

REPORT OF THE CONTROLLER AND AUDITOR GENERAL



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



ISO 9001:2015 Certified

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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**

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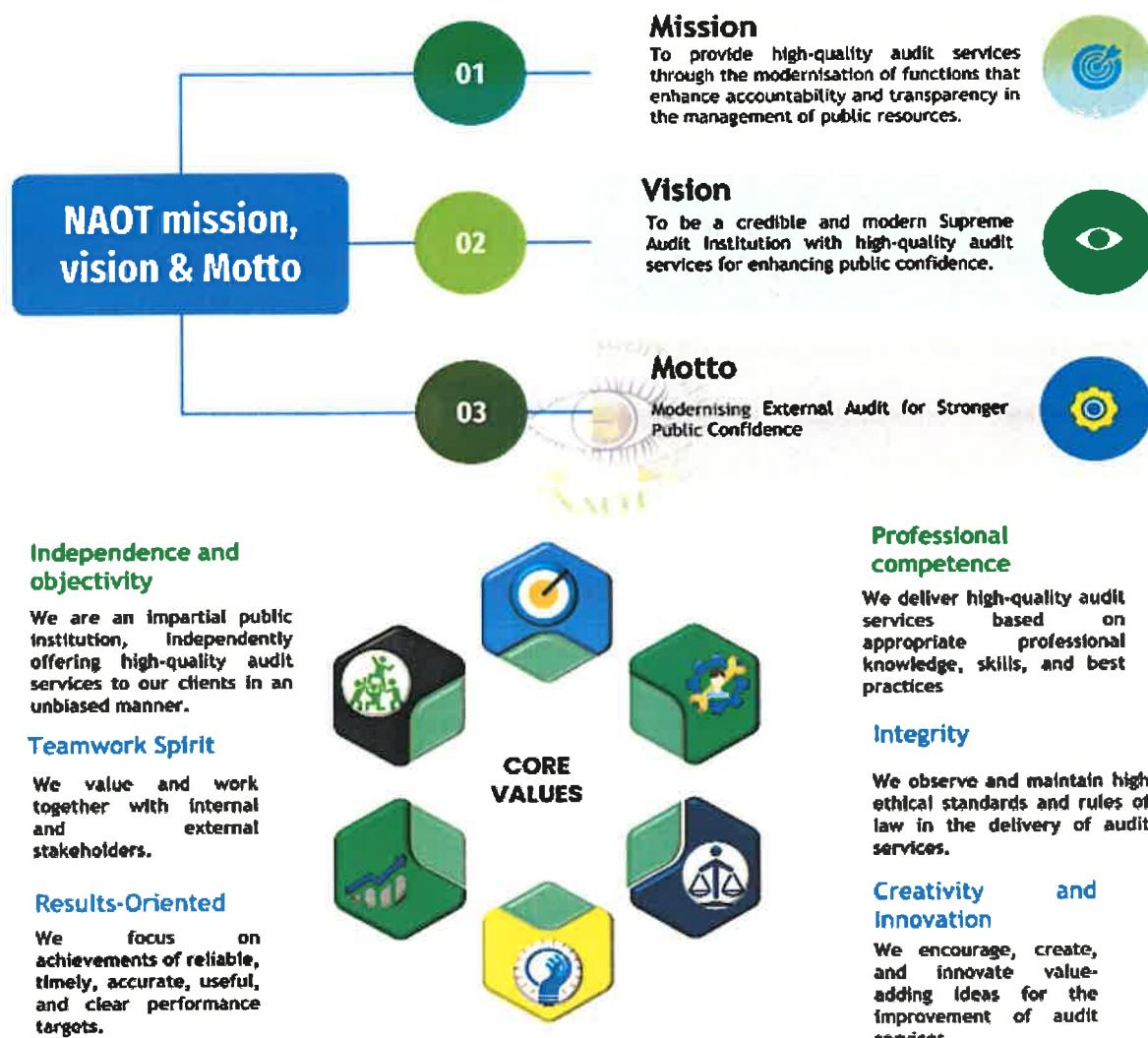
March 2024

AR/PA/HESLB/2022/23

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[R.E 2021]



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Abbreviations

AAHEFA	Association of African Higher Education Financing Agencies
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
BoD	Board of Directors
CAG	Controller and Auditor General
DiDiS	Digital Disbursement System
ED	Executive Director
e-GA	e-Government Authority
EIR	Effective Interest Rate
EUL	Estimated useful life
EXCOM	Executive Management Committee
FPA	Finance, Planning and Administration
GAS	Grand Automation & System Integration
GAVP	Generally Acceptable Valuation Principles
GePG	Government electronic Payment Gateway
GovESB	Government Enterprise Service Bus
HEET	Higher Education for Economic Transformation
HESLB	Higher Education Students' Loans Board
HIV	Human immunodeficiency virus
HLIs	Higher Learning Institutions
ICT	Information Communication Technology
iLMS	Integrated Loan Management System
IPSAS	International Public Sector Accounting Standards
IPSAS	International Public Sectors Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
KPIs	Key Performance Indicators
LARC	Loan and Repayment Committee
LF	Loanable Fund
MEL	Monitoring, Evaluation and Learning
MGov	Mobile Gov
MIE	Middle-Income Economy
MoEST	Ministry of Education Science and Technology
MoFP	Ministry of Finance and Planning
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OLAMS	Online Loan Application and Management System
OLAS	Online Loan Application System
OTR	Office of Treasury Registrar
PA	Per Annum
PAC	Public Accounts Committee
PAYE	Pay as You Earn
PDO	Project Development Objective
PE	Personal emoluments
PLC	Public Listed Company

SACCOs	
SOPs	Standard operating procedures
TFRS	Tanzania Financial Reporting Standard
TR	Treasury Registrar
TVS	Trainees Voucher Scheme
TZS	Tanzania Shillings
URT	United Republic of Tanzania
VAT	Value Added Tax
VC	Vice Chancellor
VoIP	Voice over Internet Protocol
VRF	Value Retention Fee
W.I.P	Work-In-Progress
WB	World Bank
WCF	Worker's Compensation Fund



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 2023, 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 Higher Education Students' Loans Board as at 30 June 2023, and 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.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are 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, statement of management responsibility and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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 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.
- 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 our 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 benefits 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, Cap 410 [R.E 2022] 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.

