

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL**



**THE UNITED REPUBLIC OF TANZANIA**

**NATIONAL AUDIT OFFICE**



**HIGHER EDUCATION STUDENTS' LOANS BOARD**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE FINANCIAL  
YEAR ENDED 30 JUNE 2022**

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March, 2023

AR/PAD/HESLB/2021/22

## **About the National Audit Office**

### **Mandate**

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.

### **Vision**

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

### **Mission**

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

**Motto:** “Modernizing External Audit for Stronger Public Confidence.”

### **Core values**

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

### **We do this by:**

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

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## **ABBREVIATIONS**

<b>AAHEFA</b>	Association of African Higher Education Financing Agencies
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ARC</b>	Audit and Risk Committee
<b>BoD</b>	Board of Directors
<b>BPRM</b>	Business Process and Results Management
<b>COPO</b>	Compliance Portal
<b>CRM</b>	Customer Relationship Management
<b>DiDiS</b>	Digital Disbursement System
<b>ED</b>	Executive Director
<b>EIR</b>	Effective Interest Rate
<b>ePO</b>	Employer Portal
<b>EUL</b>	Estimated useful life
<b>EXCOM</b>	Executive Management Committee
<b>FEM</b>	Financial and Equity Management
<b>FPA</b>	Finance, Planning and Administration
<b>GAS</b>	Grand Automation & System Integration
<b>GAVP</b>	Generally Acceptable Valuation Principles
<b>GePG</b>	Government electronic Payment Gateway
<b>HEET</b>	Higher Education for Economic Transformation
<b>HESLB</b>	Higher Education Students' Loans Board
<b>HIV</b>	Human immunodeficiency virus
<b>HLIs</b>	Higher Learning Institutions
<b>ICT</b>	Information Communication Technology
<b>iLMS</b>	Integrated Loan Management System
<b>IPSAS</b>	International Public Sectors Accounting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISSAIs</b>	International Standard of Supreme Audit Institutions
<b>KPIs</b>	Key Performance Indicators
<b>LAAC</b>	Local Authorities Accounts Committee
<b>LARC</b>	Loan and Repayment Committee
<b>LF</b>	Loanable Fund
<b>LIPA</b>	Loanee Individual Payment Account
<b>MEL</b>	Monitoring, Evaluation and Learning
<b>MIE</b>	Middle-Income Economy
<b>MoEST</b>	Ministry of Education Science and Technology
<b>MoFP</b>	Ministry of Finance and Planning
<b>NBAA</b>	National Board of Accountants and Auditors
<b>NHIF</b>	National Health Insurance Fund
<b>OCAG</b>	Office of the Controller and Auditor General
<b>OLAMS</b>	Online Loan Application and Management System
<b>OLAS</b>	Online Loan Application System
<b>OTR</b>	Office of Treasury Registrar
<b>PA</b>	Per Annum
<b>PAA</b>	Public Audit Act
<b>PAC</b>	Public Accounts Committee
<b>PAR</b>	Public Audit Regulation
<b>PAYE</b>	Pay as You Earn
<b>PDO</b>	Project Development Objective

<b>PE</b>	Personal emoluments
<b>PFA</b>	Public Finance Regulations
<b>PLC</b>	Public Listed Company
<b>PPA</b>	Public Procurement Act
<b>PPR</b>	Public Procurement Regulations
<b>REPO</b>	Refund Portal
<b>SACCOS</b>	Savings and Credit Co-operative Society
<b>TFRS</b>	Tanzania Financial Reporting Standard
<b>TR</b>	Treasury Registrar
<b>TVS</b>	Trainees Voucher Scheme
<b>TZS</b>	Tanzania Shillings
<b>URT</b>	United Republic of Tanzania
<b>VAT</b>	Value Added Tax
<b>VRF</b>	Value Retention Fee
<b>W.I.P</b>	Work-In-Progress
<b>WB</b>	World Bank
<b>WCF</b>	Workers' Compensation Fund

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board of Directors,  
Higher Education Students' Loans Board,  
P.O. Box 76068,  
Dar-Es-Salaam.

#### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

##### **Unqualified Opinion**

I have audited the financial statements of Higher Education Students' Loans Board, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Higher Education Students' Loans Board as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements." I am independent of Higher Education Students' Loans Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

##### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

##### **Other Information**

Management is responsible for the other information. The other information comprises the report by those charged with governance, Declaration by the Head of Finance and statement of those charged with governance responsibility but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

### **Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements**

My 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 audit report that includes my opinion. 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 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.

As part of an audit in accordance with ISSAIs, I exercise professional judgment 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

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- higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
  - 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance 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.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E.2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

#### 1.2.1 Compliance with the Public Procurement laws

##### **Subject matter: Compliance audit on procurement of works, goods and services**

I performed a compliance audit on procurement of works, goods and services in Higher Education Students' Loans Board for the financial year 2021/22 as per the Public Procurement laws.

##### **Conclusion**

Based on the audit work performed, I state that procurement of works, goods and services of Higher Education Students' Loans Board is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

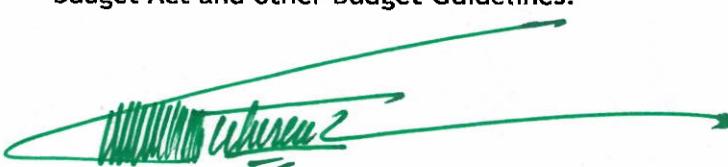
#### 1.2.2 Compliance with the Budget Act and other Budget Guidelines

##### **Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in the Higher Education Students' Loans Board for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

##### **Conclusion**

Based on the audit work performed, I state that Budget formulation and execution of Higher Education Students' Loans Board is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March, 2023



## HIGHER EDUCATION STUDENTS' LOANS BOARD

### REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

#### 1.3 INTRODUCTION

The Higher Education Students' Loans Board (HESLB) is a body corporate established by the Act of Parliament CAP 178. It has been in operation since July 2005 under the Ministry of Education, Science and Technology. Its main objective is to assist, on a loan basis, eligible students admitted in accredited higher learning institutions, but their families cannot afford to support them fully or partly. In addition, HESLB charged with the mandate of collecting all due mature loans from previous loan beneficiaries since 1994 to date. Therefore, it is an institution translating the cost sharing policy in the higher education financing.

The Board of Directors submits Annual Financial Report for the financial year ended 30 June 2022, which disclose HESLB's state of affairs. The Report has been prepared in accordance with the provisions of Sect 25(4) of the Public Finance Act, Cap 348 [R.E.2020]. The report complies with Tanzania Financial Reporting Standard No. 1 (TFRS1) - The Report by Those Charged with Governance which was issued on 06 October 2020 by the National Board of Accountants and Auditors (NBA); and become operative from 1 January 2021.

#### 1.4 OFFICE LOCATIONS

HESLB's Head Office is in Dar es Salaam, Zanzibar Office with six zonal offices at Dodoma, Mwanza, Arusha, Mbeya, Mtwara and Dar es Salaam.

- i) The Head Office is located at Kilimo Street, TAZARA area Dar es Salaam;
- ii) Zanzibar Office is located at ZSSF Michenzani Mall, Michenzani area Zanzibar;
- iii) Central Zone is located at PSSSF House, Makore Road Dodoma;
- iv) Lake Zone located at PSSSF Plaza building, Kenyatta Road Mwanza;
- v) Northern Zone is located at NSSF Mafao House Arusha;
- vi) Southern Highland Zone located at CAG building, Mbalizi Road Mbeya;
- vii) Southern Zone located at NHC Raha Leo Complex Mtwara; and
- viii) Eastern Zone located at PSSSF tower, Mission Street Dar es Salaam.

#### 1.5 STRATEGIC GOALS AND PLAN

##### 1.5.1 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

###### Vision

To become a reliable and sustainable higher education revolving fund.

###### Mission

To manage loans and grants for needy and eligible Tanzanian students for higher tertiary education.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### Core Values

To achieve the vision and mission, the HESLB and other stakeholders have observed following guiding core values:

- i) Accountability
- ii) Commitment and Integrity
- iii) Team work
- iv) Equity
- v) Delivery

### Principal Activities of HESLB

As prescribed under the Act No. 9 of 2004, (as amended) CAP 178, the principal activities of HESLB include:

- i) Assuming responsibility for the control and management of all loanable funds as vested in the Board;
- ii) Formulating the mechanism for determining eligible students for payment of loans together with administering and supervising the whole process of payment and repayment of loan;
- iii) Keeping register and other records of students' loan beneficiaries under the Board; and
- iv) Advising the Minister on matters of policy and of the law concerning provisions and recovery of loans granted.

## 1.6 COMPOSITION, FUNCTION AND POWERS OF THE BOARD

### 1.6.1 Composition of the Board

Table 1: Board of Directors who served during the period

Sn	Full Name	Status	Age (Years)	Academic Discipline	Nationality	Appointed
1	Prof. William A.L. Anangisye	Retired Chairperson	60	Ph.D (Professionalism and Ethics in Education)	Tanzanian	Aug-2017
2	Prof. Hamisi O. Dihenga	Chairperson	72	PhD (Agricultural Engineering)	Tanzanian	December-2021
3	Ms. Salama R. Makame	Vice Chairperson	46	MA (Demography)	Tanzanian	Aug-2020
4	Prof. Charles D. Kihampa	Member	51	PhD in Chemistry	Tanzanian	Aug-2020
5	Dr. Adolf B. Rutayuga	Member	59	PhD (Education)	Tanzanian	Aug-2020
6	Dr. Ernest S. Mwasalwiba	Member	52	PhD (Entrepreneurship Education & Impact Assessment)	Tanzanian	Aug-2020
7	Ms. Theresia E. Henjewele	Member	50	MSc (Economics) & MA (Economic Policy Management)	Tanzanian	Aug-2020
8	Ms. Tenelife E. Mwatebela	Member	24	Student of Bachelor of Science in Statistics	Tanzanian	Aug-2020
9	Mr. Haruni B. Matagane	Member	42	LL.M (Oil and Gas)	Tanzanian	Aug-2020
10	Mr. Iddi K. Haji	Member	59	PGD (Financial Management)	Tanzanian	Jan-2021

Source: *Board member's Appointment letters*

## HIGHER EDUCATION STUDENTS' LOANS BOARD

The President appoints Chairman of the Board of Director, whereas the Minister for Education, Science and Technology appoints other members representing various institutions/sectors. The Board may co-opt any person to seat in the Board or any of its Committee. The co-opted member does not have voting power.

### **1.6.2 Functions of the Board**

- i) To assume responsibility for the control and management of all loanable funds as vested in the Board;
- ii) To formulate the mechanism for determining eligible students for payment of loans;
- iii) To administer and supervise the whole process of payment and repayment of loan;
- iv) To keep the register and other records of students' loan beneficiaries under the Board;
- v) To advise the Minister on matters of policy and of the law concerning provisions and recovery of loans to students;
- vi) To establish operational links between the Board and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loan funds;
- vii) To establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted;
- viii) To establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international;
- ix) To conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training;
- x) To ensure the overall efficient and effective implementation of the provisions of the Act and of any such other written law concerning Government loans; and
- xi) To perform such other functions as are conferred upon the Board by or under the Act or any other written laws.

### **1.6.3 Power of the Board**

Without prejudice to section 6 of the HESLB Act No. 9, 2004, the Board shall have Powers:

- i) To administer both movable and immovable properties of the Board;
- ii) To administer the funds, investments and assets of the Board and in particular the funds allocated under the Government Budget or otherwise available for loans to students;
- iii) To borrow money for any purpose deemed fit by the Board and, subject to any law in relation to investment of funds by a trustee, to invest in land and or Government Securities or other interest-bearing assets such fund as may be vested in it and which may not be immediately required for current expenditure;
- iv) To signify the acts of the Board by use of official seal in the manner provided for under the Schedule;
- v) To demand and receive such fees for services rendered by officers and other employees of the Board;

## HIGHER EDUCATION STUDENTS' LOANS BOARD

- vi) To receive and consider all students loan applications from eligible students wishing to be considered for the award of loans;
- vii) To grant loan moneys to students who have been granted such loan in accordance with the provisions of the Act or regulations made hereunder or in furtherance thereof;
- viii) To determine other criteria and conditions governing the granting of students' loan including the rates of interest and recovery of loans;
- ix) To determine the maximum number of eligible students to be granted loans in any one particular year;
- x) To recover all loan moneys owed by former student loan beneficiaries since July, 1994 under the Students Loan from or with the assistance of their respective employers or otherwise in accordance with the provisions of this Act and regulations made there under;
- xi) To appoint, settle the terms and conditions of service or terminate the appointment of such employee of the Board as it is empowered to appoint under this Act as it may deem necessary;
- xii) To decide and or recommend conditions of service and employment packages for the employees and or the officers of the Board and to approve or, as the case may be, recommend staff establishment and staff development plans prepared by management within the financial resources of the Board;
- xiii) To establish divisions or sub-divisions or disestablish any one of them and give them any such designation or designations as it may deem fit;
- xiv) To make arrangements or provisions for health, pension, superannuation and or other terminal benefits for its officers or other employees in accordance with any written law applicable to public servants;
- xv) To consider and approve the annual budget submitted by the management for the purposes of monitoring and reviewing financial statements and authorize major expenditure for the Board;
- xvi) To formulate and implement Board financial policies; To enter into contracts or memoranda of understanding with the Ministry, individuals and other organizations or institutions, establish such trusts and appoint such trustees, agents and independent contractors as may be.

### **1.7 COMMITTEES OF THE HESLB GOVERNING BOARD**

For smooth operation of the functions of the Board of Directors, the establishing Act mandates the Board to form not more than three Committees from among its members to discharge various functions. All committees report to Board.

#### **1.7.1 Loans Allocation and Repayment Committee (LARC)**

The primary function for which HESLB was established for, is the issuance of loans and grants to eligible students and to ensure repayment of matured loans. The primary objective of establishing LARC is to discharge this core function of HESLB. The Committee is entrusted with full-fledged decision-making powers on all issues related to the allocation and recovery of students' loans and such decisions are normally tabled to the full Board for noting.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

**Table 2: The composition of the LARC committee during the year**

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Prof. Charles D. Kihampa	Chairperson	PhD in Chemistry	6/8	8/9
2	Dr. Adolf B. Rutayuga	Member	PhD (Education)	6/8	8/9
3	Ms. Tenelife H. Mwatebelwa	Member	Student of Bachelor of Science in Statistics	7/8	8/9
4	Mr. Iddi K. Haji	Member	PGD (Financial Management)	7/8	3/9

*Source: HESLB Committees' Reports*

The activities performed by this Committee ensured close monitoring of loans allocation, disbursement and repayment.

### 1.7.2 Finance, Planning and Administration Committee (FPA)

According to HESLB Board Charter, FPA Committee is charged with the responsibility to deal with various support functions such as finance, budgeting, legal affairs, procurement, ICT, Communication, Human resource and administration. The Committee is mandated to oversee performance of support Directorates and Units as well as scrutinizing and endorsing Annual Procurement Plan, annual budget, budget recast and re-allocation among other key support functions.

**Table 3: The composition of the FPA committee during the year**

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Dr. Adolf B. Rutayuga	Chairperson	PhD (Education)	6/6	5/5
2	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	6/6	5/5
3	Mr. Haruni B. Matagane	Member	LL.M (Oil and Gas)	6/6	5/5

*Source: HESLB Committees' Reports*

The meetings held by this Committee ensured close monitoring of budget implementation as approved by the government and the Board. It ensures compliance to various laws and regulations relating to procurement, finance, public service and budget. The Committee also ensures various internal Policies and manuals are developed, reviewed and approved as appropriate.

### 1.7.3 Audit and Risk Management Committee (ARC)

The ARC performs oversight function on behalf of the Board of Directors as stipulated under Audit Charter.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

The Terms of Reference for the Audit Committee cover six major areas, namely, Internal Control, Financial Reporting, Internal Audit, External Audit, Compliance and Risk Management.

ARC mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with IPSAS in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework; The Committee also reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to Financial Reporting requires the Audit Committee to review significant accounting and reporting policies and standards and their impact on the financial reports and ensures risks are managed appropriately. The Committee ensures the adequacy of the financial reporting process and reviews the Board's annual accounts before approval and adoption by the full Board.

With regard to External Audit, the Audit Committee reviews and approves the external auditors' proposed audit scope, approach and audit deliverables, draft financial statements before submission to the External Auditors for audit; and also reviews and approves the proposed audit fee. Compliance task entails ensuring that HESLB complies with laws, rule and regulations governing its operations. Risk management involves identification of risks and ensuring that mitigating measures are in place and are operating efficiently and effectively. The Committee's mandate on Internal Audit covers review of the activities and resources of the internal audit function; effectiveness, standing and independence of internal audit function within HESLB; review of the internal audit plan; and follow up on implementation of internal audit findings and recommendations.

**Table 4: The composition of the ARC committee during the year**

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Dr. Ernest S. Mwasalwiba	Chairperson	PhD (Entrepreneurship Education & Impact Assessment)	6/6	5/5
2	Ms. Salama R. Makame	Member	MA (Demography)	6/6	5/5
3	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	6/6	5/5
4	Mr. Paul R. Bilabaye	Member - co-opted	CPA(T), CPSP, MBA Corporate Management	5/6	-

*Source: HESLB Committees' Reports*

Meetings held by this Committee in addition to approving Internal Audit Plan it made a close follow up on the implementation of both internal and external audit findings thus contributing to significant reduction of audit queries.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### SUMMARY OF MATTERS DISCUSSED ON BOARD MEETINGS DURING THE YEAR UNDER REVIEW

During the year under review, the President of United Republic of Tanzania appointed a new Chairman of the Board of Directors as the fourth Chairman since the establishment of HESLB. The Board of Directors held all four statutory meetings. The major issues discussed during the meetings included the following: -

- i. Re- elected Director Salama Makame to continue serving as its Vice- Chairperson. It also co-opted Mr. Paul Bilabaye to seat in the FPA and ARC Committees;
- ii. Approved the 5th Strategic Plan for 2022/23 - 2026/27;
- iii. Approved proposed MTEF budget estimates for Financial Year 2022/23;
- iv. Approved budget recast for 2022/23 and the corresponding Annual Procurement Plan;
- v. Approved transfer of loans from Law School of Tanzania to HESLB issued to 5,025 beneficiaries amounting to TZS 10, 628,148,768.79;
- vi. Approved construction of HESLB HQ Office in Dodoma;
- vii. Approved budget recast, Mid-Year Budget review and Mid -Year Annual Procurement Review for Financial Year 2021/22;
- viii. Approved HESLB Board of Directors Code of Conducts and Ethics;
- ix. Approved HESLB Fraud and Risk Management Framework;
- x. Approved HESLB Training Policy and HESLB Human Resources Plan and
- xi. Approved amendments to the HESLB Staff Loan Policy, 2018.

