital and media support (20 months)	Kijizi Ltd	12,760,000.00
7	HELB/T/06//2019-2020	Provision of enhancement, support and maintenance of Microsoft Dynamics CRM 365	Impax Business Solutions	10,929,218.40
8	HELB/RFQ/166/2019-2020	Supply of laptops qty 65 pieces	Eurocom Systems Ltd	8,892,000.00
9	HELB/T/09/2019-2020	Purchase of motor vehicle – Land Cruiser 9-seater	Toyota Kenya	7,570,000.00
10	HELB/T/08/2019-2020	Provision of security guarding services for 2 years	Kleen Homes	6,696,000.00
	<b>TOTAL</b>			<b>103,997,161.74</b>




## APPENDIX IV: INTER-ENTITY TRANSFERS

HIGHER EDUCATION LOANS BOARD					
Breakdown of Transfers from the State Department of Education, Science and Technology					
FY 19/20					
Recurrent Grants					
		Bank Date	Statement	Amount (Kshs)	Indicate the FY to which the amounts relate
1	Capitation	8-Aug-19		2,761,412,615	2019-2020/Q1
	Bursary to students	8-Aug-19		59,250,000	2019-2020/Q1
	Operations Grant	8-Aug-19		37,899,520	2019-2020/Q1
2	Capitation	4-Nov-19		2,761,412,616	2019-2020/Q2
	Bursary to students	4-Nov-19		59,250,000	2019-2020/Q2
	Operations Grant	4-Nov-19		37,899,520	2019-2020/Q2
3	Capitation	17-Jan-20		2,761,412,615	2019-2020/Q3
	Bursary to students	17-Jan-20		59,250,000	2019-2020/Q3
	Operations Grant	17-Jan-20		37,899,520	2019-2020/Q3
<b>Total</b>				<b>8,575,686,406</b>	

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



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



**ROBERT ASUMANI SAMUEL**  
**HEAD OF ACCOUNTING UNIT**  
**SDUER**

Date: 26<sup>th</sup> February 2021

## APPENDIX V: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA transferring the funds	Date received as per bank statement	Nature: recurrent/ development/ others	Total amount - kshs	Statement of financial performance	Receivables	Others- revolving fund	Total transfers during the year
Ministry of Public Service, Youth & Gender Affairs	2-Mar-20	Others- Revolving fund	30,291,806.00	30,291,806	0	30,291,806	30,291,806
County Government of Kakamega	21-Jan-20	Others- Revolving fund	7,500,000.00	7,500,000	0	7,500,000	7,500,000
County Government of Taita Taveta	24-Jan-20	Others- Revolving fund	5,000,000.00	5,000,000	0	5,000,000	5,000,000
County Government of Bomet	16-Jul-19	Others- Revolving fund	29,100,000.00	29,100,000	0	29,100,000	29,100,000
County Government of Busia	3-Jul-19	Others- Revolving fund	28,000,000.00	28,000,000	0	28,000,000	28,000,000
<b>TOTAL</b>			<b>99,891,806.00</b>	<b>99,891,806</b>	<b>0</b>	<b>99,891,806</b>	<b>99,891,806</b>



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

**Date: 26<sup>th</sup> February 2021**



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



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