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 the Higher Education Students' Loans Board for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works 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 2022/23 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 2024



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2.1 INTRODUCTION

The Higher Education Students' Loans Board (HESLB) is a body corporate established by the Higher Education Students' Loans Board Act No. 9 of 2004, (as amended) CAP 178 (HESLB Act). It has been in operation since July 2005. Currently, HESLB is under the Ministry of Education, Science and Technology. Its main objective is to assist, on a loan basis, eligible students admitted to accredited higher learning institutions, but their families cannot afford to support them fully or partly. HESLB is also mandated to issue grants. In addition, HESLB is charged with the mandate of collecting all due mature loans from previous loan beneficiaries since 1994 onwards. Therefore, it is an institution translating the cost sharing policy in the higher education financing.

The Board of Directors of the Higher Education Students' Loans Board submits its Annual Financial Report for the financial year ended 30 June 2023, which discloses HESLB's state of affairs for the period. The Report has been prepared in accordance with the provisions of Sect 25(4) of the Public Finance Act. Cap 348 [R.E. 2020] and complies with Tanzania Financial Reporting Standard No. 1 (TFRS 1).

2.2 OFFICE LOCATIONS

HESLB has head office and seven zonal Offices located around the United Republic of Tanzania as follows; -

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

STRATEGIC GOALS AND PLAN

2.3 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

2.3.1 Vision

To become a reliable and sustainable tertiary education students financier in Tanzania

2.3.2 Mission

To sustainably manage issuance of tertiary education loans and grants to eligible Tanzanian students and loans collection by embracing innovation, skilled workforce and synergies.

2.3.3 Core Values

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

- i) Accountability
- ii) Customer-centric
- iii) Teamwork
- iv) Professionalism
- v) Innovation
- vi) Equity

2.3.4 Principal Activities of HESLB

As prescribed under the HESLB Act, the principal HESLB activities includes:

- 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.

2.4 COMPOSITION, FUNCTION AND POWERS OF THE BOARD

2.4.1 Composition of the Board

The President appoints Chairman of the Board, who serves a four-year tenure renewable whereas the Minister for Education, Science and Technology appoints other members for three years, renewable once. Members appointed by the Minister represents various key constituencies in the higher education financing ecosystem such as tertiary education regulators (Tanzania Commission for Universities (TCU) and National Council for Technical and Vocational Education Training (NACTVET)); Ministries of Education (both Tanzania Mainland and Tanzania Zanzibar); Ministries of Finance (both Tanzania Mainland and Tanzania Zanzibar); Office of the Attorney General and a representative of higher education students.

REPORT BY THOSE CHARGED WITH GOVERNANCE

HIGHER EDUCATION STUDENTS' LOANS BOARD

It may be recalled that, according to HESLB Act, the Board of Directors may co-opt any person to seat in the Board or any of its committee, but at no single point in time the co-opted member can enjoy voting rights

Table 1: Board of Directors who served during the period

Sn	Full Name	Status	Age (Years)	Academic Discipline	Nationality	Appointed
1	Prof. Hamisi O. Dihenga	Chairperson	73	PhD (Agricultural Engineering)	Tanzanian	December-2021
2	Ms. Salama R. Makame	Vice Chairperson	47	MA (Demography)	Tanzanian	Aug-2020
3	Prof. Charles D. Kihampa	Member	52	PhD in Chemistry	Tanzanian	Aug-2020
4	Dr. Adolf B. Rutayuga	Member	60	PhD (Education)	Tanzanian	Aug-2020
5	Dr. Ernest S. Mwasalwiba	Member	53	PhD (Entrepreneurship Education & Impact Assessment)	Tanzanian	Aug-2020
6	Ms. Theresia E. Henjewelee	Member	51	MSc (Economics) & MA (Economic Policy Management)	Tanzanian	Aug-2020
7	Ms. Tenelife E. Mwatebelwa	Member	25	Student of Bachelor of Science in Statistics	Tanzanian	Aug-2020
8	Mr. Haruni B. Matagane	Member	43	LL.M (Oil and Gas)	Tanzanian	Aug-2020
9	Mr. Iddi K. Haji	Member	60	PGD (Financial Management)	Tanzanian	Jan-2021

2.4.2 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 granting, repayment and recovery of loans issued to students;
- 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.

2.4.3 Powers of the Board

Without prejudice to Section 6 of the HESLB Act Cap 178, 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;
- 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 loans 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;

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- 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;
- xvii) 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.

2.5 COMMITTEES OF THE HESLB GOVERNING BOARD

For smooth operation of the functions of the Board of Directors, the HESLB Act mandates the Board to form not more than three Committees from among its members to discharge various functions. The current Committees as reflected in the Board of Directors Charter are the Loans Allocation and Repayment Committee (LARC), the Finance, Planning and Administration Committee (FPA), and the Audit and Risk Committee (ARC). All Committees reports to the Board of Directors quarterly or as the need may arise

2.5.1 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.

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	6/6	6/8
2	Dr. Adolf B. Rutayuga	Member	PhD (Education)	4/6	6/8
3	Ms. Tenelife H. Mwatebela	Member	Student of Bachelor of Science in Statistics	6/6	7/8
4	Mr. Iddi K. Haji	Member	PGD (Financial Management)	6/6	7/8

Source: HESLB Committees' Reports

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HIGHER EDUCATION STUDENTS' LOANS BOARD

The activities performed by this Committee ensured close monitoring of loans allocation, disbursement and repayment. It also reviewed and endorsed various operational manuals guiding Management on loans processing, disbursement, repayment and recovery.

2.5.2 Finance, Planning and Administration Committee (FPA)

According to HESLB Board Charter, FPA Committee is charged with the responsibility of dealing with various support functions such as finance, budgeting, legal affairs, procurement Management, 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)	4/5	6/6
2	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	5/5	6/6
3	Mr. Haruni B. Matagane	Member	LL.M (Oil and Gas)	5/5	6/6
4	Mr. Paul R. Bilabaye	Member – co-opted	CPA(T), CPSP, MBA Corporate Management	5/5	Was not yet appointed

Source: HESLB Committees' Reports

The meetings held by this Committee ensured close monitoring of budget implementation as approved by the Government and the BoD. It further 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.