During the year ended 30 June 2021, the Board of Directors held all four statutory meetings. The major issues resolved or approved during the meetings encompass the following

- i) Approved review of HESLB Strategic Plan;
- ii) Approved 2021/22 MTEF Budget estimates;
- iii) Approved 2021/22 Annual Procurement Plan (APP);
- iv) Approved corporate social responsibility Policy;
- v) Approved establishment of the Eastern Zone Customer Relationship Center;
- vi) Approved revised HESLB organizational structure;
- vii) Approved interim reporting lines of Zonal Managers and Assistant Director ICT;
- viii) Received implementation and Annual Action Plan report for financial year 2020/21; and
- ix) Approved Financial statements for the financial year ended 30 June 2021 to be submitted to Controller and Auditor General (CAG).

Members Participated in Board of Directors meetings held are as shown in table 5

## HIGHER EDUCATION STUDENTS' LOANS BOARD

**Table 5: Board of Directors meetings held during the year**

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Prof. William A.L. Anangisye	Chairperson Retired August 2021	Ph.D (Professionalism and Ethics in Education)	-	10/10
2	Prof. Hamisi O. Dihenga	Chairperson Appointed Dec 2021	PhD Agriculture Engineering)	3/5	-
3	Ms. Salama R. Makame	Vice Chairperson	MA (Demography)	5/5	10/10
4	Prof. Charles D. Kihampa	Member	PhD in Chemistry	4/5	7/10
5	Dr. Adolf B. Rutayuga	Member	PhD (Education)	5/5	6/10
6	Dr. Ernest S. Mwasalwiba	Member	PhD (Entrepreneurship Education & Impact Assessment)	4/5	8/10
7	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	4/5	9/10
8	Ms. Tenelife E. Mwatebela	Member	Student of Bachelor of Science in Statistics	5/5	7/10
9	Mr. Haruni B. Matagane	Member	LL.M (Oil and Gas)	5/5	10/10
10	Mr. Iddi K. Haji	Member	PGD (Financial Management)	5/5	5/10

*Source: HESLB Board of Directors' Reports*

### 1.8 CORPORATE GOVERNANCE

The Board of Directors is responsible for the governance of the Higher Education Students' Loans Board to comply with the law, standards of the corporate governance and business ethics. The Board takes overall responsibility for the running of the board, including effective and efficient implementation of various activities, monitoring operations and investment decisions, considering significant financial matters, and reviewing the performance of management plans and budgets.

The Board is also responsible for identifying key risk areas and ensuring that a system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles. The Board believes on the principles of Corporate Governance that include transparency, accountability, probity and respect for the rights of all its stakeholders. Therefore, the Board continued to enforce good corporate governance practices by mainly focusing on regulations, compliance and professionalism as an integral part of the operations towards better governance.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 1.9 RESOURCES AND STRENGTH

Resources and strengths that facilitate the HESLB's endeavour in achieving its strategic objectives include human, financial and technological resources.

In terms of human capital, the HESLB has well-qualified and committed staff dedicated to a long-term career in the HESLB. The management maintains continuous training programmes to its staff to keep abreast with social, economic and development issues around the world. Likewise, the management adheres to good governance and promotes labour relations.

From its strategic perspective, HESLB enhances its financial sufficiency by improving management of its resources through prioritization of initiatives, implementing initiatives within the available financial envelope and prudently managing its sources of income.

HESLB maintains good relationship and supports Government policy on loans to students and its sustainability. HESLB receives most of its financial support from Government and support of which has been forth coming. On technological side, HESLB has made significant efforts of adopting modern technology to improve its day-to-day operations.

### 1.10 CASH FLOW PROJECTION

The continued support from the Government, good relationship with higher learning institutions and the close follow up exerted by Management with the assistance of technological enhancements undertaken has improved the cash flow of HESLB.

In addition, HESLB signed an agreement with World Bank (WB) to implement the Higher Education for Economic Transformation (HEET) project for five years with total value of USD 4 million equivalent to TZS 9,216,785,200. The main Project Development Objective (PDO) is to strengthen the learning environments and labour market orientation of programs in priority disciplines and the management of the higher education system.

### 1.11 SOLVENCY

The Board of Directors confirms the current financial position of HESLB is sound and based on the review, HESLB is in a good going concern basis. The Government's continued financial support guarantees the ability of meeting all maturing financial obligations. The BoD therefore confirms that HESLB has adequate financial resources through government support to continue in Board's operations for the foreseeable future.

The BoD consider different options that can assure flow of finance to meet both recurrent and development commitments. HESLB's main goal is to ensure it remains a financially sustainable organisation. As a public Institution, HESLB needs to have reliable, growing, independent and sustainable sources of financing. Growing profit is not the HESLB's key objective. Rather, it is focused

## HIGHER EDUCATION STUDENTS' LOANS BOARD

**Table 6: Liquidity Ratios**

Ratio	2021/22	2020/21
Current Ratio	10.619:1	151.29:1
Acid Test Ratio	10.616:1	151.25:1

*Source: Financial statements for financial year 2021/22*

Basing on Liquidity ration the Institution is liquid to meet its current obligation when it falls due.

### 1.12 STRATEGIC PLAN

The Higher Education Students' Loans Board has a five-year Strategic Plan (2017/18 - 2021/22) which comes to an end this financial year that envisage realization of five strategic objectives as indicated below:

- i) To improve services and reduce HIV/AIDS infection;
- ii) Efficient and effective delivery of services to customers and stakeholders;
- iii) Equitable facilitation of access to Technical and Higher Education Institutions;
- iv) Efficient and effective financial resources management and accountability; and
- v) Increased application of information and communication Technologies and timely information exchange with stakeholders.

### 1.13 RELATIONSHIP AND MEMBERSHIP WITH OTHER INSTITUTIONS (NETWORKING)

#### 1.13.1 Nationally

During the year under review HESLB continued to enjoy good collaboration from Higher Learning Institutions, sister organizations under the parent Ministry of Education, Science and Technology, strategic partners and Higher Learning students' Leaderships (*List of HLIs and strategic partners Annex - i*). The support and Networking with other institutions resulted in improved services to the Boards' clients.

#### 1.13.2 Internationally

The network and support accorded by other Countries' Higher Education Loans Boards/Financing Agencies was vital in exchange of experiences, enhancement of information flow, services to client and validation of vital data.

#### 1.13.3 Membership

The HESLB has continued its relations with public in general, local and international organizations and remained as a founder and active member of the Association of African Higher Education Financing Agencies (AAHEFA) which were co-founded by three countries Tanzania, Kenya and Rwanda in 2008, and include other members such as Ghana, Zambia, Botswana, South Africa, Namibia, Lesotho, Uganda and Malawi. The purpose of the relationship is to collaborate on exchange programs, expertise, training and information.

### 1.14 CAPITAL STRUCTURE

The capital of the HESLB includes capital loanable funds, recovered students' loans, staff loan revolving fund and accumulated surplus. The HESLB complies with all requirements relating to

## HIGHER EDUCATION STUDENTS' LOANS BOARD

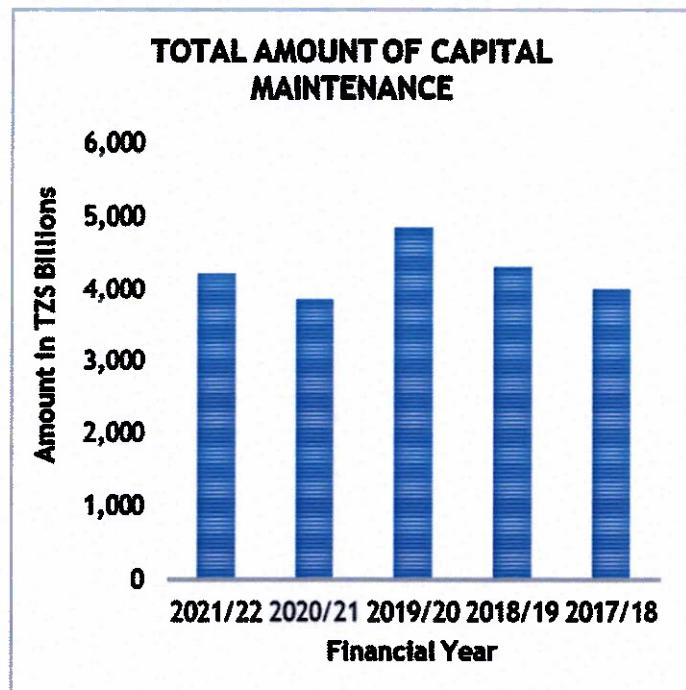
maintenance of capital. Capital maintenance is through national budget allocation to HESLB through the Ministry of Education, Science and Technology.

**Table 7: Capital Structure**

Description	2022 TZS	2021 TZS	2020 TZS	2019 TZS	2018 TZS
Loanable Funds	4,698,848,627,931	4,133,492,098,265	4,728,828,247,159	4,218,927,515,961	3,704,603,634,121
Recovered Students' Loans	53,779,101,166	53,779,101,166	244,530,672,187	53,779,101,166	45,821,876,200
Recovery Amounts Transferred to Consolidated Fund	(920,002,637,399)	(770,002,637,399)	(573,404,784,950)	(416,826,264,030)	(230,523,708,805)
Staff Loans Revolving Funds	1,696,408,599	1,683,696,999	1,580,691,837	1,580,691,837	1,580,691,837
Accumulated Surplus/(Deficits)	413,144,549,653	395,675,110,218	465,376,887,694	472,566,557,325	497,739,256,464
Total Amount of Capital	4,247,466,049,950	3,814,627,369,249	4,866,911,713,926	4,330,027,602,259	4,019,221,749,817

*Source: Statement of Financial Position for previous four financial years and 2021/22*

Capital maintenance is increasing almost every year mainly due to increase in loanable fund (amount received for financing students' loans), recovery of maturing loans (ex-students) and recovered loan amounts which are transferred to Consolidated Fund. Loanable Funds (fund received from Government) has increased by TZS 562.59 billion in 2021/22 compared to 2020/21. An accumulated Capital structure increased by 1% in 2021/22 due to reversal of collected VRF and Penalties recognized from posting of previous years receipts. Recovery Amounts Transferred to Consolidated Fund increased to TZS 920 billion from TZS 770 billion in 2020/21.



## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 1.15 FINANCIAL PERFORMANCE FOR THE YEAR

#### a) Revenue

During the year under review, HESLB recorded revenue amounting to TZS **23,852,506,476** compared to TZS **64,657,108,349** for the year 2020/21. Reasons for the decrease was due to removal of VRF and penalties charged on late repayment from beneficiaries. Refer Table. 1.8

**Table 8: Revenue Collected**

Revenue	2022 TZS	2021 TZS	2020 TZS	2019 TZS	2018 TZS
Government Subvention - PE	5,839,118,797	4,858,095,406	4,388,881,271	4,610,909,243	4,217,109,189
Government Subvention - OC	7,408,306,616	-	-	-	-
Revenue Grants - Medical Doctor	800,000	6,704,000	1,345,006,092	2,984,313,866	5,218,154,538
Value Retantion Fee (VRF)	-	6,000,000,000	-	-	-
Penalty on Repayment	-	41,895,430,798	25,676,750,993	8,561,275	36,835,803,739
Loan Administration Fees	5,423,153,877	5,275,780,818	3,674,103,481	4,225,420,058	5,938,424,226
Application Fees	2,978,576,251	2,887,322,300	2,641,644,205	853,230,000	3,642,660,000
Interest Income	-	25,814,127	29,239,817	32,196,943	58,462,669
Other Income	2,202,550,935	3,707,960,899	130,778,060	382,453,565	937,225,870
<b>Total Revenue</b>	<b>23,852,506,476</b>	<b>64,657,108,349</b>	<b>37,886,403,918</b>	<b>13,097,084,950</b>	<b>56,847,840,231</b>

*Source: statement of financial performance for the financial year 2021/22*

#### b) Expenditure

During the year, HESLB incurred expenditure amounting to TZS **20,653,039,366** compared to TZS **18,098,193,326** reported for the year 2020/21. The increase was caused by movement of opearating costs due to increase in number of staff, Supplies and Consumables.

**Table 9: Expenditure**

Expenditures	2022 TZS	2021 TZS	2020 TZS	2019 TZS	2018 TZS
Salaries, Wages, and Employment Benefits	10,684,424,151	8,467,890,585	7,534,548,899	5,929,166,597	6,347,153,307
Supplies and Consumables	9,101,660,461	8,720,755,642	8,674,131,944	7,595,834,430	6,683,619,594
Interest Expenditures	-	-	22,331,032,877	21,527,863,014	20,356,573,630
Medical Students	800,000	6,704,000	1,345,006,092	2,984,313,866	5,218,154,538
Provision for Impairment of Loans	-	-	1,924,057,993	-	-
<b>Total Expenditure</b>	<b>19,786,884,612</b>	<b>17,195,350,227</b>	<b>41,808,777,804</b>	<b>38,037,177,907</b>	<b>38,605,501,069</b>
<b>Surplus/(Deficit)</b>	<b>4,065,621,864</b>	<b>47,461,758,122</b>	<b>(3,922,373,886)</b>	<b>(24,940,092,957)</b>	<b>18,242,339,162</b>

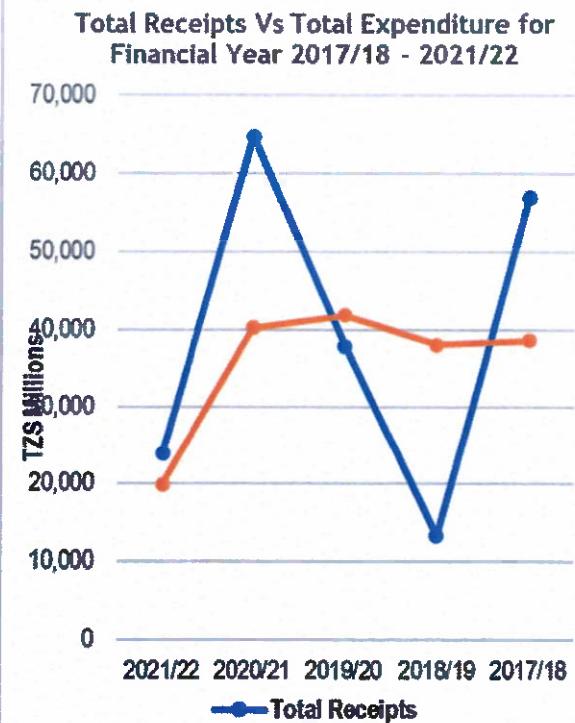
*Source: statement of financial performance for the financial year 2021/22*

#### c) Surplus

During the year ended 30 June 2022, the HESLB recorded a surplus of TZS **3,199,467,110** against a surplus of TZS **46,558,915,022** during the previous year 2020/21 as detailed in the statement of financial performance.

**d) Trend of Revenue and Expenditure for five years**

Expenditure has been stable during the last four years prior to 2021/22. On the other hand, revenue decreased in 2021/22 compared with 2020/21; the decrease in 2021/22 was due to exclusion of part of Value Retention Fee (VRF) and penalty in the internal source of revenue. Further, we received government subvention of only 84% of the budgeted amount to finance operational costs. Other charges were also financed by own source collections; loan administration fee which is based on the number of new loan and slight increase in application fee caused by increase of number of loan applicants for academic year 2021/22.



## 1.16 FINANCIAL POSITION

### Current Assets

During the year under review, Total Current Assets increased to TZS 298,250,935,432 from TZS 213,899,571,062 for 2020/21 mainly due to increase in Cash and Cash Equivalents and Prepayment and Other Receivables.

**Students' Loan Receivables** TZS 3,968,606,516,448 in 2020/21. This is mainly due to students' loans issued during the reporting period had increased.

### Current Liabilities

During the year under review, total liabilities increased to TZS 30,268,516,149 from TZS 1,413,836,606 in 2020/21 mainly due to significant increase of Provision for Disbursement of Students' Loans.

### Net Assets

Net assets increased to TZS 4,247,466,049,950 in 2021/22 from TZS 3,814,627,369,248 in 2020/21 due to increase in loanable fund and recovered students' loans and accumulated surplus.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 1.17 BUDGET

The budget approved is on a cash basis by function classification. The approved budget covers the fiscal period from 1 July 2021 to 30 June 2022 and includes all activities within the Higher Education Students' Loans Board (HESLB). The original and final budget was proposed by BoD and approved by Parliament in June 2021.

### 1.18 MANAGEMENT STRUCTURE

Management of the HESLB is under the Executive Director assisted with five-line divisions as follows:

#### Line Division

- i. Loans Allocation and Disbursement Division
- ii. Loans Repayment and Recovery Division
- iii. Finance and Administration Division
- iv. Planning, Research and ICT Division
- v. Internal Audit and Investigation Division

#### Staff Function

There are four staff functions under the Executive Director's Office including:

- i. Legal Section
- ii. Information, Education and Communication section
- iii. Procurement Management Section
- iv. Zanzibar office and Zonal Offices i.e. Central, Lake, Northern, Southern Highland, Southern and Eastern.

During the year Key Management Team was made up of the following:

Table 10: Key Management Team;

S/No.	Full Name	Designation
1	Mr. Abdul-Razaq Badru	Executive Director
2	Ms. Neema Kuwite	Director of Finance and Administration
3	Ms. Hidaya Karunde	Acting Director of Internal Audit and Investigations
4	Mr. Benedicto Cosmas	Director for Planning, Research and ICT
5	Dr. Veronica Nyahende	Director Loan Allocation and Disbursement
6	Mr. George Mziray	Director Loan Repayment and Recovery
7	Mr. Brown Shimwela	Chief Accountant
8	Ms Sarah Fihavango	Assistant Director Loan Disbursement
9	Mr. Deus Changala	Assistant Director Loan Allocation
10	Mr. Fidelis Joseph	Assistant Director Loan Repayment
11	Mr. Gibson Mayani	Assistant Director Human Resource & Administration
12	Mr. Abdalla Mtibora	Assistant Director Legal Affairs
13	Mr. Deusdedit Buberwa	Assistant Director Planning and Research up to October, 2021
14	Mr. Adrian Njau	Assistant Director Planning and Research from June, 2022
15	Mr. Omega Ngole	Assistant Director Communication, Information and Education
16	Mr. Sadiq Sangawe	Assistant Director Procurement and Supplies
17	Mr. Bahati Singa	Acting Assistant Director ICT
18	Ms. Anna Sabuni	Acting Zonal Manager - Dar Es Salaam from November, 2021

## HIGHER EDUCATION STUDENTS' LOANS BOARD

S/No.	Full Name	Designation
19	Mr. Patrick Shoo	Acting Zonal Manager - Arusha
20	Ms. Octavia Seleman	Acting Zonal Manager - Dodoma
21	Mr. Usama Choka	Acting Zonal Manager - Mwanza
22	Mr. Deodatus Mwiliko	Acting Zonal Manager - Mtwara Up to September, 2021
23	Ms. Rukia Semwaiko	Acting Zonal Manager - Mtwara September 2021 to date
24	Ms. Lucy Kirigha	Acting Zonal Manager - Zanzibar
25	Mr. Anthony Ooko	Zonal Manager - Mbeya

### 1.19 KEY PERFORMANCE INDICATORS DURING THE YEAR

HESLB has developed its mission to carry it through and has a strategic plan 2017/18 to 2021/22. This is a rolling plan reviewed at every year-end, and updated to ensure that it is still appropriate for the HESLB to achieve its mission. HESLB annual budget, which is in line with current Strategic Plan that expires on financial year 2021/22 focus on achieving the following specific objectives: -

- i. To broaden repayment base and enhance automation of repayment systems, aiming to collect TZS 200 billion;
- ii. To establish a 'Dedicated Customer Relations Centre' to enhance services to customers, especially on boosting repayments;
- iii. To process and issue loans to 157,040 students (amongst whom 60,000 are first year students);
- iv. To finalize development of ICT systems through HESLB GASi ++ Project to enable systems linkages between HESLB and other strategic partners;
- v. To finalize evaluation of the best approaches to finance best performers and students offered scholarships overseas for high-impact degrees;
- vi. To review indicators and identifiers of neediness used in Means Testing in order to enhance loans issuance based on current socio-economic status;
- vii. To develop the fifth HESLB Strategic Plan (2022/23-2026/27) which focus on strengthening a sustainable Students' Revolving Loans Fund and
- viii. To strengthen and sustain partnerships with strategic stakeholders.

#### 1.19.1 Governance, Enforcement and Compliance Related Targets and Milestones

At the end of June 2022, overall annual performance was 79% as per Key Performance Indicators (KPIs) compared to 75% at the same reporting period last year. This year's performance in cumulative terms, translates into 81% for the just ended five-year Strategic Plan based on cumulative score of respective KPIs. During the Period, the following Key Accomplishments were registered:

##### i) Loanable Fund Budget Increase and Implications

Undoubtedly, FY 2021/22 was a success with relatively highest performance across the board. Although the LF budget increased significantly by TZS 106 billion (22.8%) from TZS 464 billion to TZS 570 billion, average loan size continued to decline from desired average of TZS 3.1 million (2020/21) to TZS 2.6 million (2021/22). However, the total number of

## HIGHER EDUCATION STUDENTS' LOANS BOARD

new loans increased from 55,337 in 2020/21 to 72,639 in 2021/22 and total number of beneficiaries from 149,389 to 177,892 respectively.

### ii) Male-Female Ratio in Loans Allocations

The number of beneficiaries admitted in the High Impact Degree programs (HIPs) was the lowest by 15,547 or (22%) compared to those 55,062 (78%) in the lower impact Degrees (LIPs). Seemingly, this trend does not match with the current labour market dynamics where the importance is placed on Science, Technology, and Engineering and Mathematics (STEM) streams. In future, it is important to try to balance equity and labor market realities when allocating new loans. In the forthcoming cycles (effective from 2022/23), the Means Testing Tool (MTT) will consider A-Level Secondary Education Examination performance in the STEM among the key criteria for loans allocations:

### iii) BoD Chair and Statutory Reports

- ❖ On the governance and compliance, during the year, a new Chairperson was appointed, as the fourth chair since the establishment of HESLB. The top leadership change at the parent Ministry, with the new Minister and new Permanent Secretary have introduced new dynamics at HESLB, that will influence future direction over EQUITY-MERIT-based loan allocation.
- ❖ Other accomplishments include preparations and submissions of statutory and administrative reports to parent Ministry, Ministry of Finance, Office of the Treasury Registrar, and the Parliamentary Standing Committee for Social Services. All BoD, Management and staff meetings were convened and deliberated as planned.
- ❖ During the year, successfully prepared financial reports and financial statements, thereby secured clean audit score popularly known as Unqualified Opinion, the fifth in the series during just ended five years Strategic Plan (2017/18 - 2021/22).

### iv) Communications, activations after penalty and VRF zero-rating

To respond to interests, and concerns following the zero-rating of VRF and penalty, communications and demand activations deepened, both through mainstream, social and interpersonal media channels throughout the year with HESLB staff undertaking one on one sessions in various upcountry areas. The #SifurishaCampaign was used in major platforms to promote voluntary and early liquidations (VELs), loan buy-offs, and addressing misconceptions. High-level engagements and advocacy pursued throughout the year:

### v) BoD and Management Reports

- ❖ A total of 25 BoD related activities and statutory meetings were convened including LARC (8), FPA (6), ARC (6) and full BoD (5) were convened to receive performance updates and approve various requests;
- ❖ Preparation and submission a total of 12 statutory and administrative reports to BoD (four Quarterly Reports), MoEST (two biannual Medium Term Expenditure Reports) and four (4) quarterly reports to Office of Treasury Registrar (OTR) as per the Performance Contract;

## HIGHER EDUCATION STUDENTS' LOANS BOARD

- ❖ Achieved the third winner award in the Government Agencies category (Users of IPSAS) for the best presented Financial Statements Award for the year 2020 organized by NBAA;
- ❖ Convened statutory workers' council (3) meetings, all-staff meeting (2) and Executive Management Committee (EXCOM) (14) meetings as per schedule and requirements;
- ❖ Facilitation and management of various court, arbitration, reconciliation cases, and 9 completed during the period others at different stages;
- ❖ Annual Procurement Plan performance, during the year was 89% compared to 67% in 2020/21;
- ❖ Integrity Committee formed and operationalized and there was no serious ethical matter under review;
- ❖ New Board Chair appointed on time in December 2021; Parliament Committee (Social Services) appearance - twice during the year;
- ❖ Submission of Performance Reports to the Office of the Treasury Registrar on track;
- ❖ Establishment of the customized Monitoring, Evaluation and Learning (MEL) tool which captures implementation of KPIs for results management has improved tracking and monitoring of activities implementation

### vi) HEET Project

During the year, HESLB signed an agreement to implement the Higher Education for Economic Transformation (HEET) project for five years from September 2021 to July 2026 at a total value of 4 million USD, which is equivalent to TZS 9,216,785,200. The main Project Development Objective (PDO) is to strengthen the learning environments and labor market orientation of programs in priority disciplines and the management of the higher education system. HESLB is feeding to the second component of the PDO, which aims at strengthening the management of higher education system through ministry agency-level interventions.

The project will promote reforms and improved operational capacity and delivery of HESLB in the following focus areas; (i) Business process re-engineering (ii) Performance and operational improvements on loans management (iii) Strengthening coordination and linkages with stakeholders (iv) Capacity building of staff (v) Public-private partnerships and; (vi) Developing new policies to support equity, quality and sustainability.

### 1.19.2 Support, Delivery and Systems Milestones

The key accomplishments registered during the year include:-

- i. Establishment of the Dedicated Customer Relations Centre at (PSSSF Twin Towers - Samora),
- ii. HESLB has continued focusing to automation of key operational processes. Thus, enhancement and support of the Integrated Loan Management Systems (iLMS), Digital Disbursement System (DiDiS), Repayment Portal and VoteBook continued. Similarly, backup of data from OLAMS and iLMS server was enabled throughout the year. Enhancement of the iLMS has reduced application procedures, and simplified verification of applicants and data,

**HIGHER EDUCATION STUDENTS' LOANS BOARD**

- iii. A concept paper has been developed and submitted to the parent Ministry (MoEST) for decisions on evaluation of best approaches to finance best performers and those offered overseas scholarships,
- iv. Views from various stakeholders on improving loans issuance for the financial year 2022/23 have been collected and incorporated in issuance of loans through the approved guidelines for 2022/23,
- v. Fifth HESLB Strategic Plan for 2022/23 - 2026/27 was prepared and have been submitted for review and further approvals,
- vi. Strengthening of Partnership with Strategic Stakeholders,
- vii. Enhanced Capacity Building and Welfare to Staff through trainings and seminars,
- viii. Prepared proposals and inputs for the annual budget preparation and scrutinization by Government authorities,
- ix. Submitted performance reports and budget implementations for 2021/22,
- x. Submitted customized annual action plan and cash flow requirements to the parent Ministry, MoEST and the Treasury Registrar (TR) to enable timely disbursements of funds during financial year 2022/23 and
- xi. 177,892 students (69,353 first years and 108,572 continuing students) were allocated loans for 2021/22 academic year. Likewise, validation of 5,329 secondary school fees from 25 regions was conducted. 98.5% of first year students have been enrolled into Digital Disbursement Solution (DIDiS) and disbursement for Meals and accommodation Quarter three and four was done through (DIDiS).
- xii. During the financial year 2021/22, a total of 38,778 loan beneficiaries were traced and billed against the annual target of 30,000 which was 129% of the target.
- xiii. Collections for the financial year 2021/22 was TZS 180,724,164,108 which is 99% of the annual target of TZS 182,054,130,000.
- xiv. Also, the following were among the achievements during the year:
  - a) Full automation of OLAMS (i.e ePO, LIPA, COPO and REPO);
  - b) Maintained favorable Non-performing loans (NPL) at 22% compared to 24% of the previous quarter; and
  - c) Finalization of the Integrated Loan Management System (iLMS).

**Table 11: The Service performance information for the year under review (2021/22)**

S/N	Particulars	2021/22			2020/21		
		Target	Actual	KPIs (%)	Target	Actual	KPIs (%)
1	Number of Loanees	157,040	177,982	113%	145,500	149,472	103%
2	Number of Grant Students Disbursed	-	1	100%	-	-	-
3	Amount of Loanable Funds Government Subvention -TZS	390,000,000,000	393,877,685,508	101%	288,900,000,000	334,043,562,013	116%
4	Amount of Grant Funds Government Subvention -TZS	-	800,000	100%	-	6,704,000	100%
5	Amount of Loanable Funds Disbursed -TZS	570,000,000,000	554,770,532,119	97%	464,000,000,000	527,578,081,849	114%
6	Number of Traced Beneficiaries	35,000	38,778	111%	35,000	26,696	76%
7	Total Amount of Loans Recoveries Collected- TZS	190,000,000,000	180,724,164,107	95%	190,000,000,000	181,047,860,350	95%

## HIGHER EDUCATION STUDENTS' LOANS BOARD

8	Percentage of Repayment Rate	85	76	89%	80	73	91%
9	TZS Revolving Funds Utilized as Loanable Funds -TZS	180,000,000,000	176,122,314,492	98%	175,100,000,000	129,346,958,006	74%
10	Number of Staff Trained	181	196	108%	178	178	100%
11	Number of Staff	181	196	108%	217	181	83%
12	Number of Staff Dropout	-	7	100%	-	10	100%
13	Government Contribution to Annual Budget -TZS	410,847,144,000	393,239,217,478	96%	294,412,597,000	338,901,657,420	115%
14	OC Budget -TZS	15,520,000,000	11,324,617,747	73%	14,000,000,000	13,999,999,108	100%
15	Internally Generated Funds	4,920,000,000	7,584,634,690	154%	17,500,000,000	22,373,908,113	128%

*Source: Annual Financial Report for the year 2021/22*

As evidenced in the above table, the income earned and expenditure incurred /loan issued has been as per target. And loans repayment exceeded the amount targeted.

### **1.20 LEGAL AND REGULATORY REQUIREMENT**

The HESLB is a provider and collector of loans issued to needy and eligible students who secure admission in accredited higher learning institutions. The HESLB report to the Ministry of Education, Science and Technology and is supposed to comply with Government of the United Republic of Tanzania procedures and laws of the land. The functions of the HESLB are guided by established Act (The Higher Education Students' Loans Board Act of 2004, No. 9 (as amended) CAP 178 and its bylaws. During the year under review, the HESLB complied with applicable laws. In conducting its activities, HESLB ensured compliance with the application of other legal requirements including Value Added Tax (VAT), Pay as You Earn (PAYE) and withholding tax.

### **1.21 ENVIRONMENTAL CONTROL PROGRAM**

The HESLB monitors the impact of its operations on the environment, which is mainly by power, water and waste generation in compliance to Governments' Environmental Management Act of 2004. The Act is executed by the National Environment Management Council (NEMC) that ensure sustainability, security and equitable use of resources for meeting the basic needs of the present and future generations without degrading the environment or risking health or safety by implementation of the National Environment Policy. The HESLB minimize its impacts through the better use of its premises and inbuilt facilities to ensure that there is proper waste management. In addition, HESLB engaged in activities that supports efforts towards environmental stability, by engaging in conservation activities agreed upon from time to time as well as any other activity deemed to support financing of higher education, also Management has decided to be paperless environment.

### **1.22 RISK MANAGEMENT AND INTERNAL CONTROLS**

The BoD understands the specific sources of risk and analysis of their impact on its operations to HESLB. In the financial year 2021/22, the BoD used risk assessment frameworks to enable the analysis of cost-effective mitigation strategies.

#### **1.22.1 RISK MANAGEMENT**

Risk is an inherent feature of the activities of any institution. The HESLB endeavors to manage risk by having in place appropriate functional structures, systems and

## HIGHER EDUCATION STUDENTS' LOANS BOARD

procedures. The HESLB formed Risk Management Team for daily risk Monitoring and Management, the team is under Assistant Director of Planning & Research and involve risk Champions from functional units. The Risk Management team meets to deliberate on risks facing the HESLB' operations then recommend mitigation strategies to Audit and Risk Committee (ARC) of the BoD. The activities of Risk Management team been provided under the Risk Management Policy of 2019; the following are the main types of risks the HESLB exposed to in the course of executing its operations:

### i) ***Financial Risks***

Financial Risk occurs when HESLB is not able to meet its obligations as they fall due. This may include failure to issue various loan items on due dates resulting from late disbursement of loanable funds from the Exchequer or failure to recover due loans with the view of creating a revolving fund.

### ii) ***Strategic Risks***

Strategic risks can be defined as the uncertainties and untapped opportunities embedded in HESLB strategic intent and how well they are executed. As such, they are key matters for the Board and impinge on the whole business, rather than just an isolated unit.

HESLB strategic Risk Management is the response to these uncertainties and opportunities. It involves a clear understanding of corporate strategy, the risks in adopting it and the risks in executing it. These risks may be triggered from inside or outside HESLB. Once they are understood, HESLB can develop efficient, effective, integrated, strategic risk mitigation.

Far from holding back the business, strategic Risk Management is about augmenting strategic management and getting the full value from HESLB strategy. In a typical instance, a conventional approach to setting and executing strategy might look at customer base growth and service delivery. Rarely does it monitor the risks of a shortfall in demand.

### iii) ***Reputational Risks***

Reputational risks refer to the potential for negative publicity, public perception or uncontrollable events leading to adverse impact on the organization reputation. It focuses on risks arising from failure to deliver minimum standards of service in line with stakeholders' expectations and the risk of unethical practices within the Organization.

Reputation is ultimately about how HESLB is perceived by service providers and the customers in the Higher Learning Institutions; and other key stakeholders including Government, the media and the public.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### i) ***Compliance Risks***

Compliance risks arise from the potentials that HESLB fail to observe the governing laws and regulations. It also covers HESLB statutory obligations in the course of discharging its obligations to stakeholders and first and foremost customers.

HESLB must have in place strategies and structures to ensure that non-compliance with laws and regulations is kept to a minimum.

### ii) ***Operational Risks***

Operational risks are risks arising from execution of HESLB functions. They relate to normal operations of HESLB in delivering the service to stakeholders. These risks cause direct or indirect loss resulting from inadequate or failure of internal processes that include human factor or failure from external events.

## 1.22.2 INTERNAL CONTROLS

The internal control system of the HESLB is vested to the management to ensure that proper internal control systems are developed and maintained on an ongoing basis in order to bring reasonable assurance regarding:

- i. Effectiveness and efficiency of HESLB operations;
- ii. Safeguarding of the HESLB's assets;
- iii. Compliance with applicable laws and regulations;
- iv. Reliability of accounting records;
- v. Business sustainability on normal as well as abnormal conditions, and
- vi. Responsible behavior towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the HESLB's designed internal control to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board of Directors assessed the internal control systems throughout the financial year ended 30 June 2022 to satisfy whether they meet accepted criteria. The Board of Director handles risk and internal control assessment through the Audit Committee. The key elements of the system of internal control are as follows:

### i. **Competence**

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training and development needs. Also, necessary training, both in house and externally, helps to consolidate existing staff skills and competences.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### ii. Delegation

The overall objectives of the HESLB are agreed by Board of Directors, which delegates the day-to-day operations to Management for execution. There is a clear organization structure, detailing lines of authority with segregation of duties.