2.5.3 Audit and Risk Committee (ARC)

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

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

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ARC mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with International Public Sector Accounting Standards (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 to ensure that 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.

Regarding External Audit, the Audit and Risk 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 those 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)	5/6	6/6
2	Ms. Salama R. Makame	Member	MA (Demography)	6/6	6/6
3	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	6/6	6/6
4	Mr. Paul R. Bilabaye	Member - co-opted	CPA(T), CPSP, MBA Corporate Management	5/6	5/6

Source: HESLB Committees' Reports

In addition to approving Internal Audit Plan committee made close follow up on the implementation of both internal and external audit findings thus contributing to significant reduction of audit queries.

2.6 SUMMARY OF MATTERS DISCUSSED IN BOARD MEETINGS DURING THE YEAR UNDER REVIEW

2.6.1 MEETINGS OF THE BOARD OF DIRECTORS

During the reporting period, the Board of Directors held all its four statutory meetings to discuss and deliberate on various strategic and compliance issues. Some of the notable deliberations during the year includes the following;

- i. Approved 2022/23 BoD meeting almanac. The almanac guided its subsequent meetings, which we are glad to report that, were convened as planned;
- ii. Received and deliberated on quarterly performance reports from its respective Committees;
- iii. Approved the Guidelines for issuance of loans and grants for Academic year 2022/23 application cycle;
- iv. Approved closure of 7 Zonal Bank accounts and opening of one Imprest Bank account. Closure of the said bank accounts was to leverage from the introduced Mfumo wa Uhasibu Serikalini (MUSE) which HESLB is proud to be connected to the said system.
- v. Approved Budget recast and reallocations, mid-term budget review for Financial Year 2022/23 and mid-term Annual Procurement Plan Review for Financial Year 2022/23.
- vi. Approved HESLB-MTEF budget for financial year 2023/24 and its corresponding Annual Procurement Plan (APP);
- vii. Received and deliberated on performance reports of all Committees.

Members Participated in Board of Directors meetings held are as shown in table 1.5

Table 5: Board of Directors meetings held during the year

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				2022/2023	2021/2022
1	Prof. Hamisi O. Dihenga	Chairperson Appointed Dec 2021	PhD Agriculture Engineering)	5/5	3/5
2	Ms. Salama R. Makame	Vice Chairperson	MA (Demography)	5/5	5/5
4	Prof. Charles D. Kihampa	Member	PhD in Chemistry	3/5	4/5
5	Dr. Adolf B. Rutayuga	Member	PhD (Education)	5/5	5/5
6	Dr. Ernest S. Mwasalwiba	Member	PhD (Entrepreneurship Education & Impact Assessment)	4/5	4/5
7	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	4/5	4/5

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8	Ms. Tenelife E. Mwatebela	Member	Student of Bachelor of Science in Statistics	5/5	5/5
9	Mr. Haruni B. Matagane	Member	LL.M (Oil and Gas)	4/5	5/5
10	Mr. Iddi K. Haji	Member	PGD (Financial Management)	3/5	5/5

Source: HESLB Board of Directors' Reports

2.7 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 in compliance with sound corporate governance principles. The Board believes in 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.

2.8 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, HESLB has well-qualified and committed staff dedicated to a long-term career in HESLB. The management maintains continuous training programmes to its staff to keep them 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 and implementation of 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.

2.9 CASH FLOW PROJECTION

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

Furthermore, HESLB continued to implement the Higher Education for Economic Transformation (HEET) project worth USD 4 million (Equivalent to TZS 9,216,785,200) financed by the World Bank (WB). A five years project with an overall objective of strengthening the learning environment and labour market alignment of priority programs and enhancing the delivery of knowledge to produce graduates who meet the demand and standard of the current and future labour market

2.10 SOLVENCY

The Board of Directors confirms that the current financial position of HESLB is robust and as per review conducted, 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 to continue with its operations for the foreseeable future.

The BoD considers different alternative financing mechanisms that can assure flow of finance to meet both recurrent and development commitments. HESLB's main goal is to ensure it remains as vibrant organisation in terms of sustainability and proper management of the loanable funds for ensured reliability to tertiary education students in the country.

As a public Institution that needs to have reliable, growing, independent and sustainable sources of financing. Profit making motive is not HESLB's key objective rather it is focused on ensuring that the Institution upholds liquidity and is continually able to meet her mandate.

Table 6: Liquidity Ratios

Ratio	2022/23	2021/22
Current Ratio	9.22:1	151.29:1
Acid Test Ratio	9.22:1	151.25:1

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

2.11 SERVICE PERFORMANCE INFORMATION

The Entity's Service Performance Information discloses information needed for accountability and decision-making purpose, primarily to help users of the report by Those Charged with Governance to understand what the entity had set out to achieve (target) and what it has

achieved (results). The service performance information is generally a mix of qualitative and quantitative reporting.

Table 7: Summary of Service performance information (Explained further in respective sections)

Objectives	<ul style="list-style-type: none"> i. Assume responsibility for the control and management of all loanable funds ii. Grant loan moneys to eligible Tanzanian students for higher tertiary education iii. Recover all loan moneys owed by former student loan beneficiaries since July, 1994 iv. Equitable facilitation of access to Technical and Higher Education Institutions v. Efficient and effective delivery of services to customers and stakeholders
Strategies	<ul style="list-style-type: none"> i. Establish operational links between HESLB and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loanable funds ii. Establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted iii. Establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international iv. Increase application of information and communication Technologies and timely information exchange with stakeholders v. 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
Target	Equitably provide Loans and grants to needy and eligible Tanzanian students for higher tertiary education and manage efficiently and effective financial resources
Risks	<ul style="list-style-type: none"> i. Financial ii. Strategic iii. Reputational iv. Compliance v. Operational

REPORT BY THOSE CHARGED WITH GOVERNANCE

HIGHER EDUCATION STUDENTS' LOANS BOARD

Impact	Tanzanian higher education students provided with loans and grants for studies
Mitigation	Mitigate inability for Tanzanian students to pay for higher and tertiary education
Input	Grants and Loanable Funds
Processes	i. 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 ii. Keeping register and other records of students' loan beneficiaries
Outputs	Loans and grants for needy and eligible Tanzanian students to undertake higher and tertiary education.
Outcome	Reliable and sustainable higher education revolving fund
KPIs	Amount of Loan Disbursed Students Loans Disbursement time in Days Number of Loan Applicants Students loans allocation time in days Number of Research Conducted/Commissioned Percentage of Burning rate - loanable fund Amount of Revolved fund Amount of Government Subvention Amount of Actual loanable expenditure
Implementation Status	<ul style="list-style-type: none"> ➤ For the financial year 2022/2023 HESLB had allocated loans to 198,105 students (73,513 first year students and 124,592 continuing students). Allocated loans amounting to TZS 653,980,631,722.00 (TZS 227,470,199,040.00 to first year students and TZS 426,510,432,682.00 to continuing students). Allocated SAMIA scholarships to 636 students amounting to TZS 2,995,009,174.00. ➤ Male-female ratio remained more-or-less the same at 59/41 this year from 58/42 last financial year and share of high impact programs (Cluster 1) increased from 31% to 33%. ➤ Similarly, total loans of TZS 636,420,710,421.25 has been disbursed (TZS 634,191,136,171.25 for local undergraduate students, TZS 1,642,986,250.00 for postgraduates, TZS 586,588,000.00 for Overseas continuing students and TZS 2,402,415,825.00 to SAMIA Scholarship).
Budgeted Fund (TZS)	683,052,829,714
Actual Fund (TZS)	712,762,125,928

2.12 STRATEGIC PLAN

The Higher Education Students' Loans Board has a five-year Strategic Plan (2022/23 - 2026/27) which envisages to realize the nine strategic objectives as listed below: -

- i) Reduce Non-communicable diseases and HIV/AIDS infections and improve Support Services;
- ii) Enhance, Implement and Sustain National Anti - Corruption Strategy;

**REPORT BY THOSE CHARGED WITH GOVERNANCE
HIGHER EDUCATION STUDENTS' LOANS BOARD**

- iii) Improve Working Facilities, Staff Capacity, Welfare and Infrastructure;
- iv) Mobilize and diversify financial sources;
- v) Increase Access to loans and grants;
- vi) Improve Public awareness, compliance and collaboration;
- vii) Increase Customer Satisfaction;
- viii) Maintain a Cost-Effective Organization and Increase operational efficiency; and
- ix) Strengthen corporate governance and Performance culture.

2.13 RELATIONSHIP AND MEMBERSHIP WITH OTHER INSTITUTIONS (NETWORKING)

2.13.1 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 HESLB clients.

2.13.2 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.

2.13.3 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.