### iii. Budgets

Detailed budgets are prepared by the Management for review by the BoD and approved by Parliament. The annual budgets are derived from the HESLB's corporate plan.

### iv. Internal Audit

Internal audit and Investigation directorate its establishment has provided many important services to HESLB Management. These include:

- ❖ To assess the organizations' risk and efficacy of its risk management efforts,
- ❖ To evaluate potential for occurrence of fraud and how the organization manage fraud risk,
- ❖ To alert the signs and possibilities of fraud within the organization and address them in audit and investigation,
- ❖ To help management to determine whether the organization has adequate internal controls and monitoring compliance with company policy and government regulation and
- ❖ The Department ensures that the recommendations given to management to improve controls are adhered.

### v. Compliance

Detailed assessment is undertaken continuously to ensure that HESLB operations are undertaken in compliance with laws, rules, regulations in place.

## 1.23 FUTURE DEVELOPMENT PLANS

HESLB remains confident that with the available resources obtained from the Government and the continued effort for students' loan recovery it will be able to fulfil its strategic objectives through ensuring that education sector in general and the area of higher education student financing is becoming more effective and efficient. The specific future development plans are;

- i. Issue Loans and grants to 967,204 tertiary education students.
- ii. Collect TZS 1.130 trillion comprising TZS 644 billion from beneficiaries working in Public Institutions and TZS 486 billion from beneficiaries working in Private organizations) by June 2027 and implement measures to reduce Loan defaulter rates and enhance customer refund settlements,
- iii. Acquiring 277 staff level, retaining, providing welfare services and having 10 staff meetings conducted by June 2027,
- iv. Organizing two Fundraising writings, initiatives and events conducted to strategic partners for soliciting loanable funds and scholarships data bank,
- v. Conducting 10 researches on HESLB business processes,

## HIGHER EDUCATION STUDENTS' LOANS BOARD

- vi. Increase public awareness on HESLB business and strengthen strategic partnership
- vii. Develop and operationalize Risk Management and Business Continuity Plan,
- viii. Enhance Primary data center by 90%, operationalize disaster recovery site and conduct 20 quarterly reviews of data center equipment by June 2027
- ix. Link 10 external systems, and Higher Education Institutions to internal system by 100% also implement ICT security reviews and controls,
- x. Manage Institutional Assets and review accounting manual and financial regulations,
- xi. Implement the approved 5<sup>th</sup> Strategic Plan (2022/23 - 2026/27) from July 2022 to accelerate gains from the just ended Strategic Plan guided by the same themes names; FEM, CRM, BPRM and OCAG,
- xii. Establish the customized Monitoring, Evaluation and Learning (MEL) tool, which will capture implementation of KPIs for results management to improve tracking and monitoring of activities implementation,
- xiii. Undertake HESLB office construction project for the six-storey building at Njedengwa area in Dodoma,
- xiv. Manage a fleet of 16 vehicles in a year and expand to a fleet of 20 vehicles by the next financial year (2022/23),
- xv. Develop Memorandum of Understanding (MoU) with NSSF and PSSSF for the purpose of data and information sharing.

Gender	2021/22	2020/21
Male	109	100
Female	87	81
Total	196	181

### 1.24 DIVERSITY MANAGEMENT

The HESLB is equal opportunity employer, provides equal considerations to employment opportunities and ensures that the best available human resource appointed or promoted to any given position free from discrimination of any kind and without regard to factors like marital status, gender, tribes, religion and disability.

It has been constantly gender equality in terms of employment. In the year under review male constitutes 56% compared to 44% for female of the whole employment at HELSB. In this regard therefore, there is a slight increase of male compared to female staff.

### 1.25 EMPLOYEES WELFARE

#### 1.25.1 Management and Employees' Relationship

The relationship between the Management and employees was good. Generally, during the year, HESLB continued to experience harmonious and healthy work relationships at all levels and no labour grievances reported.

#### 1.25.2 Medical Assistance

All Members of Staff and their dependants were provided with healthy insurance services governed under National Health Insurance Fund (NHIF). In addition, HESLB covered all health service which were not covered under NHIF health packages upon endorsements from the said Insurance Fund.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### **1.25.3 Healthy intervention and Sports Bonanza programs**

Two Healthy interventions and Sports Bonanza programs were conducted during the second and fourth quarter of the year under review. During the first quarter a total of 139 staff were trained on HIV and non-communicable diseases control and prevention measures while 146 staff were trained during the second quarter. In addition, to promote a healthy lifestyle, HESLB staff were encouraged and facilitated to participate in the Kilimanjaro marathon (20 staff) and MOI marathon (20 staff).

### **1.25.4 Employees Participation's and performance monitoring**

Directorates and Units continued to hold meetings in order to assess performance and provide feedback on various operational and administrative matters on monthly basis. Two Worker's Council meetings and one all-staff meeting were held. Further, the Management continued to hold its monthly meetings for performance monitoring (EXCOM Meetings). Also, all staff were also involved in the HESLB Breakfast Chat (HBC) which was conducted twice a week (Tuesday and Thursday) used as a platform for providing necessary information and discussion to all HESLB staff.

### **1.25.5 Staff Leave Roster Management**

The Management continued to coordinate and manage staff leaves as per procedures governing leave in the Public Service. All staff went for annual leave, 6 female staff went for maternity leave, 10 male staff went for paternity leave and 6 staff were given compassionate leave.

### **1.25.6 Staff Promotions**

Eighty, (80) staff were promoted and nine (9) were confirmed to continue their service with HESLB following the successful completion of the secondment period.

### **1.25.7 Incentive Scheme, Scheme of Service and Salary Structure**

The Government approved HESLB Incentive Scheme. This is a milestone, and we believe it will boost morale and act as a retention measure. Reviewed Scheme of Service and Salary Structure were already submitted to PO-PSM for final approval. Currently we are still waiting for approval.

### **1.25.8 Financial Assistance to Staff**

HESLB Staff Loans are available to all confirmed employees through Board Revolving Fund depending on the assessment by Management of the need, circumstance and ability to make payment in accordance with the existing Board's Staff Regulations. Further, HESLB's staff have established a Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its members.

### **1.25.9 Training**

HESLB offers trainings to its employees depending on the corporate needs and financial resources available.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

During the financial year 2021/22 a total of 27 different trainings and seminars were conducted as detailed hereunder:

**Table 12: Staff Trainings**

S/N	Training Attended	Trainer	No. Staff
1	Human Capital Management Information System (HCMIS)	PO-PSM	1
2	Customer experience	ATE	40
3	Advanced Excel & data Management	IAA	17
4	Audit	ACL Tanzania	1
5	Work Balance and Stress Management	Management Muhimbili National Hospital	140
6	Wellness Awareness training program	Ocean Road Hospital	150
7	Procurement Training and Management	PPRA, PSPBT	2
8	Anti-corruption Training	PCCB	55
9	Preparedness and coping to life after retirement	TPSC	9
10	Office Management-Records	TPSC	4
11	Leadership Skills Training	All	22
12	Conference & Annual general meeting	TLS	4
13	Quality Assurance	4	1
14	Anti-Corruption awareness	PCCB	55
15	System Analysis designing ICT	IAA	1
16	PGD in Leadership	Uongozi Institute	2
17	Audio & video production	TSSL	4
18	Internal Audit Methodology Workshop	LILAC	2
19	Management Development for Executive Assistants	TPSC	2
20	CPD Hours	NBAA	16
21	VIP Drivers	MUST	2
22	IEC DESIGNING	TSSL	3
23	Advanced Computer Skills	TPSC	2
24	ILMS System Security Awareness	ICT Section HESLB	83
25	ICT professional project management	ICT Section HESLB 2	2
26	Annual Conference of AFIIA (Audit)	AFIIA	4
27	Cyber security and information and e-document management	TCRA	4

### **1.26 RELATED PARTY TRANSACTIONS**

HESLB is a controlled entity under Ministry of Education Science & Technology and ultimately under control of the Government of United Republic of Tanzania with no control of the other party. All related party transactions and balances between the entity and controlling parties plus key management personnel are disclosed in the financial statements.

### **1.27 PERSONS WITH DISABILITIES**

It is the policy of the HESLB not to discriminate persons with disability in the recruitment or appointment.

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 1.28 CORPORATE SOCIAL RESPONSIBILITY

During the year under review, the HESLB made charitable donations amounting to TZS 7,500,000; of which TZS 2,000,000 donated to Human Resource Officers Association of Tanzania (HRAT), TZS 4,000,000 to Tanzania Counselling and Guidance Associations (TACOGA) and TZS 1,500,000 to Muhimbili Orthopaedic Institute (MOI) for Marathon support. During 2020/21, corporate social responsibility was donated total TZS 7,500,000.

### 1.29 POLITICAL DONATIONS

HESLB did not make any political donations during the year.

### 1.30 PREJUDICIAL MATTERS

Prejudicial matters for the year ended 30 June 2022 has been disclosed in note 23 of the financial statements as required by Tanzania Financial Reporting Standard (TFRS) number 1.

### 1.31 STATEMENT OF COMPLIANCE

The Directors' report has been prepared in full compliance with Tanzania Financial Reporting Standards No 1: - The Report by Those Charged with Governance which became operative from 1 January 2021 plus all other statutory legislations relevant to the HESLB.

### 1.32 PUBLICATION OF THE REPORT

HESLB publish in its official website the report by those charged with governance alongside with audited financial statements not later than 30 days after the approval of the audited financial statements as per the requirements of the NBAA Technical Pronouncement No.1 of 2018.

### 1.33 APPOINTMENT AND RESPONSIBILITY OF AUDITOR

The Controller and Auditor General (CAG) is the statutory auditor of HESLB by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section 10 (1) of the Public Audit Act, Cap 418 (R.E. 2021).

CAG is responsible for provision of audit opinion on HESLBs' financial statements about fairness on presentation and consistency application for information contained in the report by those charged with governance.

BY THE ORDER OF THE BOARD

Prof. Hamisi O. Dihenga

Chairperson

Dr. Ernest S. Mwasalwiba  
Director

27/03/2023

27/03/2023

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 2.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

Members of the Board are required under section 27 (1) of the HESLB Act (No.9) of 2004 to prepare Financial statements of each reporting period which gives a true and fair view of statement of financial performance, statement of financial position, statement of cash flow, statement of changes in net assets, statement of comparison of budget against actual and notes to the financial statements of HESLB as at the end of the financial year that give a true and fair view of the state of affairs of the HESLB. Further, the Board accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The board is responsible for safeguarding the assets of the reporting entity and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the accrual basis, International Public Sector Accounting Standard (IPSAS), in the manner required by the Section 25(24) of the Public Finance Act Cap 348 [R.E. 2020] and HESLB Act No. 9 of 2004. Board members hereby confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30 June 2022.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period and that the records and underlying accounts provide a reasonable basis for the preparation of the financial statement for the 2021/22 financial year. We accept responsibility for the integrity of the Financial Statement and the information contained in it, and its compliance with the Public Finance Act, Cap 348 [R.E. 2020] and other instructions from the Treasury.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act CAP 410. The board believes the financial statements give a true and fair view of the state of financial affairs of the HESLB. Nothing has come to the attention of the Board to indicate that the HESLB will not remain a going concern for at least the next twelve months from the date of this statement.

#### BY ORDER OF THE BOARD

Prof. Hamisi O. Dihenga  
Chairperson

Dr. Ernest S. Mwasalwiba  
Director

Date 27/03/2023

Date 27/03/2023

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

**3.0 DECLARATION OF HEAD OF FINANCE OF HIGHER EDUCATION STUDENTS' LOAN FOR THE YEAR ENDED 30 JUNE 2022**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

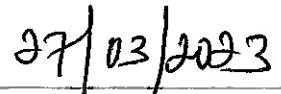
It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with Accrual Based IPSAS and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under directors' responsibility statement on an earlier page.

I, Brown Shimwela, being the Chief Accountant of the Higher Education Students' Loans Board (HESLB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Higher Education Students' Loans Board (HESLB) as on that date and that they have been prepared based on properly maintained financial records.

  
\_\_\_\_\_  
Brown Shimwela  
Chief Accountant

Date



NBAA Membership No:

ACPA 3855

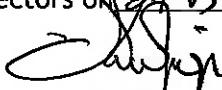
# HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

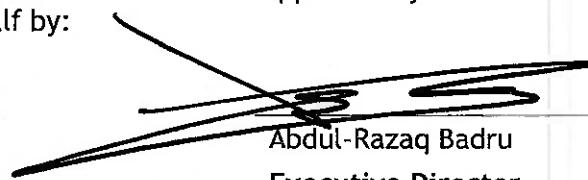
## 4.0 FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 30 JUNE 2022

Particulars	Notes	<u>30 JUNE 2022</u>	
		TZS	TZS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	73,481,521,773	24,775,022,530
Students' Loans Receivable	7	194,688,034,370	185,222,895,000
Prepayment and Other Receivables	8	30,008,634,852	3,840,606,649
Inventories (Consumable Stores)	9	72,744,437	61,046,883
<b>Total Current Assets</b>		<b>298,250,935,432</b>	<b>213,899,571,062</b>
<b>Non - Current Assets</b>			
Property, Plant and Equipment	10	3,995,576,338	4,015,467,629
Work in Progress (Building)	10	2,270,793,769	2,270,793,769
Intangible Assets	11	305,158,427	238,798,697
Students' Loans Receivable	7	4,160,679,148,883	3,783,383,621,448
<b>Total Non Current Assets</b>		<b>4,167,250,677,417</b>	<b>3,789,908,681,543</b>
<b>Total Assets</b>		<b>4,465,501,612,849</b>	<b>4,003,808,252,605</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	12	28,086,308,763	1,413,836,606
Deferred Grant Restricted (HEET)		2,182,207,386	-
<b>Total Current Liabilities</b>		<b>30,268,516,149</b>	<b>1,413,836,606</b>
<b>Non - Current Liabilities</b>			
Borrowings - PSSSF Loan	13	187,767,046,750	187,767,046,750
<b>Total Liabilities</b>		<b>187,767,046,750</b>	<b>189,180,883,356</b>
<b>Net Assets</b>		<b>4,247,466,049,950</b>	<b>3,814,627,369,248</b>
<b>NET ASSETS/EQUITY</b>			
<i>Capital Contributed by:</i>			
Funds Received for Issuing Loans		4,698,848,627,931	4,133,492,098,265
Recovered Students' Loans		53,779,101,166	53,779,101,166
Transferred to Consolidated Fund (BOT)		(920,002,637,399)	(770,002,637,399)
Staff Loans Revolving Funds		1,696,408,599	1,683,696,999
Accumulated Surplus/(Deficits)		413,144,549,653	395,675,110,218
<b>Total Net Assets/Equity</b>		<b>4,247,466,049,950</b>	<b>3,814,627,369,248</b>

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on 22/05/2023 and signed on its behalf by:

  
Prof. Hamisi O. Dihenga  
Chairperson

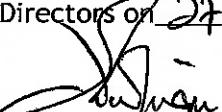
  
Abdul-Razaq Badru  
Executive Director

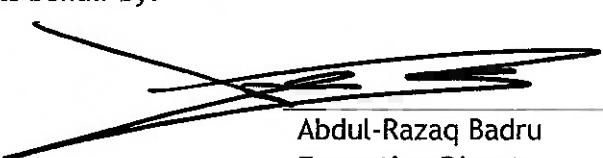
**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2022**

Particulars	Notes	2021/22 TZS	2020/21 TZS
<b>Revenue from non-Exchange Transactions</b>			
Government Subvention	14	13,247,425,413	4,858,095,406
Revenue Grants - Medical Students	24	800,000	6,704,000
<b>Sub Total Receipts</b>		<b>13,248,225,413</b>	<b>4,864,799,406</b>
<b>Revenue from Exchange Transactions</b>			
Value Retention Fee (VRF)		-	6,000,000,000
Penalty on Repayment		-	41,895,430,798
Loan Administration Fees		5,423,153,877	5,275,780,818
Application Fees		2,978,576,251	2,887,322,300
Interest Income		-	25,814,127
Other Income	27	2,202,550,935	3,707,960,899
<b>Sub Total Receipts</b>		<b>10,604,281,063</b>	<b>59,792,308,942</b>
<b>Total Receipts</b>		<b>23,852,506,476</b>	<b>64,657,108,348</b>
<b>Expenditure:</b>			
Salaries, Wages and Employment Benefits	15	10,684,424,151	8,467,890,585
Supplies and Consumables	16	9,101,660,461	8,720,755,642
Depreciation and Amortization	17	866,154,754	902,843,099
Grants Expenditure- Medical Students		800,000	6,704,000
<b>Total Expenses</b>		<b>20,653,039,366</b>	<b>18,098,193,326</b>
<b>Surplus/(Deficit) During the year</b>		<b>3,199,467,110</b>	<b>46,558,915,022</b>

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on 27-03-2023 and signed on its behalf by:

  
**Prof. Hamisi O. Dinenaga**  
**Chairperson**

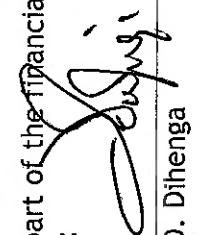
  
**Abdul-Razaq Badru**  
**Executive Director**

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

Particulars	Loanable Fund	Recovered Students' Loans	Transferred to Consolidated Fund (BOT)	Recovery Transferred to Revolving Fund	Staff Loans Revolving Fund	Accumulated Surplus/(Deficit)	Total
<b>Balance as at 01 July 2021</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
4,133,492,098,264	53,779,101,166	(770,002,637,399)	1,683,696,999	395,675,110,219	3,814,627,369,250		
Prior Year Adjustment					14,260,972,324	14,269,972,324	
<b>Adjusted Opening Balance</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
4,133,492,098,264	53,779,101,166	(770,002,637,399)	1,683,696,999	409,945,082,543	3,828,897,341,574		
Government Contribution						565,356,529,667	
Staff Loan Admin & Interest						(40,630,127)	
Staff Loan Administration fees						53,341,727	
Amount Transferred							53,341,727
Surplus/(Deficit) for the year							(150,000,000,000)
<b>Balance as at 30 June 2022</b>	<b>4,698,848,627,932</b>	<b>53,779,101,166</b>	<b>(920,002,637,399)</b>	<b>1,696,408,599</b>	<b>413,144,549,653</b>	<b>4,247,466,049,950</b>	
<b>Balance as at 01 July 2020</b>	<b>4,729,152,755,603</b>	<b>53,779,101,166</b>	<b>(573,404,784,950)</b>	<b>1,580,691,837</b>	<b>468,636,408,159</b>	<b>4,679,744,171,815</b>	
Government Contribution						415,013,165,860	
Value Retention Fee (VRF)						200,893,725,138	
Impairment of Value Retention Fee						(1,211,567,548,336)	
Impairment of Accrued Penalty							
Amortization of PSSSF Loan						(194,098,172,450)	
Recovered Amount from Assets EUL						74,316,703,090	
Adjustment of Accrued Payables						206,403,266	
Staff Loan Admin & Interest						42,927,093	
Amount Transferred							42,927,093
Surplus/(Deficit) for the year							
<b>Balance as at 30 June 2021</b>	<b>4,133,492,098,265</b>	<b>53,779,101,166</b>	<b>(770,002,637,399)</b>	<b>1,683,696,999</b>	<b>395,663,184,181</b>	<b>3,814,615,443,212</b>	

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on 27-03-2023 and signed on its behalf by:

  
Prof. Hamisi O. Dihenga  
Chairperson

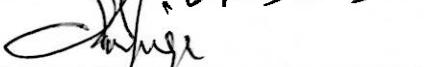
  
Abdul-Razzaq Badru  
Executive Director

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

Particulars	Notes	2021/22	2020/21	
		TZS.	TZS.	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts:</b>				
Government Subvention - OC	18	7,408,306,616	-	
Government Subvention - PE	18	314,753,878	4,796,207,914	
Penalty on Repayment		-	9,163,818,663	
Value Retention Fee (VRF)		-	6,000,000,000	
Loan Administration Fees	25	4,606,058,439	588,992,124	
Application Fees		2,978,576,251	2,887,322,300	
Revenue Grants - Medical Doctor	24	800,000	6,704,000	
Interest Income		-	25,814,127	
Other Income	26	11,756,978	73,957,259	
<b>Total Receipts</b>		<b>15,320,252,162</b>	<b>23,542,816,388</b>	
<b>Payments:</b>				
Salaries, Wages and Employment Benefits	19	5,160,059,232	8,490,572,597	
Supplies and Consumables		7,791,818,625	8,526,094,276	
Grants Expenditure - Medical Students		800,000	6,704,000	
<b>Total Payments</b>		<b>12,952,677,857</b>	<b>17,023,370,873</b>	
<b>Cash from/ (Used in) Operating Activities (A)</b>	<b>20</b>	<b>2,367,574,304</b>	<b>6,519,445,515</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Loans Issued to Students		(543,652,931,503)	(527,578,081,849)	
Acquisition of Property, Plant and Equipment	10	(785,051,290)	(399,806,393)	
Sale of PPE		-	(57,799,500)	
Acquisition of Intangible Assets	11	(127,571,904)	(236,481,270)	
<b>Cash from / (Used in) Investing Activities (B)</b>		<b>(544,565,554,697)</b>	<b>(528,272,169,012)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Funds Received for Issuing Loans		562,590,893,384	415,006,461,860	
Recovered Students' Loans		176,118,105,669	165,177,909,632	
Staff Loans Revolving Funds		12,711,600	(1,379,161,497)	
Recovery Transferred to Consolidated Fund (BOT)		(150,000,000,000)	(196,597,852,449)	
Deffered Grant (HEET Project)		2,182,207,386	-	
Prior Year Adjustment		561,598	-	
<b>Cash from/ (Used in) Financing Activities (C)</b>		<b>590,904,479,636</b>	<b>382,207,357,546</b>	
<b>Net Increase in Cash and Cash Equivalent (A+B+C)</b>		<b>48,706,499,243</b>	<b>(139,545,365,951)</b>	
Cash and Cash Equivalent at the Beginning of the Year		24,775,022,530	164,320,388,481	
<b>Cash and Cash Equivalent at the End of the Year</b>		<b>73,481,521,773</b>	<b>24,775,022,530</b>	

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on 27/03/2023 and signed on its behalf by:

  
Prof. Hamisi O. Dihenga  
Chairperson

  
Abdul-Razaq Badru  
Executive Director

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

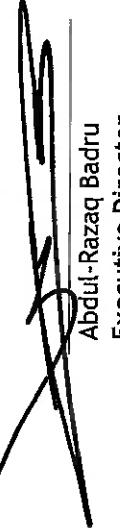
### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Particulars	Original Budget 2022 TZS	Final Budget 2022 TZS	Actual on comparable basis 2022 TZS	Variance in Amount 2022 TZS	Variance (%)	Reasons for Variance between Budget and Actual
<b>Receipts:</b>						
Loan Administration Fees	2,054,130,000	2,054,130,000	4,606,058,439	2,551,928,439	124%	The number of beneficiaries who repaid their loan was above the projected budget due to SIFURISHA campaign
Loan Application Fees	2,865,870,000	2,865,870,000	2,978,576,251	112,706,251	4%	Increase of Loans applicants
Government Subvention - OC	10,600,000,000	10,600,000,000	7,723,060,494	(2,876,939,506)	-27%	Amount received was under the budget projection
Loanable Funds	570,000,000,000	570,000,000,000	562,590,893,384	(7,409,106,616)	-1%	Amount received was under the budget projection
Government Subvention - DEV	5,000,000,000	5,000,000,000	-	(5,000,000,000)	-100%	Amount received was under the budget projection
Personal Emoluments	5,247,144,000	5,247,144,000	5,839,118,797	591,974,797	11%	Increase is due to new employment, staff transfer and promotions
<b>HEET Project Funds</b>	<b>-</b>	<b>2,182,207,386</b>	<b>2,182,207,386</b>	<b>-</b>	<b>-</b>	
<b>Total Receipts</b>	<b>595,767,144,000</b>	<b>597,949,351,386</b>	<b>585,919,914,751</b>	<b>(12,029,436,636)</b>	<b>-2%</b>	
<b>Payments:</b>						
Loanable Funds	570,000,000,000	570,000,000,000	570,000,000,000	-	-	
Administrative Expenses	14,789,078,228	14,789,078,228	14,705,094,166	(83,984,062)	-1%	Administrative Expenses incurred was below the budget projection
PPE (Note 10)	668,544,868	770,446,290	770,446,290	-	-	
Intangible Assets (Note 11)	127,571,904	127,571,904	127,571,904	-	-	
Geo-technical Survey (Note 11)	14,605,000	14,605,000	14,605,000	-	-	
Development Fund (Note 11)	5,000,000,000	5,000,000,000	-	(5,000,000,000)	-100%	The Project for construction of HESLB office building in Dodoma has been approved but construction has not yet started
Personal Emoluments	5,247,144,000	5,247,144,000	5,839,118,797	591,974,797	11%	Increase is due to new employment, staff transfer and promotions
<b>Total Payments</b>	<b>595,846,944,000</b>	<b>595,948,845,422</b>	<b>591,456,836,157</b>	<b>(4,492,009,265)</b>	<b>-1%</b>	
<b>Net Receipts/(Payment)</b>	<b>(79,800,000,00)</b>	<b>2,000,505,965</b>	<b>(5,536,921,406)</b>	<b>(7,537,427,370)</b>	<b>-</b>	

Reconciliation statement for actual amount on comparable basis and cash flow for the year ended 30 June 2022 found in Note 20 of the financial statements.

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on 27-03-2023 and signed on its behalf by:

  
**Prof. Hamisi O. Dihenga**  
 Chairperson

  
**Abdul-Razaq Badru**  
 Executive Director

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 1. GENERAL INFORMATION

The Higher Education Students' Loans Board (HESLB) was established under Act No. 9 of 2004 (as amended) CAP 178 for the purpose of providing for Students' Loans Scheme which would not only extend loans to students who require such assistance but also collect repayment for all loans issued to students since 1994 for re-lending to other needy and eligible students. HESLB is Parastatal Organization currently under the Ministry of Education, Science and Technology.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

#### Basis of Preparation

The financial statements have been prepared based on historic cost unless stated otherwise. The financial statements have been prepared in Tanzanian shillings, which is the functional and reporting currency of HESLB, and all values are rounded to the nearest shilling.

#### Statement of Compliance

The financial statements of the Higher Education Students' Loans Board (HESLB) have been prepared in accordance with Public Finance Act, Cap 348 [R.E. 2020] and explicitly comply with the requirements of the accrual based International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied in all the years presented.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect reported amounts of assets, liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future period if the revisions affect both current and future periods.

#### 3.1 Reporting Period

The reporting period for these financial statements is the financial year of the Government which runs from 01 July 2021 to 30 June 2022.

#### 3.2 Foreign Currency Translation

##### *Functional and presentation currency*

Items included in the financial statements of the HESLB are measured using the currency of the primary economic environment in which the HESLB operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the HESLB's functional and presentation currency.

##### *Transactions and balances*

## **HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are in the statement of financial performance.

### **3.3 Cash and Cash Equivalents**

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, and is measured at amortized cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

### **3.4 Provisions**

Provisions are recognized when the Board has a present legal or constructive obligation because of past events, when it is probable that an outflow of resources embodying economic benefits and/or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

### **3.5 Employment Benefits**

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis. HESLB operates a defined contribution plan, where the employees contribute 5% of the basic salary and the employer contributes 15% of the salary.

Additionally, HESLB operates a health insurance plan for employees through a contribution of 3% both by the employees and employer. The employee benefits plans are operated through statutory established institutions.

### **3.6 Revenue**

#### *Revenue from exchange transactions*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue of HESLB includes Interest Income, Application Fees, Penalty on Repayment, Loan Administration fees and other Income:

#### **Interest Income**

Interest income arises from different HESLB's bank accounts, i.e., interest on call and fixed deposit accounts. For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### ***Loan Application Fees:***

Revenue from loan application fees is collected and received when the Online Loan Application System (OLAS) is opened in the respective year for the needy prospective students to apply. The amount collected is accounted for on cash basis.

### ***Value Retention Fees (VRF)***

Value Retention Fees is charge of 6% on outstanding loan to every beneficiary, except to beneficiaries who are academician who have been guaranteed and paid by employers. This charged was ceased effective from 1 May 2021 following Presidential decree.

### ***Penalty on Repayment:***

A penalty of 10% p.a is imposed on the amount of loans need to be collected and late remitted by employer for loan instalment deducted and not remitted after 15<sup>th</sup> day of the following month of deductions, also loan beneficiaries whose loan repayment has remained unpaid for more than two years after a loan beneficiary has graduated. The charge has ceased with effect from 01 July 2021 by Minister responsible for Education, Science and Technology.

### ***Loan administration fees***

The Fee is charged at a rate of 1% p.a. of the loan amount paid in every year.

### ***Other Income***

Other income is recognized in the period in which it is earned. This includes gain on exchange rate and tender documents.

### **3.7 Revenue**

#### ***Revenue from non-exchange transactions***

Revenue from non-exchange transactions is governed by IPSAS 23 and mainly comprises taxes and transfers. Revenue from Non- Exchange Transaction of the HESLB includes Government Subvention through the Ministry of Education, Science and Technology and grants from Donors.

#### ***Government Subvention***

Subvention comprises of funds received from Treasury to cater for Personal emoluments (PE)/employees' salaries and other operational costs. These are unconditional and therefore are recognized and credited to the statement of financial performance in the period in which they are received.

#### ***Grants:***

Grants comprises of grants from Treasury and World Bank.

**Grants from Treasury:** These are issued to eligible students pursuing medical courses. The funds are release as per approved budget; the amounts are paid to students under the grants programme only. Income is recognized as per amount paid to students as grant.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 3.8 Property, Plant and Equipment (PPE)

Property, Plant and Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

#### *Recognition*

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if the asset is being controlled by the HESLB; it is probable that future economic benefits or service potential associated with the item will flow to the Board; and the cost of the item can be measured reliably.

#### *Measurement*

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

#### *De-recognition*

The carrying amount of an item of Property, Plant and Equipment is derecognized when asset is disposed; or when no future economic benefits or service potentials are expected from its use or disposal. Gains and losses on de-recognition of Property, Plant and Equipment is determined by reference to their carrying amount and is taken into account in the Statement of financial performance.

#### *Subsequent Expenditure*

Expenditure incurred to replace a component of item of Property, Plant and Equipment is accounted for separately and capitalized only when the amount is material, it is probable that future economic benefits or service potentials associated with the item will flow to the Board and the cost of the item can be measured reliably. All other expenditure items are recognized in the income statement as expenses during the financial period in which they are incurred.

#### *Depreciation*

The HESLB has adopted straight line method for depreciation of property, plant and equipment which is allocated systematically over the useful life of the respective assets as per the accounting policies applicable. The depreciable amount of an asset shall be allocated on a systematic basis over its estimated useful life.

### 3.9 Property, Plant and Equipment

Property, Plant and Equipment acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized. The following Estimated useful life (EUL) are consistently applied for accounting for Property, Plant and Equipment are as shown in the below table.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

S/No.	Asset Category	Estimated Useful Life (Years)
1	Office Equipment	5
2	Office Furniture and Fittings	8
3	Motor Vehicle (Light)	8
4	Data Servers	5
5	Computers and Printers	5

Some items in PPE which were depreciated and those whose carrying values were very low compared to reality but are still in use; the management have reviewed its estimated useful life and adjustments taken care of accordingly. There is also increase in value caused by the additions made during the year.

### **Capital work in progress**

Capital work in progress related to the construction of the new Board's PPE and is included in property and equipment at cost on the basis of the percentage completed at the statement of financial position date. The capital work in progress is transferred to the appropriate asset category and depreciated when construction of the asset is completed and is available for its intended use.

### **3.10 Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. 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 either finite or indefinite. Intangible assets with an indefinite life are not amortized instead they are assessed for impairment whenever there is an indication that the asset may be impaired. Intangible assets relating to computer software are amortized equally over a period of four years.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

## **HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

### **Impairment of Non-Financial Assets**

#### **(i) Impairment of cash-generating assets**

At each reporting date, the Board assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, HESLB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or HESLB's of assets. Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

#### **(ii) Impairment of non-cash-generating assets**

The Board assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, the Board estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the Board has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

active market for an asset, the Board determines fair value less cost to sell based on the best available information.

**(ii) Impairment of non-cash-generating assets**

HESLB assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, HESLB estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount and is recognised in the statement of financial performance.

In assessing value in use, the Board adopts the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as replacement cost of the asset, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Board determines fair value less cost to sell based on the best available information.

### **Financial Instruments (Financial Assets/Liabilities)**

**(i) Initial Recognition**

HESLB recognizes a financial asset or a financial liability in its statement of financial position when, and only when, HESLB becomes a party to the contractual provisions of the instrument.

**(ii) Initial Measurement of Financial Assets and Financial Liabilities**

A financial asset or financial liability is recognized initially, by measuring its fair value plus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**(iii) Subsequent Measurement of Financial Assets**

Financial assets after initial recognition are classified and measured into the following four categories:

## **HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

- Financial assets at fair value through surplus or deficit - measured at fair value with gain or loss recognized to surplus and deficit;
- Held-to-maturity investments - measured at amortized cost using the effective interest method;
- Loans and receivables - measured at amortized cost using the effective interest method; and
- Available-for-sale financial assets - measured at fair value with gain or loss recognized directly in net assets/equity through the statement of changes in net assets/equity.

### **(iv) Subsequent Measurement of Financial Liabilities**

After initial recognition, all financial liabilities will be measured at amortized cost using the effective interest method, except for those categorized as financial liabilities at fair value through surplus or deficit which shall be measured at fair value with gain or loss recognized in surplus and deficit.

### **(v) Impairment and Collectability of Financial Assets.**

At the end of each reporting period an assessment is made on whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists an impairment is carried out.

- a) **For Financial Assets Carried at Amortized Cost** that is on loans and receivables or held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in surplus or deficit.
- b) **For Financial Assets Carried at Cost,**  
The amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.
- c) **For Available-For-Sale Financial Assets,**  
The cumulative loss that had been recognized directly in net assets/equity shall be removed from net assets/equity and recognized in surplus or deficit even though the financial asset has not been derecognized. Impairment losses recognized in surplus or deficit for an investment in an equity instrument classified as available for sale shall not be reversed through surplus or deficit.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### (vi) Derecognition of financial instruments

Financial asset will be derecognized when, and only when: (a) The contractual rights to the cash flows from the financial asset expire or are waived; or (b) a financial asset is transferred in accordance with IPSAS 29. Financial liability (or a part of a financial liability) shall be removed from its statement of financial position when, and only when, it is extinguished - i.e., when the obligation specified in the contract is discharged, waived, cancelled or expires.

### Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in surplus or deficit.