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

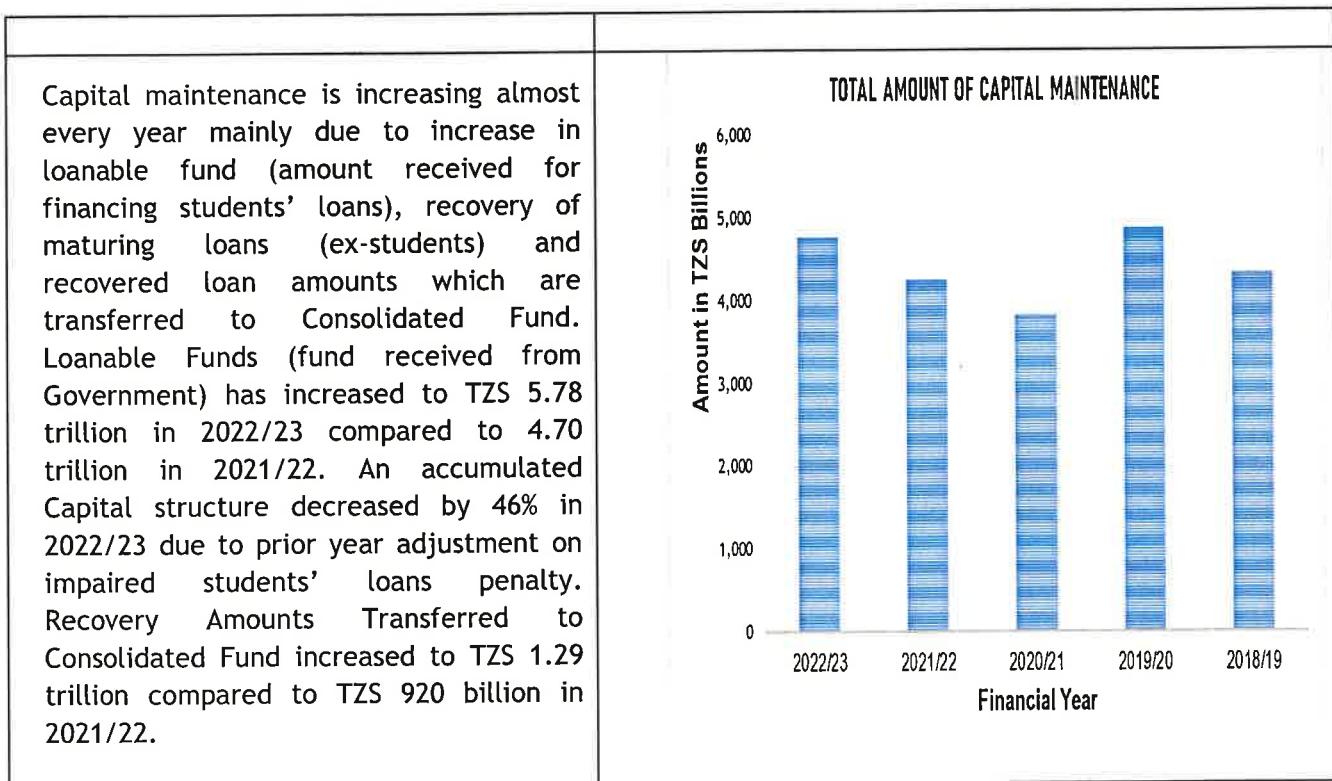
REPORT BY THOSE CHARGED WITH GOVERNANCE

HIGHER EDUCATION STUDENTS' LOANS BOARD

Table 8: Capital Structure

Description	2023	2022	2021	2020	2019
	TZS	TZS	TZS	TZS	TZS
Loanable Funds	5,777,619,086,066	4,698,848,627,931	4,133,492,098,265	4,728,828,247,159	4,218,927,515,961
Recovered Students' Loans	53,779,101,166	53,779,101,166	53,779,101,166	244,530,672,187	53,779,101,166
Transferred to Consolidated Fund	(1,288,127,310,991)	(920,002,637,399)	(770,002,637,399)	(573,404,784,950)	(416,826,264,030)
Staff Loans Revolving Funds	1,597,530,146	1,696,408,599	1,683,696,999	1,580,691,837	1,580,691,837
Deferred Grant Restricted (HEET)	2,238,347,554	2,182,207,386	-	-	-
Accumulated Surplus/(Deficits)	223,775,322,831	413,144,549,653	395,675,110,218	465,376,887,694	472,566,557,325
Total Amount of Capital	4,770,882,076,772	4,249,648,257,337	3,814,627,369,249	4,866,911,713,926	4,330,027,602,259

Source: HESLB Financial statement of FY 2022/23



REPORT BY THOSE CHARGED WITH GOVERNANCE
HIGHER EDUCATION STUDENTS' LOANS BOARD

2.15 FINANCIAL PERFORMANCE FOR THE YEAR

a) Revenue

During the year under review, HESLB recorded revenue amounting to TZS 39,044,384,023 compared to TZS 23,852,506,476 for the year 2022/22. Reasons for the increase was due to Government Grant Development Local, accrued LAF, Government subvention, Government Grant Development Foreign for HEET project and Revenue Grants for scholarship. Refer Table 9 below.

Table 9: Revenue Collected

Revenue	2023	2022	2021	2020	2019
	TZS	TZS	TZS	TZS	TZS
Government Subvention - PE	6,427,995,096	5,839,118,797	4,858,095,406	4,388,881,271	4,610,909,243
Government Subvention - OC	12,120,000,000	7,408,306,616	-	-	-
Government Grant Development Local	5,000,000,000	-	-	-	-
Revenue Grants	2,377,845,975	800,000	6,704,000	1,345,006,092	2,984,313,866
Value Retention Fee (VRF)	-	-	6,000,000,000	-	-
Penalty on Repayment	23,545,469	-	41,895,430,798	25,676,750,993	8,561,275
Loan Administration Fees	6,340,538,948	5,423,153,877	5,275,780,818	3,674,103,481	4,225,420,058
Application Fees	3,029,271,700	2,978,576,251	2,887,322,300	2,641,644,205	853,230,000
Interest Income	-	-	25,814,127	29,239,817	32,196,943
Government Grant Development Foreign	3,714,326,735	-	-	-	-
Other Income	10,860,100	2,202,550,935	3,707,960,899	130,778,060	382,453,565
Total Revenue	39,044,384,023	23,852,506,476	64,657,108,349	37,886,403,918	13,097,084,950

Source: HESLB Financial statement for FY 2022/23

b) Expenditure

During the year, HESLB incurred expenditure amounting to TZS 34,713,768,910 compared to TZS 19,786,884,612 reported for the year 2021/22. The significant difference was caused by increase of number of staff, increase of payables and provision of bad debts recorded during the year.

Table 10: Expenditure

Expenditures	2023	2022	2021	2020	2019
	TZS	TZS	TZS	TZS	TZS
Salaries, Wages, and Employment Benefits	11,203,688,052	10,684,424,151	8,467,890,585	7,534,548,899	5,929,166,597
Supplies and Consumables	13,495,501,921	9,101,660,461	8,720,755,642	8,674,131,944	7,595,834,430
Interest Expenditures	-	-	-	22,331,032,877	21,527,863,014
Students' Grant Expenses	2,377,845,975	800,000	6,704,000	1,345,006,092	2,984,313,866
Other Expenses	7,636,732,962	-	-	1,924,057,993	-

REPORT BY THOSE CHARGED WITH GOVERNANCE

HIGHER EDUCATION STUDENTS' LOANS BOARD

Total Expenditure	34,713,768,910	19,786,884,612	17,195,350,227	41,808,777,804	38,037,177,907
Surplus/(Deficit)	4,330,615,113	4,065,621,864	47,461,758,122	(3,922,373,886)	(24,940,092,957)

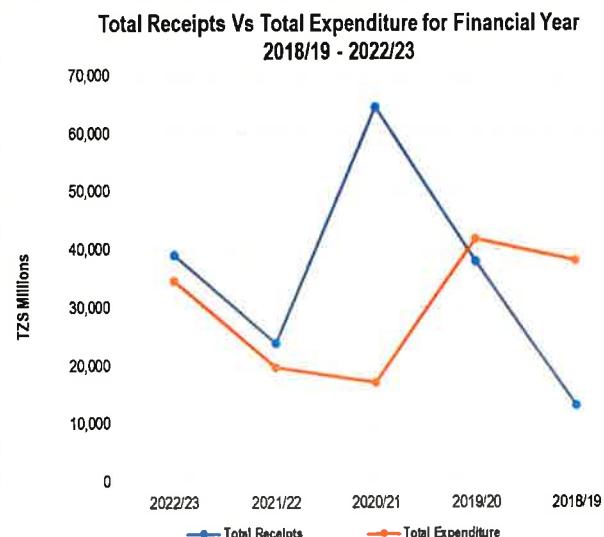
Source: HESLB Financial statement for FY 2022/23

c) Surplus

During the year ended 30 June 2023, the HESLB recorded a surplus of TZS 4,330,615,113 against a surplus of TZS 4,065,621,864 during the previous year (the recorded expenditure in the Table 10 above excludes depreciation and amortization for the year).

d) Trend of Revenue and Expenditure for five years

Expenditure has been stable during the last four years prior to 2022/23. On the other hand, revenue increased in 2022/23 compared with 2021/22; the increase in 2022/23 was due to received Government Grant Development Local, Government subvention, Government Grant Development Foreign for HEET project and Revenue Grants for scholarship. 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 2022/23.



2.16 FINANCIAL POSITION

Current Assets

During the year under review, Total Current Assets increased to TZS 318,495,325,315 from TZS 298,283,649,541 of 2021/22. The increase is mainly caused by increase of Cash and Cash Equivalents.

REPORT BY THOSE CHARGED WITH GOVERNANCE

HIGHER EDUCATION STUDENTS' LOANS BOARD

Students' Loan Receivables

During the year under review, the long-term portion of the students' loan receivable increased to TZS 4,835,516,918,164 from TZS 4,355,367,183,252 in 2021/22. 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 34,519,825,067 from TZS 30,268,516,149 in 2021/22.

Net Assets

Net assets increased to TZS 4,768,643,729,218 in 2022/2023 from TZS 4,247,466,049,950 in 2021/22 due to increase in loanable fund and recovered students' loans.

2.17 BUDGET

The budget approved is on a cash basis by function classification. The approved budget covers the fiscal period from 01 July 2022 to 30 June 2023 and includes all activities within the Higher Education Students' Loans Board (HESLB). The original and final budget was proposed by the BoD and approved by the Parliament in June 2022.

2.18 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.

REPORT BY THOSE CHARGED WITH GOVERNANCE

HIGHER EDUCATION STUDENTS' LOANS BOARD

Table 11: Key Management Team

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

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	Mr. Deus Changala	Ag.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
14	Mr. Adrian Njau	Assistant Director Planning and Research
15	Mr. Omega Ngole	Assistant Director Communication, Information and Education
16	Mr. Sadiq Sangawe	Assistant Director Procurement and Supplies
17	Mr. Bahati Singa	Assistant Director ICT
18	Ms. Anna Sabuni	Zonal Manager - Dar Es Salaam
19	Mr. Patrick Shoo	Zonal Manager - Arusha
20	Ms. Octavia Seleman	Zonal Manager - Dodoma
21	Mr. Usama Choka	Zonal Manager - Mwanza
23	Ms. Rukia Semwaiko	Zonal Manager - Mtwara
24	Ms. Lucy Kirigha	Acting Zonal Manager - Zanzibar
25	Mr. Anthony Ooko	Zonal Manager - Mbeya

Source: HESLB Organization Structure 2022/23

2.19 KEY PERFORMANCE INDICATORS DURING THE YEAR

HESLB has developed its mission to carry it through and has the fifth strategic plan running from 2022/23 - 2026/27. 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. During the financial year 2022/23, HESLB annual budget, which is in line with current Strategic Plan, focused to achieve the following specific objectives: -

- i. To verify, validate and process loan applicants' information for issuance of loans to 70,000 first year students and 135,893 continuing students;
- ii. To inspect 8,000 employers and identify 30,000 new loan beneficiaries, aiming to increase annual loan repayments collection to TZS 190 billion;
- iii. To verify loan beneficiaries studying in overseas students in Mozambique, Russia, Algeria and Cuba;
- iv. Strengthening the HESLB Dodoma Capital Office and Eastern Zone operations as strategic locations for collection and enhanced customer services;

- v. Enhancement of automation to key processes and supportive services to improve operational efficiency;
- vi. To develop and operationalize a business continuity plan for effective risks mitigation and budget implementation;
- vii. To undertake studies on HESLB business growth, impact of National Priority Loan Scheme, and higher education accessibility through loans issuance;
- viii. Extend enrolment of all students into DiDis and strengthen monitoring of loan disbursement and all HESLB activities; and
- ix. Commencement of Phase I for HESLB office construction at Njedengwa in Dodoma.

2.20 ANNUAL PERFORMANCE RESULTS ON IMPLEMENTATION 2022/23 - 2026/27 STRATEGIC PLAN

2.20.1 CUSTOMER EXPERIENCE

HESLB offer a better customer experience through operationalization of a customer call center at East Zone Office (EZO), Digitalization and automation of business process to achieve higher level of efficiency in delivering our services as per approved client charter.

Attended 38,265 customers through phone calls, emails, e-Mrejesho and physical walk-ins. In addition, HESLB enjoys active presence in major social media handles including Twitter, Facebook, Instagram through 'HESLB Tanzania'.

Continued to bring service closer to our customers by maintaining seven Zonal Offices. These offices have contributed 25% to 35% of total mature loan collection during the period.

2.20.2 ENHANCEMENT OF AUTOMATION TO KEY PROCESSES AND SUPPORTIVE SERVICES

In a bid to improve operational efficiency, HESLB continued focusing to automation of key operational processes in order to improve service delivery. Enhancement and support of the Integrated Loan Management Systems (iLMS) has been continuing. As the result, application procedures, verification of applications and data analysis has been simplified. Also, it enabled loan applicants to access application status more efficiently.

OLAMS modules have been enhanced to meet business requirements needs including Application, SIPA, LIPA, Refund module, Compliance Portal (CoPo), Employer Portal (ePO), and integrating our systems with Zanzibar Higher Education Loans Board (ZHELB). Repayment Portal has been enhanced and as a result, currently beneficiaries can request loan statements wherever they are and apply for refunds.

Students Financing Module has been operationalized, Digital Disbursement Solution (DiDiS) has been enhanced by 97% aimed at improving services for loans disbursement directly to Students loan beneficiary's account and 60,404 first year students have been successfully

boarded into Improved Digital Disbursement Solution (DIDiS). Equally, backup of data from OLAMS and iLMS server has been enabled throughout the period.

2.20.3 DEVELOPING AND OPERATIONALIZING A BUSINESS CONTINUITY PLAN FOR EFFECTIVE RISKS MITIGATION AND BUDGET IMPLEMENTATION

Risk framework, Risk register and Risk Action Plan for 2023/2024 has been developed. Monitoring of proposed risk treatments has been conducted, four quarterly risk and fraud reports were prepared and Risk awareness session has been conducted to budget officers. Further, capacity building to Planning Team and Budget Officers was conducted on business continuity and draft Business Continuity Management Policy was developed.