### 3.11 Offsetting Financial Asset and Financial Liability

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when and only when, the Board:

- Currently has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 3.12 Related Party Transactions

Parties are considered to be related if one party can control the other party individually or jointly, or to exercise significant influence over the other party in making financial and operating decisions. They include relationship with subsidiaries, associates, joint ventures and key Management personnel. For HESLB, key management shall include; Members of Board of Directors, Executive Director, Directors; Heads of Zonal offices and their close relatives. Some of the Board's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. During the year, the only related party transactions during the financial year ended 30 June 2021 was the remuneration availed to the Board of Directors and key Management staff. During the year under review, the Board of Directors and key Management Staff remuneration are summarized below:

Particulars	2022 TZS	2021 TZS
i) Board of Directors		
Allowances and Annual Directors' Fees	42,500,000	41,200,000
	<b>42,500,000</b>	<b>41,200,000</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

Particulars	2022 TZS	2021 TZS
<b>i) Emoluments to other Key Management Staff</b>		
Salaries	1,056,462,408	1,154,628,371
Allowances	265,800,000	218,840,000
<b>Total</b>	<b>1,322,262,408</b>	<b>1,373,468,371</b>
<b>ii) Loans to Key Management Staff</b>		
Particulars	2022 TZS	2021 TZS
Housing/ Motor Vehicle Loans	200,000,000	967,716,840
<b>Total</b>	<b>200,000,000</b>	<b>967,716,840</b>

HESLB Housing/ Motor Vehicle Loans arrangement commenced with effect from April 2021. The same interest rate is chargeable to all other eligible employees.

### 3.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### (i) HESLB as Lessor

- (a) Amounts due from lessees under finance leases are recorded as receivables at the amount of the Board's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Board's net investment outstanding in respect of the leases.
- (b) Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### (ii) HESLB as Lessee

- (a) Assets held under finance leases are recognised as assets of HESLB at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to statement of financial performance, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Board's general policy on

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borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

- (b) Rentals payable under operating leases are charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### **3.14 Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. However, where inventories are acquired through a non-exchange transaction, their cost shall be measured as their fair value as at the date of acquisition. Inventories are required to be measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.
- Costs include all purchase cost, conversion cost (materials, labour, and overhead), and other costs to bring inventory to its present location and condition, but not foreign exchange differences and selling costs. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase.
- For inventory items that are not interchangeable, specific costs are attributed to the specific individual items of inventory.
- HESLB applies the same cost formula for all inventories having similar nature and use; a difference in geographical location of inventories by itself is not sufficient to justify the use of different cost formulas.
- For interchangeable items, cost is determined on a first-in, first-out basis. For inventories with a different nature or use, different cost formulas are used.
- When inventories are sold, exchanged, or distributed, the carrying amount is recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or related services have been rendered.
- Write-downs to net realisable value are recognized as an expense in the period the loss or the write-down occurs. Reversals arising from an increase in net realisable value are recognized as a reduction of the inventory expense in the period in which they occur.

### **3.15 Nature and Purpose of Reserves**

HESLB creates and maintains reserves to meet specific requirements. Reserves which have been created include:

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- Loanable Funds is the accumulated Government Subvention used for issuing loan to higher learning students.
- Recovered Students' Loans; this include cumulative figure of pre-Board and post Board collections.
- Recovery transferred to Consolidated Fund (BOT); this constitutes the amount cumulatively collected by HESLB and then transferred back to the Government through Consolidated account.
- Staff Loans Revolving Fund that constitutes Housing and Motor vehicle loans extended to employees on a revolving basis to motivate HESLB employees with a view of increasing efficiency and productivity. It is also meant to encourage Staff to remain into the organization and perform their tasks for which they were hired for, hence assurance of institutional memory and sustainability of the organization
- Accumulated Surplus/Deficit represents amounts that reflect surplus or Deficit realized on a cumulative basis.

### **3.16 Budget Information**

A major part of the budget to finance HESLB is through Parliamentary allocation through the Ministry of Higher Education, Science and Technology. The allocation covers the operations of HESLB as a single entity. The budget is prepared on cash basis based on types of expenditure. Financial statements are prepared on accrual basis therefore for comparative purposes, financial statements are adjusted to cash basis.

The budget covers a period of twelve months from 1 July to 30 June every year. The budget reallocation within a scope of 7% is approved by the Board of Directors whereas if the reallocation exceeds 7% it will require the approval of the Treasury Registrar.

### **3.17 Events after reporting period.**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

### **3.18 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES**

The preparation of financial statements in conformity with IPSAS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are

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reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant use of judgement and estimates are as follows:

(a) Going concern

The HESLB Board has made an assessment of HESLB's ability to continue as a going concern. The Board is satisfied that HESLB will continue to be supported by the Government by providing resources for the provision of loans to students for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon HESLB's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

(b) Impairment of other financial assets

HESLB has adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition. Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. The Board makes an assessment of impaired losses on loans extended to beneficiaries based on relative diverse information basis some judgement has to be made on validity of those sources.

(c) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

(d) Useful lives of property and equipment

Pursuant to the requirements of IPSAS 17 (Property, Plant and Equipment) and IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors) Board makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviews its depreciation rates at each reporting date.

### **4. NEW AND AMMENDED STANDARDS AND INTERPRETATIONS**

New and amended standards and interpretations issued but not yet effective

i) IPSAS 41 - Financial Instruments

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and measurement, an entity shall apply this Standard for annual periods beginning on or after 1 January 2023. Earlier application is permitted.

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If an entity elects to apply this Standard early, it must disclose that fact and apply all of the requirements in this Standard at the same time. HESLB has not early adopted the standard. The standard will have significant impact to the financial statements of the Board when it comes to expected credit losses provisioning to students' loans.

**ii) IPSAS 42 - Social Benefit**

Social benefits are cash transfers provided to specific individuals and/or households who meet eligibility criteria; mitigate the effect of social risks, and address the needs of society as a whole. Examples include retirement benefits, unemployment benefits, and child benefits. Social risks are events or circumstances that relate to the characteristics of individuals and/or households (for example, age, health, poverty and employment status) and may adversely affect the welfare of individuals and/or households, either by imposing additional demands on their resources or by reducing their income. IPSAS 42 prescribes two accounting approaches the general approach (obligating event approach), and permits in certain cases the insurance approach. According to the general approach an entity shall recognize a liability for a social benefit scheme when the entity has a present obligation for an outflow of resources that results from a past event, and the present obligation can be measured in a way that achieves the qualitative characteristics and takes account of constraints in the conceptual framework. The standard shall be effective from 1 January 2023. The standard has no effect to the financial statements of HESLB.

**iii) IPSAS 43 - Leases**

IPSASB approved IPSAS 43 in December 2021 and was issued in January 2022. It becomes effective from 1 January 2025.

For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. IPSAS 43 may have some impact in the operations of HESLB.

**iv) IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations**

During the year under review HESLB adopted IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations that will be effective for the first time for the period beginning on or after 1 January 2025 that would be expected to have a material impact the Impaired Trade receivables. Early Adoption is permitted.

## **5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

HESLB operations are exposed to certain financial risks. Financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on HESLB's financial performance. The main risks arising from the HESLB's operations are currency risk, credit risk, liquidity risk and interest rate risk. HESLB reviews and agrees policies for managing each of these risks which are summarized below:

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- **Interest Rate Risk**

During the year this risk does not apply because there is no interest rate that was charged. The risk on the loan has been mitigated by Government guarantee. The Government will assume payment of loan on behalf of the HESLB.

- **Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. HESLB's operations mostly utilize local currencies and therefore not materially exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. However, HESLB is exposed to foreign exchange risk in respect to loans issued to overseas students. Therefore, HESLB mitigates this risk through issuing loans in Tanzanian shillings.

- **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. HESLB is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments specifically the loan beneficiaries who are currently working in informal sector. However, efforts and legal actions/strategies are currently in formulation for enforcement against the loan defaulters. This includes banning them from acquiring cooperation/services from all the government related service providers like Tax Revenue Authorities, the Home Affairs ministry specifically the passport control section to mention the few. There has been strict follow-up with the employers both in private and public sector to ensure necessary deductions are made in their payroll for all their employees who were previously loan beneficiaries from the HESLB.

**Table 13: Receivables and payables aging analysis**

Item	Within 1 Year	1 to 2 Years	3 - 5 Years	Beyond 5 Years	<b>TOTAL</b>
	TZS	TZS	TZS	TZS	
Cash and Cash Equivalent	73,674,936,484		-	-	73,674,936,484
Students' Loan Receivable (Current)	194,688,034,370		-	-	194,688,034,370
Loan Receivable (Long Term)	-	-	-	4,123,749,632,465	4,123,749,632,465
Prepayment and Other Receivables	27,805,515,800		349,886,785	1,853,232,268	30,008,634,853
<b>Total</b>	<b>296,168,486,654</b>			<b>4,126,794,409,833</b>	<b>4,422,962,896,487.00</b>
Payables	27,747,501,161				27,747,501,161.00
PSSF Loan			-	187,767,046,750	187,767,046,750
<b>Total</b>	<b>27,747,501,161</b>			<b>187,767,046,750</b>	<b>215,514,547,911</b>
<b>Net Position</b>	<b>323,915,987,815</b>		<b>349,886,785</b>	<b>4,314,561,456,583</b>	<b>4,207,448,348,576</b>

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Source: Statement of financial Position for financial year 2021/22

- Liquidity risk

Liquidity risk is the risk that one part to the financial instrument will fail to honor its immediately falling due liabilities. It is measured by comparing current assets excluding inventories with current liabilities. HESLB manages the risk by maintaining a balance the items and regular review the components as shown in the table below:

ITEM	0-30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	OVER 120 DAYS
Cash and Cash Equivalent					73,674,936,484
Students Loan receivable	31,136,015,911	143,685,451,445	168,050,535,600	252,720,339,620	3,708,547,478,383
Institutional Loan Receivable	75,927,500	370,442,000	558,683,250	1,043,050,500	21,844,239,550
Prepayment and Other Receivable	855,413,519	45,291,679	26,373,977,045	514,911,984	2,219,040,626
<b>Total</b>	<b>32,067,356,930</b>	<b>144,101,185,124</b>	<b>194,983,195,895</b>	<b>254,278,302,104</b>	<b>3,732,610,758,559</b>
Payable	20,243,316		26,015,027,842	1,694,169,426	18,060,576
Current portion of PSSSF Loan					187,767,046,750
<b>Total</b>	<b>20,243,316</b>		<b>26,015,027,842</b>	<b>1,694,169,426</b>	<b>187,785,107,326</b>
<b>Net Position</b>	<b>32,047,113,614</b>	<b>144,101,185,124</b>	<b>168,968,168,053</b>	<b>252,584,132,678</b>	<b>3,544,825,651,233</b>

### 6. CASH AND BANK BALANCES

Particulars	2022 Tzs	2021 Tzs
CRD Bank 501	366,007,085	755,928,133
CRDB Bank 502	32,527,320,193	5,399,093,579
CRDB Bank 503	286,049,474	678,839,070
NMB Bank	7,817,565	-
CRDB-Dodoma Bank Branch	182,896	526,961
CRDB - Zanzibar Bank Branch	731,974	353,816
Mwanza Zone OC	84,412	1,548,110
Bank of Tanzania	37,816,495,878	17,816,024,339
CRDB BANK STAFF REVOLVING FUND	34,433,506	22,322,685
Arusha Zonal OC	4,762,083	3,820,322
TVS CRDB BANK	176,718	176,718
HESLB REFUNDS ACCOUNT	253,615,654	95,348,267
MBEYA ZONAL OC	370,449	942,452
MTWARA ZONAL OC	1,266,250	97,828
Tanzania Postal Bank -2	250	249
BOT_USD	2,182,207,386	-
<b>Total Cash and Cash Equivalents</b>	<b>73,481,521,773</b>	<b>24,775,022,529</b>

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### 7. STUDENTS' LOANS RECEIVABLES

#### 7 (a) Institutions Loan Receivable (LPG)

Particulars	2022 TZS	2021 TZS
Meals and Accommodation - postgraduate	11,821,926,190	11,385,226,190
Research - Postgraduate	7,379,598,010	6,921,098,010
Tuition Fees - Postgraduate	11,734,350,650	11,301,033,650
<b>Total Institutions Loan Receivable</b>	<b>30,935,874,850</b>	<b>29,607,357,850</b>
Less: Previous Years Recovery (Cummulative)	4,445,241,802	2,975,989,540
Current Year Recovery	2,598,290,248	1,469,252,262
<b>Net Institutions Loan Receivable</b>	<b>23,892,342,800</b>	<b>25,162,116,048</b>

#### 7 (b) Students' Loans Receivable (LUG)

Particulars	2022 TZS	2021 TZS
Balance as at 1 July - Loans Issued	3,251,673,754,353	4,131,570,743,526
Balance as at 1 July - LAF	52,692,043,789	41,993,109,093
Balance as at 1 July - VRF	1,311,368,575,291	1,104,474,850,153
Balance as at 1 July - Penalty	256,383,401,518	214,487,970,720
<b>Total Balance as at 1 July</b>	<b>4,872,117,774,951</b>	<b>5,492,526,673,492</b>
<b>Additions:</b>		
Stipend Oversees	839,343,600	876,604,235
Travelling Costs Oversees	271,706,857	102,348,601
Meals and Accommodation - undergraduate	364,910,365,584	327,604,678,593
Books & Stationery	12,950,093,536	25,592,286,225
Research - Undergraduate	400,580,175	1,696,009,927
Tuition Fees - Undergraduate	149,993,912,809	139,365,759,220
Field/Practical Training	24,070,828,405	20,466,639,151
Special Faculty Requirement	2,615,940,664	4,923,556,630
Loans Issued	557,381,288,630	521,792,711,581
CRDB Disbursement Suspence Account	(1,803,495,275)	5,785,370,269
<b>Loan Issued</b>	<b>555,577,793,354</b>	<b>527,578,081,849</b>
Loan Administration Fee	5,423,153,877	5,275,780,818
Students Receivables - VRF	-	206,893,725,138
Students Receivables - PENALTY	-	41,895,430,798
<b>Gross Loans</b>	<b>5,433,118,722,183</b>	<b>6,274,169,692,095</b>
<b>Less: Impairment for VRF &amp; Penalty</b>		
Value Retention Fee - VRF	2,765,636,284	(1,211,567,548,336)
Students Receivables - PENALTY	1,527,453,437	(194,098,172,450)
<b>Total Impairment for VRF &amp; Penalty</b>	<b>4,293,089,721</b>	<b>(1,405,665,720,786)</b>
<b>Total Receivables after Impairment for VRF &amp; Penalty</b>	<b>5,437,411,811,903</b>	<b>4,868,503,971,309</b>
<b>Less:</b>		
Provision for Impairment	2,190,793,957	3,613,803,640
<b>Balance as at 30 June</b>	<b>5,439,602,605,861</b>	<b>4,872,117,774,949</b>
<b>Made up of:</b>		
Current Portion	194,688,034,370	185,222,895,000
Long Term Portion	4,160,679,148,883	3,783,383,621,448
<b>Receivables to Financial Position</b>	<b>4,355,367,183,253</b>	<b>3,968,606,516,448</b>
Cummulative Recovered Students' Loans	1,084,235,422,608	903,511,258,500
<b>Total Receivables</b>	<b>5,439,602,605,861</b>	<b>4,872,117,774,949</b>

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**Movement in Provision:**

Balance as at 1 July	(8,441,236,807)	(12,055,040,447)
(Additions)/Reversal	2,190,793,957	3,613,803,640
Balance as at 30 June	<u>(6,250,442,850)</u>	<u>(8,441,236,807)</u>

**Recovered Students' Loans is made up of:**

Recovered Principal Loans	1,031,543,378,819	694,504,614,842
Recovered Loan Administration	52,692,043,789	46,920,387,637
Recovered VRF	-	99,801,026,955
Recovered Penalty	-	62,285,229,067
<b>Total Recovered Students' Loans</b>	<b><u>1,084,235,422,608</u></b>	<b><u>903,511,258,501</u></b>

Provision for impairment of VRF and Penalty has been provided based on Presidential Decree of 1 May 2021 and Minister of Education, Science and Technology decree of 1 July 2021. Management is seeking approval from the government to write-off receivables accrued from VRF and Penalty.

**Disclosures:**

**Reconciliation of Receivables Amount Reported in Financial Statements and the Loanees Ledger**

- i) The total amount of receivables as at 30 June 2022 is TZS 4,355,367,183,253 as reported in the Statement of Financial Position. This total includes TZS 4,331,474,840,453 and TZS 23,892,342,800 for undergraduate and postgraduate respectively.

During migration from old Loan Management System (LMS) to new integrated Loans Management System (iLMS); the system did not classify loan recoveries from loan beneficiaries who received both Postgraduate and Undergraduate loans hence the recoveries were posted into the Undergraduate loan's accounts only, this created negative balances in undergraduates subsidiary ledgers accounts to the tune of TZS 36.8 billion while leaving the Postgraduates Loans beneficiaries Subsidiary Accounts with the same total balance of 36.8 billion. This was caused by previous historical data that lacked complete data set that could not enable auto separation of data for undergraduate and postgraduate, hence required manual intervention on reconciliation of the data used in preparation of final accounts. Thus, management confirms that total students receivables in the financial statement is not affected.

Management is continuing with manual reconciliation of the loans recoveries from undergraduates' subsidiary ledgers accounts to Postgraduates Loans beneficiaries Subsidiary Accounts, and by 31 December 2022 had managed to clear a total of TZS 4.1 billion and still working on the remaining amount of TZS 32.7 billion.

- ii) The backlog of receipts transactions of TZS 13,637,354,639 included in the total collection of TZS 1,138,014,523,773 in the financial Statements but not updated in the Loanees Ledger related to previous years collections from the financial year 2012/13 to 2019/20. This was caused by non-submission of deductions schedules from employers', efforts to update the subsidiary ledgers is ongoing and as at 31 December 2022 amount of TZS 2,688,268,978 were already updated in the ledger, remaining with a balance of TZS 10,949,085,661.

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The outstanding students' loans of TZS 4,374,916,173,140 reported in the Loanees ledger did not include the Un-updated receipts amounting to TZS 13,637,354,638.86 on funds already received from employers for repayments without schedules where the will be updated on continuos basis as schedules are received.