2.20.4 PARTNERSHIPS AND COLLABORATIONS

HESLB cemented and maintained four engagements by signing Memorandum of Understanding (MoUs) with key partners to support loans management operations including:

Tanzania Social Action Trust Fund (TASAF) for Identifying and taping needy students from TASAF supported households for loans consideration,

Zanzibar Higher Education Loans Board (ZHELB) for Sharing data and experiences in loans management, and compliance with Government directives and

Social Action Trust Fund (SATF) for Identify and tap needy students from SATF-supported household.

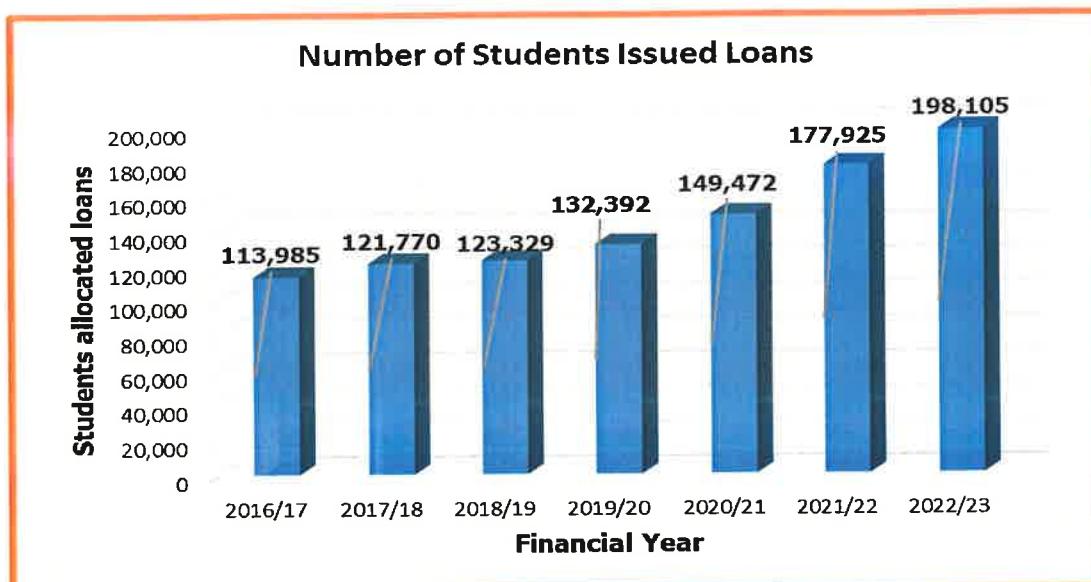
2.20.5 LOAN ALLOCATION AND DISBURSEMENT

In order to meet demand of the needy and eligible students, the Government approved the budget for loanable fund amounting TZS 654 Billion in 2022/23. Also, the government have issued SAMIA Scholarship worth TZS 3 Billion. Target for allocation of loans to first year applicants has increased from 69,353 allocated loans in 2021/22 to projected 70,000 in 2022/23. Similarly, total number of loan beneficiaries was expected to increase from 177,982 allocated in 2021/22 to projected 205,893 in 2022/23.

For the financial year 2022/2023 HESLB had allocated loans to 198,105 students (73,513 first year students and 124,592 continuing students). Allocated loans amounting to TZS 653,980,631,722 (TZS 227,470,199,040 to first year students and TZS 426,510,432,682 to continuing students). Allocated SAMIA scholarships to 636 students amounting to TZS 2,995,009,174.00. Male-female ratio remained more-or-less the same at 59/41 this year from 58/42 last financial year and share of high impact programs (Cluster 1) increased from 31% to 33%.

Similarly, total of loans of TZS 636,420,710,421 has been disbursed (TZS 634,191,136,171 for local undergraduate students, TZS 1,642,986,250 for postgraduates, TZS 586,588,000 for Overseas continuing students and TZS 2,402,415,825 to SAMIA Scholarship).

The trend of students allocated loans has been gradually increasing year after year from 113,985 in 2016/17 to 198,105 students in 2022/2023 as shown below in bar chart for Annual Loans Issuance Trend.

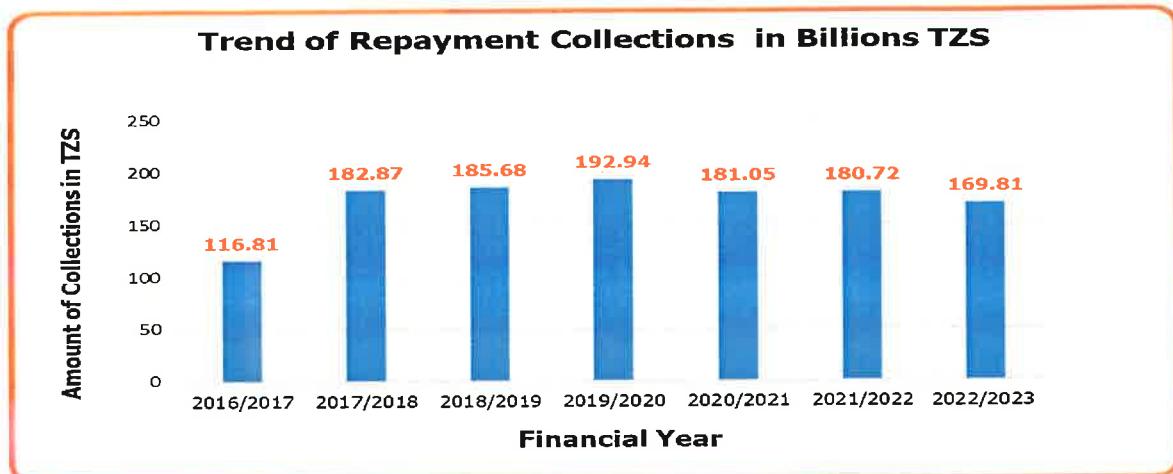


Source: HESLB Data

2.20.6 LOAN REPAYMENT AND RECOVERY

During the financial year 2022/23, HESLB has targeted to collect TZS 195 Billion from due loans using various strategic interventions. For the year 2022/23, TZS 169,809,842,000 have been collected from due loans, which results into an average monthly collection of TZS 14.15 Billion. The amount has been realized after strategic interventions such as awareness campaigns, effective tracing and billing of 32,150 beneficiaries and inspection of 6,638 employers for ensuring compliance.