### 8. PRE-PAYMENTS AND OTHER RECEIVABLES

Particulars	2022 TZS	2021 TZS
Motor Vehicle Loan	236,909,214	414,573,728
Housing Loan	112,977,571	280,617,755
Safari imprest	841,658,315	377,451,136
Loans	1,853,232,268	1,419,791,624
Staff Advance	15,921,573	15,921,573
Prepaid Insurance	34,834,687	15,167,368
Prepaid Rent	10,456,992	4,129,000
Prepaid Fuel	13,755,204	24,457,984
Sundry Debtors	514,911,984	265,452,203
Provisions for students Loans	26,373,977,045	1,023,044,279
<b>Total Pre-Payments and Other Receivables</b>	<b>30,008,634,853</b>	<b>3,840,606,650</b>

### 9. INVENTORY

Particulars	2022 TZS	2021 TZS
Stock of Consumables (Papers, Pens- Office consumables	11,559,717	23,401,352.58
Stock of IT and Computer Accessories	61,184,720	37,645,530.85
<b>Total Inventory</b>	<b>72,744,437</b>	<b>61,046,883</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 10. PROPERTY, PLANTS AND EQUIPMENT

Particulars	Building W.I.P.	Land	Motor Vehicles	Office Furniture & Fittings	Office Equipment	Computers, Printers & Fax	Data Servers	Generators	Total
<b>Cost:</b>									
As at 01.07.2021	2,270,793,769	1,109,396,362	2,133,189,851	1,557,371,780	554,339,534	1,467,477,327	490,371,678	223,711,320	9,806,651,62
<b>Adjustments:</b>									
Additions During the year	-	14,605,000	162,934,584	149,489,684	40,962,774	357,842,848	59,216,400	-	785,051,290
As at 30.06.2022	2,270,793,769	1,124,001,362	2,296,124,435	1,706,861,464	595,302,308	1,825,320,175	549,588,078	223,711,320	10,591,702,9
<b>Depreciation:</b>									
As at 01.07.2021	-	1,111,281,640	929,167,171	301,526,320	898,894,523	210,252,807	69,267,762	4	3,520,390,22
<b>Adjustments:</b>									
Charge for the year	-	295,644,353	133,250,180	74,468,740	237,847,426	41,736,091	21,995,790	804,942,580	
As at 30.06.2022	-	1,406,925,993	1,062,417,351	375,995,060	1,136,741,949	251,988,898	91,263,552	4	4,325,332,80
<b>Net book value:</b>									
As at 30.06.2022	2,270,793,769	1,124,001,362	889,198,442	644,444,113	219,307,248	688,578,226	297,599,180	132,447,768	6,266,370,10
As at 30.06.2021	2,270,793,769	1,109,396,362	1,021,908,211	628,204,609	252,813,213	568,582,805	280,118,871	154,443,558	6,286,261,39

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 10.1 Fully Depreciated PPE

Items of Plant Property and Equipment (PPE) with carrying amount of TZS 339,695,258 are fully depreciated. The fully depreciated items are not in use due to its condition and change of technology. Management through the Ministry of Finance (Director of Government Asset Management) finalizing the evaluation exercise to suggest the best way to derecognise them in the Fixed asset register. There was no item of PPE which was fully depreciated but still in use.

### 11. INTANGIBLEASSET

PARTICULARS	2021/22	2020/21
	TZS	TZS
<b>Cost</b>		
As at 01 July	1,306,407,042	1,069,925,772
Additions	127,571,904	236,481,270
<b>As at 30 June</b>	<b>1,433,978,946</b>	<b>1,306,407,042</b>
<b>Accumulated Amortization</b>		
As at 01 July	1,067,608,345	910,209,214
Charge for the year	61,212,174	157,399,131
<b>As at 30 June</b>	<b>1,128,820,519</b>	<b>1,067,608,345</b>
<b>Net Carrying Amount</b>		
<b>As at 30 June</b>	<b>305,158,427</b>	<b>238,798,697</b>

Intangible assets include internal and external generated, with finite useful life. Internal generated intangible asset is Integrated Loan Management System (iLMS). External generated intangible assets are Accounting Software and Audit Software.

### 12. PAYABLES AND ACCRUALS

Particulars	2022	2021
	TZS	TZS
Sundry Creditors	14,949,865	-
Accruals	1,694,169,426	374,250,376
Provision for Disbursement of Students Loan	26,373,977,045	1,023,044,279
Miscellaneous deposits - (Staff Loan Insurance)	18,060,576	13,543,376
Withholding tax 2	5,293,451	2,998,578
Institutional HE Students' Loan recovery	(20,141,600)	-
<b>Total Payables and Accruals</b>	<b>28,086,308,763</b>	<b>1,413,836,607</b>

The payables and accruals as at 30 June 2022 was TZS 28,086,308,763 (2020/21 TZS 1,413,836,607), the amount increased by 1863%. The increase was due to unpaid students' loans of TZS 26,373,977,044.58 caused by late allocation of transfer students. This was a result of multiple admissions caused by non-Central Admission System (CAS), late or piecemeal submission of various requests, claims and invoices by Higher Learning Institutions, Changes of academic Almanac for some of HEIs and Returns of unsigned loans due to technical errors. This amount will be paid at the beginning of the next year (2022/23).

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 13. PSSSF LOAN (Borrowing)

Particulars	2021/22 TZS	2020/21 TZS
PSPF Loan	54,644,657,534	54,644,657,534
Interest payable on PSPF	64,145,344,131	64,145,344,131
Penalty Payable on PSPF Loan	68,977,045,086	68,977,045,086
<b>Total Borrowings - PSSSF Loan</b>	<b>187,767,046,751</b>	<b>187,767,046,751</b>

The above PSSSF Loan was used to finance higher education students since 2006/07 under the Government guarantee. However, HESLB paid to PSSSF TZS 21.0 billion between 2008-2010 and the interest and penalty has accrued waiting for the Government to repay. The three loans were issued at interest rate of 13.5% and other two at 15%, the Government will assume servicing of the loan.

### 14. GOVERNMENT SUBVENTION

Particulars	2021/22 TZS	2020/21 TZS
Government Subvention - (PE)	5,839,118,797	4,858,095,406
Government Subvention - (OC)	7,408,306,616	-
<b>Total Government Subvention</b>	<b>13,247,425,413</b>	<b>4,858,095,406</b>

### 15. SALARIES, WAGES AND EMPLOYMENT BENEFITS

Particulars	2021/22 TZS	2020/21 TZS
Civil Servants (Basic Salary)	5,904,126,954	4,845,901,820
Casual Labourers	5,645,000	10,562,000
Leave Travel	88,995,590	56,984,200
Internship Allowance	120,270,000	136,350,000
Civil Servants Contracts	23,473,000	53,991,000
Management Fee (Directors Fee)	42,500,000	41,200,000
Gratuities	-	102,250,000
Extra-Duty	1,404,345,000	422,210,000
Acting Allowance	129,885,000	106,115,000
Court Attire Allowance	3,000,000	3,000,000
Responsibility Allowance	107,025,000	64,870,000
Sitting Allowance	123,150,000	135,975,000
Subsistence Allowance	95,160,100	76,240,000
Special allowances	1,237,331,000	1,205,168,900
Housing allowance	93,000,000	97,800,000
Moving expenses	46,207,400	79,595,000
Transport Allowance to entitled staffs	-	73,500,000
Honoraria	814,150,000	601,890,000
Electricity bills to entitled staffs	43,840,000	45,330,000
Food and Refreshment	54,170,547	37,005,343
Furniture to Entitled Staffs	34,000,000	54,000,000
National Health Insurance Schemes (NHIF)	3,150,000	2,925,000
Per diems Foreign	-	30,461,955
Food and Refreshments	187,025,248	178,994,045
Mobile charges (For office)	123,974,311	5,571,322
<b>Total Salaries, Wages and Employment Benefits</b>	<b>10,684,424,150</b>	<b>8,467,890,585</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 16. SUPPLIES AND CONSUMABLES

Particulars	2021/22 TZS	2020/21 TZS
Medical and Dental Refunds	4,480,000	3,608,000
Telephone (Entitled staffs)	54,735,000	92,163,712
Water and Waste Disposal	2,620,347	4,476,491
Office Consumables (pencils, pens, Dispatch Books,	184,812,859	149,251,493
Computer Supplies and Accessories	68,008,265	71,706,679
Photocopy Paper A4 white	2,531,441	15,121,990
Newspapers and Magazines	825,000	700,000
Printing costs	5,390,800	37,553,440
Computer Software and Computerisation expenses	112,657,246	72,382,745
Software License Fees	23,828,790	7,212,160
Outsourcing Costs (cleaning and security)	210,696,311	206,738,536
Electricity	90,655,942	102,507,323
Diesel	258,961,584	189,662,554
Drugs and Medicines	2,290,000	5,012,500
Uniforms and Ceremonial Dresses	8,567,600	11,536,000
Rent of Vehicles and crafts	1,000,000	-
Rent - Housing	13,027,583	20,409,702
Rent Office Accommodation	576,197,977	371,460,294
Rent of Private vehicles	2,900,000	2,900,000
Other Supplies and Services (not classified)	-	28,803,564
Conference Facilities	192,122,500	161,076,120
Tuition Fees - Domestic	222,765,200	94,246,000
Remuneration of Instructors	25,840,000	28,220,000
Production and Printing	530,000	20,664,800
Air Travel Tickets-Domestic	24,823,400	40,596,639
Ground Transport (Bus, Train, Water)	12,296,800	65,164,400
Air Travel Tickets-Domestic	605,362,829	407,058,251
Ground travel (bus, railway taxi, Car Hire, etc)-Domestic	1,044,069,201	587,499,456
Water Transport	3,540,500	3,170,000
Perdiems Domestic	2,857,698,141	1,856,768,235
Air Travel Tickets - Foreign	-	1,078,076
Direct labour (contracted or casual hire)	23,971,510	-
TV sets and Radios	1,480,000	-
Hiring of Training Facilities	117,000	-
Bank charges & Commission	83,247,718	56,803,158
News Services Fees	1,000,000	-
Air Travel Tickets - Foreign	4,128,000	-
Transport Allowance	149,071,650	-
Ground travel (bus, railway taxi, etc)	835,000	1,160,000

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

Particulars	2021/22 TZS	2020/21 TZS
Internet and Email connections	373,794,921	295,523,214
Posts and Telegraphs	6,265,050	4,587,242
Advertising and Publication	99,107,800	86,593,850
Courier Services	44,078,610	32,095,100
Telephone Charges (ground line)	-	1,425,572
Publicity (IEC policies, website and media)	22,700,000	19,620,000
Subscription Fees	29,669,672	37,078,955
Technical Service Fees/charges	2,574,324	23,886,746
Technical Materials	4,000,000	1,392,400
Educational Radio and TV broadcasting	7,863,700	15,935,320
Exhibition, Festivals and Celebrations	16,215,360	54,196,760
Catering Services	251,783,697	119,657,977
Entertainment	86,000,000	90,000,000
Fire Protection Equipment	-	4,341,350
Gifts and Prizes (Awards)	31,000,000	17,923,500
Social contribution	-	7,500,000
Painting and Decorations	4,798,000	5,800,000
Electrical and Other Cabling Materials	4,165,090	7,577,281
Outsource Maintenance Contract Services	169,359,545	66,634,426
Motor Vehicles (Service and Repair)	750,000	76,996,465
Tyres and Batteries	16,726,500	23,133,400
Small Car Mechanics Tools	-	1,440,000
Outsource Maintenance (Service and Repair)	89,239,670	33,522,559
Repair and maintenance (office equipment)	836,612	14,790,100
Repair and maintenance (Air conditioners)	5,810,615	5,989,208
Fumigation	3,062,100	253,606
Audit fees	194,661,366	194,661,366
Legal fees	-	7,500,000
Agency Fees	-	1,181,174,421
Consultancy Fees/charges	58,794,884	46,904,895
Insurance	54,229,864	66,565,471
Burial Expenses	39,195,000	39,275,000
Contribution (15%on Gross Revenue)	200,000,000	420,000,000
Small tools and equipment	-	1,400,000
Bad Debts	-	35,462,934
Professional Allowances	91,200,000	33,323,000
Household Appliances	1,697,100	4,827,800
Accommodation	4,409,000	9,638,000
Training Allowances	141,860,000	382,656,723
Training Materials	-	1,000,000
Satellite access services	-	282,000
Communication Network Services	2,800,000	11,245,480
Sporting Supplies	-	25,950,000
Plumbing Supplies and Fixtures	-	1,541,000
Small Tools and Implements	-	200,000
Cement, bricks and construction materials	-	1,507,850
Servers (Maintenance Expenses)	-	229,800,000
Computers, printers, scanners, and other computer related equipment	-	500,000
Telephone Equipment (ground line)	4,045,000	50,000
Outsource maintenance services (Office equipment)	63,514,700	9,812,352
Audit supervision Expenses	-	248,430,000
Staff loans (LAF 001)	3,050,487	-
Sundry Expenses(Parking Expenses)	-	2,440,000
audit supervision expenses	95,200,000	-
Surveys	115,602	-
<b>Total Operating Expenses</b>	<b>9,101,662,461</b>	<b>8,720,757,641</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 17. DEPRECIATION AND AMORTIZATION CHARGES

Particulars	2021/22 TZS	2020/21 TZS
Depreciation - Motor Vehicles	295,644,353	278,445,702
Deprec - Plant, Machinery & Eqpt	74,468,740	65,406,178
Depreciation - Furniture & Fittings	133,250,180	123,665,552
Depreciation - Computers and Equipment	237,847,426	214,804,906
Depreciation - Data server	41,736,091	41,598,869
Depr. Expenses - Generator	21,995,790	21,522,762
Software Amortization - VBFMIS	2,187,500	-
Amortization of ILMS	59,024,674	157,399,131
<b>Total Depreciation and Amortization</b>	<b>866,154,754</b>	<b>902,843,100</b>

### 18. ACTUAL GOVERNMENT SUBVENTION

Particulars	2021/22 TZS	2020/21 TZS
Government Subvention - PE	5,839,118,797	4,858,095,406
Non-Cash	(5,524,364,919)	(61,887,492)
<b>Total Cash PE Received</b>	<b>314,753,878</b>	
Add: Government Subvention - OC	7,408,306,616	
<b>Total Actual Government Subvention</b>	<b>7,723,060,494</b>	<b>4,796,207,914</b>

### 19. ACTUAL SALARIES, WAGES AND EMPLOYMENT BENEFITS

Particulars	2021/22 TZS	2020/21 TZS
Salaries, Wages and Employment Benefits	10,684,424,151	8,467,890,585
Non-Cash (PE Paid directly by Government)	(5,524,364,919)	22,682,012
<b>Total Actual Salaries, Wages and Employment Benefits</b>	<b>5,160,059,232</b>	<b>8,490,572,597</b>

### 20. CASH FLOW RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2022

Particulars	Notes	2021/22 TZS.	2020/21 TZS.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus / (Deficits) for the year		3,199,467,110	46,558,915,022
<b>Non-Cash Items:</b>			
Depreciation charge		866,154,754	902,843,099
Government Subvention - PE non cash Revenue		(5,524,364,919)	(61,887,492)
Government Subvention - PE non cash expenses		5,524,364,919	61,887,492
<b>Total Non-Cash Items</b>		<b>4,065,621,864</b>	<b>47,461,758,121</b>
<b>Changes in Working Capital:</b>			
(Increase)/Decrease in Receivables		(3,007,889,395)	27,947,285,075
(Increase) / Decrease in Inventory		(11,697,553)	8,260,204
Increase / (Decrease) in Payables		1,321,539,389	(68,897,857,885)
<b>Net Change in Working Capital</b>		<b>(1,698,047,560)</b>	<b>(40,942,312,606)</b>
Net cash flows from operating activities as per Cash flow Statement (A)		<b>2,367,574,304</b>	<b>6,519,445,515</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 21. FUNDS RECEIVED FOR ISSUING LOANS

Particulars	2022 TZS	2021 TZS
Balance as at 1 July - Subvention Received	2,822,123,522,973	3,624,677,905,450
Balance as at 1 July - VRF Capitalized	1,311,368,575,291	1,104,474,850,153
<b>Total Balance as at 01 July</b>	<b>4,133,492,098,264</b>	<b>4,729,152,755,603</b>
<b>Additions / (write-off):</b>		
Students Receivables - VRF	-	200,893,725,138
Value Retention Fee - VRF	2,765,636,284	(1,211,567,548,336)
Government Subvention	562,590,893,384	415,013,165,860
<b>Total Loanable Funds</b>	<b>4,698,848,627,932</b>	<b>4,133,492,098,265</b>

### 22. RECOVERED STUDENTS' LOANS

Particulars	2022 TZS	2021 TZS
Balance as at 1 July	957,290,359,666	776,359,639,247
Collected During the year	180,724,164,107	180,930,720,420
<b>TOTAL</b>	<b>1,138,014,523,773</b>	<b>957,290,359,667</b>
<b>Less: Amount Recovered for Loans Issued by HESLB during the year</b>	<b>180,724,164,107</b>	<b>180,930,720,420</b>
Recovered up to Previous Financial Year	903,511,258,500	722,580,538,081
<b>Total Recovered Students' Loans</b>	<b>1,084,235,422,607</b>	<b>903,511,258,501</b>
<b>Balance as at 30 June</b>	<b>53,779,101,166</b>	<b>53,779,101,166</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

**23. RECONCILIATION OF ACTUAL AMOUNT ON COMPARABLE BASIS AND CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

PARTICULARS	CASH FLOWS FROM OPERATING ACTIVITIES	CASH FLOWS FROM INVESTING ACTIVITIES	CASH FLOWS FROM FINANCING ACTIVITIES	TOTAL
	TZS	TZS	TZS	
Net Receipts/(Payment) as per statement of comparison of Budget and Basis differences	1,753,216,309	26,347,068,497	176,118,105,669	204,218,390,474
Open Commitments and Prepayments	1,753,216,309	18,964,870,428	-	20,718,086,737
Loan issued against Prior year Budget	-	7,382,198,068	-	7,382,198,068
Recovered Students's Loan against prior year Loans	-	-	176,118,105,669	176,118,105,669
Entity differences	11,756,978	-	(149,986,726,802)	(149,974,969,825)
Staff Loans receipt against Staff Loan Administration fees	-	-	12,711,600	12,711,600
Prior year Adjustment	-	-	561,598	561,598
Transferred to Consolidated Fund against Recovered Students's Loan	-	-	(150,000,000,000)	(150,000,000,000)
Other Income	11,756,978	-	-	11,756,978
<b>Total differences (Basis + Entity)</b>	<b>1,764,973,287</b>	<b>26,347,068,496</b>	<b>26,131,378,866</b>	<b>54,243,420,649</b>
<b>Net increase in Cash and Cash Equivalent as per Cash Flow Statement</b>	<b>1,764,973,286</b>	<b>26,347,068,497</b>	<b>26,131,378,866</b>	<b>48,706,499,243</b>

**24. FUNDS RECEIVED FOR ISSUING LOANS**

Particulars	2021/22	2020/21	
		TZS	TZS
Government Subvention	562,590,893,384	415,006,461,860	
Revenue Grant for Medical Students	800,000	6,704,000	
<b>TOTAL FUNDS RECEIVED FOR ISSUING LOANS</b>	<b>562,591,693,384</b>		<b>415,013,165,860</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 25. LOAN ADMINISTRATION FEES

Particulars	2021/22 TZS	2020/21 TZS
Opening (Receivable)	51,285,956,226	46,599,167,532
LAF Revenue for the year	5,423,153,877	5,275,780,818
Closing (Receivable)	(52,103,051,664)	(51,285,956,226)
<b>Cash Received</b>	<b>4,606,058,439</b>	<b>588,992,124</b>

### 26. OTHER INCOME (CASH RECEIPT)

Particulars	2021/22 TZS	2020/21 TZS
Miscellaneous Income	2,202,550,935	3,650,161,399
Decrease of Provision on impairment of students' loans (Non Cash)	(2,190,793,957)	(3,634,003,640)
Receipt from Disposal of Assets	-	57,799,500
<b>Cash Income</b>	<b>11,756,978</b>	<b>73,957,259</b>

### 27. OTHER INCOME (REVENUE)

Particulars	2021/22 TZS	2020/21 TZS
Receipt from Disposal of Assets	-	57,799,500
Miscellaneous income	2,202,550,935	3,650,161,399
<b>Total Interest Income</b>	<b>2,202,550,935</b>	<b>3,707,960,899</b>

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 28. LIST OF TRANSACTIONS/BALANCES WITH OTHER GOVERNMENT ENTITIES

S/N	Goods/services received	Name of entity provided goods/services	Amount Paid (TZS)	Payable Balance (TZS)
1	Electricity Service	TANESCO	81,273,485.26	
2	Maintanance And Service (Motor Vehicles)	TAMESA	8,522,913.88	
3	Internet Services	TTCL	264,239,724.94	
4	Rent Office Accommodation	PSSSF	514,548,102.32	12,357,711.36
5	LOAN	PSSSF	-	187,767,046,750.00
6	Rent Office Accommodation	NSSF	81,522,000.00	
7	Water Charges Service	DAWASA	77,263.00	
8	Water And Waste Disposal	DAWASCO	2,929,273.85	
9	Fuel And Motor Vehicle	GPSA	665,269,751.01	
10	Audit Fees & Rent Office Accommodation	CAG	244,681,556.00	
11	Rent Office Accommodation	ZSTC	33,411,882.62	
12	Conference Facility Services	APC	26,151,839.88	
13	Courier Services	POSTA(TPC)	44,426,760.00	
14	Security	SUMA JKT	137,795,680.00	
15	Training	IAA	19,000,000.00	
16	Training	NBAA	23,340,000.00	
17	Training	UONGOZI INSTITUTE	2,600,000.00	
18	Office Renovation	TBA (Tanzania Building Agency)	30,452,636.72	
19	SABASABA EXHIBITION	TANTRADE	2,935,360.00	
20	Training	TAPSEA	3,200,000.00	
21	EXHIBITION	TCU	2,500,000.00	
22	Rent Office Accommodation	NHC	29,055,128.05	
23	Training	PSPTB	1,910,000.00	
24	Training	Tanzania Public Service College (TPSC)	15,190,000.00	
25	Drugs And Medicines	OCEAN ROAD CANCER INSTITUTE	1,080,000.00	
26	Adverstement Services	Tanzania Broadcasting Corporation	24,898,000.00	
27	Subscription Fees And Tuition Fees	Institute Of Directors	6,600,000.00	
28	Insurance Services	National Insurance Corporation (NIC)	77,893,927.29	
29	Training	TRAMPA	800,000.00	
			2,346,305,284.82	187,779,404,461.36

### 29. OPERATING LEASE

HESLB has Lease agreement with PSSSF for an office in Arusha, NAO Office in Dodoma, NAO Office in Mbeya, PSSF Office in Mtwara, PSSSF Office Mwanza and ZSTC in Zanzibar. The terms of agreement period are one-year rental payable for the office of Arusha, Dodoma, Mwanza, Mbeya, Mtwara and three years rental payable for Zanzibar Office. Lease agreements are renewal. All lease agreements are operating leases.

### 30. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others. The directors have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the extent of the possible effects of the pandemic to HESLB. It is reasonably

## **HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require material adjustments to the carrying amounts of the assets or liabilities reported in the financial statements.

The potential impact of the COVID-19 pandemic on the key statement of financial position line items could include impairment of receivables and amounts due from related parties if the related parties' businesses were to be significantly affected by the pandemic. At the time of issuing the financial statements, the directors had no reason to believe that this is likely to happen. Furthermore, the directors believed that HESLB will be a going concern for the foreseeable future having considered the available assets and the directors' specific responses and actions.

The directors are not aware of any other matter or event arising since the end of the financial period that requires disclosure in or adjustment to the financial statements.

### **31. CONTINGENT LIABILITIES - LITIGATIONS**

As at 30 June 2022, the Board had pending litigations in which it was a plaintiff in several lawsuits. Considering legal advice from HESLB lawyers and Office of the Solicitor General, the Board of directors does not believe that these lawsuits will result immaterial cash outflow from HESLB.

#### **31.1 CASES RELATING TO STAFF**

##### **31.1.1 HESLB vs. Yusufu M Kisare, Misc. Application No.208 Of 2021**

Following the High Court's decision to uphold CMS's decision saves for payment of twelve (12) months remuneration as compensation for unfair termination and one-month salary in lieu of notice. Management sought an opinion from the Office of the Solicitor General, which opined to prefer an appeal; during the Quarter, Management made an application to the Court for an order of extension of time to file notice of appeal to the Court of Appeal. When the matter came for hearing on 25 April 2022, it was struck out for non-appearance of the Applicant. During the period, HESLB applied to the Court to set aside the dismissal order to allow determination of merit of the application. The matter is coming for hearing on 13 August 2022.

##### **31.1.2 Patience Mutabirwa and 99 Others Vs HESLB**

This dispute arose following suspension of various contractual allowances payable to HESLB staff. This followed the directives from the Ministry of Education, Science and Technology. Staff claim for payment of TZS 3,783,060,929.28 being an outstanding amount of allowance from 26 June 2016 to the date of filing the case. On 6 May 2022 the Commission for Mediation and Arbitration dismissed the application on ground that, it had no jurisdiction to entertain the matter. This followed a request by HESLB to seek CMA guidance, whether it still had jurisdiction to determine the matter,

## **HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

following the Court of Appeal Decision that made a position on the power of CMA to public servants.

### **31.1.3 Terminated six senior staff**

HESLB also monitors pending case by six terminated senior staff, where out of the said individuals five preferred an appeal Page 6 of 8 against the decision of the Public Service Commission. Out of the appealed staff, a final decision was made against one appellant, where the Office of the President confirmed that, their termination was procedural and fair. Fate of the rest of appellant is still pending at the President's Office. One staff, whose fate had already been determined to finality, sought a judicial review against the Presidents' decision. The Court was of the view that, all were in order. After successfully obtaining a leave to file a notice to appeal out of time, he served HESLB with a written submission in which HESLB is supposed to reply within 30 days and thereafter wait for a court course list to know a date in which the matter has been scheduled for hearing. We are still waiting for the course list.

## **31.2 OTHER CASES**

### **31.2.1 Misc. Civil Cause No. 16 of 2021: Alexander J. Barunguza vs. HESLB and ATTORNEY GENERAL.**

As Management reported in the previous quarters, the applicant is challenging provisions of Section 4, 6, 7(f), (g), (h), (i) and (j) of HESLB Act, Cap 178 as amended by the Written Laws (Miscellaneous Amendments) (No.3) Act, 2016. He claim that the provisions are unconstitutional as they offend provisions of Article 12(2), Article 14 and Article 13(6) (a) of the Constitution of United Republic of Tanzania. In view of his claim, he requests the Court to declare previous outstanding HESLB debts null and void as fundamental and basic rights cannot be for sale. The matter is pending for judgement on notice.

### **31.2.2 HESLB vs Tanzania Building Works (TBW)**

The dispute stems from refusal by the Contractor (TBW) to pay the Client (HESLB) TZS 1,585,105,034.98 being an amount established by the Consultant following termination of contract for non-performance. In the same vein, the Contractor counter claimed for the payment of TZS 4,624,063,127.00 for alleged breach of contract and other claims. The matter was referred to the National Construction Council (NCC) for arbitration where parties appointed Mr. Evans S. Wapalila a sole arbitrator. The hearing completed and having paid for the service, on 12th July, 2022 HESLB collected the arbitral award. The decision was to the effect that, the Contractor TBW breached the contract, therefore was to refund HESLB TZS. 1,082,077,789.51; in the same vein, it was declared that the Page 7 of 8 contractor was entitled to TZS 685,688,732.49 being value of materials ordered by the Respondent before the breach occurred. However, the Arbitrator rejected the Counter Claim of TZS 4,624,063,127.00 prayed by the Contractor. The Solicitor General is still studying the award, he will advise as appropriate.

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### 31.2.3 Msolopa Auction Mart vs HESLB

In this matter the Claimant (Msolopa) claims against HESLB is for the payment of the sum of TZS 1,532,319,360.82/= for unpaid commission for work done before contract was terminated. HESLB has a counter claim of TZS 753,530,087.00. The matter has been pending for crossexamination of Respondent (HESLB) witness. Additionally, On 19 February 2021, the Arbitrator dismissed the Claimant claim against HESLB for reason of non-payment of arbitration fee. Following new Arbitration Rules, the Arbitrator was to be reaccredited. Now that the arbitrator has been accredited, we are waiting for Arbitrator order about hearing as the matter has been reassigned to a new State Attorney for prosecution.

### 31.2.4 Travel Link Ltd vs HESLB

The Plaintiff sued HESLB for breach of contract and claims USD 20,844.00 (United State Dollars Twenty Thousand Eight Hundred and Forty-Four) and TZS 2, 272,000.00 (Tanzania Shillings Two Million Two Hundred Seventy-Two Thousand) being an outstanding amount of the contract as well as general damages, interest and costs of the suit. The hearing for this matter has been completed, Parties have been ordered to file their final submission by 18 July 2022 and judgement will be delivered on 27 July 2022.

### 31.2.5 In the Matter of Arbitration Act Cap 15 Renovex vs HESLB Claimant

(Renovex) who was a debt collector, following termination of the contract filed a case against HESLB before the Tanzanian Institute of Arbitrators claiming for his alleged unpaid commission for work done before contract was terminated. The matter is pending for a ruling on Preliminary Objection on point of law raised by HESLB challenging the Jurisdiction of the Arbitrator. The matter is pending for payment of arbitrator's fee by the Claimant, after which each party will collect the ruling. No new update.

### 31.2.6 Civil Case No. 260 of 2019: HESLB vs. Hematec Investment Ltd

HESLB (Plaintiff) claims against Hematec (Defendant) for payment of arrears of statutory deductions, which were to be remitted to the HESLB within fifteen (15) days after the end of each month. The claim is in respect of its sixteen (16) employees who are loan beneficiary for loan repayment amounting to TZS 64, 254,792.00. The amount covers the period from February 2017 to January 2019 and TZS 80,318,400.00 being outstanding penalties for the late remittance of the statutory deduction between February 2017 and January 2019. The matter was scheduled for hearing on 19 July 2022.

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### 32. COMPARATIVE FIGURES

Previous year figures have been re-grouped whenever considered necessary in order to make them comparable with current year's figures.

### ANNEXURE

*Annexure 1: List of Higher Learning Institutions and strategic partners*

S/N	Name of Higher Learning Institution
1	AbdulRahman Al-Sumait Memorial University (SUMAIT)
2	Aga Khan University (AKA)
3	Archbishop Mihayo University College of Tabora (AMUCTA)
4	Archbishop James University College (AJUCO)
5	Ardhi University (ARU)
6	Arusha Technical College (ATC)
7	Catholic University of Health and Allied Sciences (CUHAS)
8	Center for Foreign Relations Dar es Salaam (CFR)
9	College of African Wildlife Management Mweka (CAWM)
10	College of Business Education Mwanza (CBE-MZ)
11	College of Business Education Dar es Salaam (CBE - DSM)
12	College of Business Education Dodoma (CBE - DOM)
13	University of Dar es salaam (UDSM)
14	UDSM- College of Engineering and Technology (COET)
15	Dar es Salaam Institute of Technology (DIT)
16	Dar Es Salaam Maritime Institute (DMI)
17	Dar es Salaam University College of Education (DUCE)
18	Eastern Africa Statistical Training Centre (EASTC)
19	Eastern and Southern African Management Institute (ESAMI)
20	Hubert Kairuki Memorial University (HKMU)
21	Institute of Accountancy Arusha - Arusha (IAA - Arusha)
22	Institute of Adult Education (IAE)
23	Institute of Finance Management (IFM)
24	Institute of Finance Management Mwanza (IFM-MZA)
25	Institute of Public Administration - Zanzibar (IPA)
26	Institute of Rural Development Planning (IRDP-DOM)
27	Institute of Rural Development Planning- Lake Zone Centre (IRDP-MZA)
28	Institute of Social Work (ISW)
29	Institute of Social Work- Mwanza Campus (ISW-MZA)
30	Institute of Tax Administration (ITA)
31	Jordan University College (JUCO)
32	Kampala International University in Tanzania (KIU)
33	Karume Institute of Science and Technology (KIST)
34	Kilimanjaro Christian Medical College (TU-KCMC)
35	Marian University College (MUCO)
36	Mbeya University of Science and Technology (MUST)
37	Mkwawa University College of Education (MUCE)
38	Moshi Cooperative University (MoCU)
39	MS Training Centre for Development Cooperation

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

S/N	Name of Higher Learning Institution
40	Muhimbili University of Health and Allied Sciences (MUHAS)
41	Muslim University of Morogoro (MUM)
42	Mwenge Catholic University (MWECAU)
43	Mzumbe University Main Campus (MU-MORO)
44	Mzumbe University Mbeya College (MU-MBY),
45	National Institute of Transport (NIT)
46	Open University of Tanzania (OUT)
47	Ruaha Catholic University (RUCU)
48	sebastian Kolowa Memorial University (SEKOMU)
49	Sokoine University of Agriculture (SUA)
50	St. Augustine University in Tanzania Mbeya Center (SAUT - MBY)
51	St. Augustine University of Tanzania (SAUT MZA)
52	St. Augustine University of Tanzania (SAUT ARS)
53	St. Francis University College of Health Sciences (SFUCHAS)
54	St. Johns University of Tanzania (SJUT)
55	St. Joseph University College of Health and Allied Sciences (SJUCAS)
56	UDSM School of Journalism and Mass Communication UDSM - SJMC)
57	St. Joseph University in Tanzania Engineering and Technology (SJUIT)
58	State University of Zanzibar (SUZA)
59	Stefano Moshi Memorial University College (SMMUCO)
60	Stella Maris Mtwara University College (STEMMUCO)
61	Tanzania Institute of Accountancy - (TIA MZA)
62	Tanzania Institute of Accountancy -(TIA -SGD)
63	Tanzania Institute of Accountancy (TIA-DSM)
64	Tanzania Institute of Accountancy (TIA-MBY)
65	Tanzania Public Service College Dar es Salaam Campus (TPSC-DSM)
66	Tengeru Institute of Community Development (TCDTI)
67	Teofilo Kisanji University (TEKU)
68	Teofilo Kisanji University (TEKU -DSM)
69	The Mwalimu Nyerere Memorial Academy (MNMA-DSM)
70	The Mwalimu Nyerere Memorial Academy Zanzibar (MNMA-ZNZ)
71	Tumaini University Makumira (TUMA)
72	Tumaini University Dar es Salaam College (TUDARCO)
73	Unique Academy Dar es Salaam
74	United African University of Tanzania (UAUT)
75	University of Arusha (UoA)
76	University of Dar es Salaam (UDSM)
77	University of Dodoma (UDOM)
78	University of Iringa (UoI)
79	Water Development Management Institute (WDMI)
80	Zanzibar University (ZU)
81	Mount Meru University (MMU)
82	Mount Meru University Mwanza (MMU-MZA)
83	Law School of Tanzania
84	Mwalimu Julius Nyerere University of Agriculture and Technology (MJNUAT)

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

S/N	Name of Higher Learning Institution
85	MS Training Centre for Development cooperation (MSTCDC)
86	Institute of Accountancy Arusha - Dar es Salaam (IAA - Dar es Salaam)
B	Name of Strategic Partner
1	Tanzania Social Action Fund (TASAF)
2	Registration, Insolvency and Trusteeship Agency (RITA)
3	Association of Tanzania Employers (ATE)
4	National Social Security Fund (NSSF)
5	Public Service Social Security Fund (PSSSF)
6	Business Registration and Licensing Authority (BRELA)
7	Committee of Vice Chancellors, Principals and Provosts of Tanzania (CVCPT)
8	Tanzania Higher Learning Institutions Students' Organization (TAHLISO)
9	Social Action Trust Fund (SATF)
10	Tanzania Private Sector Foundation (TPSF)