Moreover cumulatively recovery amounted to TZS 1.30 trillion by June 2023. This is 74% of the due loans of TZS 1.75 trillion. Non-performing loan (NPL) has increased slightly from 22% in 2021/22 to 26%. Recovery trend is shown in bar chart below.



Source: HESLB Data

2.20.7 HESLB DODOMA HQ CONSTRUCTION PROJECT

HESLB continued with the implementation of Office construction project situated at Plot No. 4 Block "BB" Ndejengwa Investment area in Dodoma City. On 5 August 2022, HESLB entered into contractual agreement with M/S B.J Amul Architects Partnership for Design, Drawing and Supervision of Works for the Proposed Construction of Six Storey Office Building. All documentations for the pre-construction phase have been prepared. These include Topographical surveying and Geotechnical investigation reports, Architectural, Engineering and services drawings and Bill of Quantities. Others are Environmental Certificates, Title Deed, and registration of the project to National Projects Management Information System (NPMIS).

Further, building contractor (CRJE East Africa Ltd) has been procured and contract signing will be done during the First Quarter of 2023/24. Also, building permit has been applied to the City Council of Dodoma and was expected to be issued on 12 July 2023 by the authority. In accordance to the building contract, the estimated project value is TZS 31,954,926,498.07 and the project end period will be 24 months.

2.20.8 HEET PROJECT

The Higher Education for Economic transformation project (HEET) is financed by World Bank for a period of five years from 2021/22 to 2025/26. The main goal of the project is to improve the learning environment and the orientation of the labor market in priority programs and strengthen the management of the higher education system.

During the year under review, HESLB through Higher Education for Economic Transformation (HEET) project implemented following:

- i. Provided scholarships for Master Degrees to 4 staff under long-term training i.e three for MBA and one for LLM,
- ii. Conducted 3 study visits for bench-marking purposes in Mozambique, Ghana and Kenya,
- iii. Conducted the first high-level symposium on students' financing titled "1st Higher Education Students' Financing Conference (#HESFC1)" with the theme "Rethinking the higher education students' financing in Tanzania". The attendees were 156 including MoEST officials, CEOs, VCs, Principals and Rectors from both public and private institutions across Tanzania,
- iv. Conducted 3 rapid assessments on resource mobilization for HESLB, national prioritization of programs and impact of fee-free education to students' loan,
- v. Reviewed nine (9) SOPs (manuals and charters) and developed 2 new policies for Gender and Inclusiveness
- vi. Trained 165 HESLB staff on tailored short courses i.e 90 Male, 75 Female. The courses were on leadership, cyber security, data programing, advanced Ms. Office, project management, leadership, customer experience management and monitoring and evaluation,
- vii. Supported enhancement of various systems at different stages including: Digital Disbursement Solution "DiDiS", Employer Repayment Portal (ERP), "refund portal", records keeping system "eDMS", MUSE customized to be compatible with HESLB business process, monitoring and evaluation system "MEL" which has been integrated with eDMS, VoIP, and Gateway. In addition, there is new system called Machine learning (artificial intelligence) being developed by Consultant who has already submitted the inception report.
- viii. Developed proposal to review the financing component of the Education and Training Policy (2014).

2.20.9 Support, Delivery and Systems Milestones

The key accomplishments registered during the year include:

- i. Improved payment and reconciliation process through enhanced DIDIS whereby disbursement are done directly to Students loan beneficiary's account, integrated with major financial banks and payments streamlined through the DiDiS Portal and HESLB mobile App,
- ii. Improved efficiency in application through enhanced and updated OLAMS including Application module, SIPA, LIPA, Refund module, Compliance Portal (CoPo), Employer Portal (ePO), and integration with Zanzibar Higher Education Loans Board (ZHELB),
- iii. Enhanced internal communication through implementation of the Voice over Internet Protocol (VoIP) service to include video conferencing for the Board and HBC meetings
- iv. Increased performance monitoring and result tracking capacity through Automated and Integrated MEL Business Process through iLMS and eDMS. In addition, Management reviewed KPIs and KRAs for efficient performance management whereby KRA shall²⁷ be cascaded down to individual staff and

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- v. Systems integrated through e-GA's Government Enterprise Service Bus (GovESB), Mobile Gov (MGov) for USSD-sms services and integrating iLMS system with MUSE.

Table 12: Summary of HESLB Annual Performance

S/N	Particulars	2022/2023			2021/2022		
		Target	Actual	KPIs (%)	Target	Actual	KPIs (%)
1	Number of Loanees	70,000	73,513	105%	157,040	177,982	113%
2	Number of Grant Students Disbursed	636	620	97.5%	-	1	100%
3	Amount of Loanable Funds Government Subvention -Tzs	654,000,000,000	682,488,829,235	104%	390,000,000,000	393,877,685,508	101%
4	Amount of Grant Funds Government Subvention -Tzs	3,000,000,000	2,377,845,975	79%	-	800,000	100%
5	Amount of Loanable Funds Disbursed -Tzs	654,000,000,000	635,712,280,783	97%	570,000,000,000	554,770,532,119	97%
6	Number of Traced Beneficiaries	30,000	32,150	107%	35,000	38,778	111%
7	Total Amount of Loans Recoveries Collected- Tzs	195,000,000,000	169,806,037,020	87%	190,000,000,000	180,728,372,931	95%
8	Tzs Revolving Funds Utilized as Loanable Funds -Tzs	261,380,000,000	151,527,727,870	58%	180,000,000,000	176,122,314,492	98%
9	Number of Staff Trained	264	146	-	181	196	108%
10	Number of Staff	277	264	95%	181	196	108%
11	Number of Staff Dropout	-	2	-	-	7	100%
12	Government Contribution to Annual Budget -Tzs	678,552,829,714	707,324,050,960	104%	410,847,144,000	393,239,217,478	96%
13	OC Budget -Tzs	10,020,000,000	11,029,380,654	110%	15,520,000,000	11,324,617,747	73%
14	Internally Generated Funds	4,500,000,000	5,438,074,968	121%	4,920,000,000	7,584,634,690	154%

Source: HESLB Performance Report 2022/23

2.21 ISSUES, CONSTRAINTS AND REMEDIAL ACTIONS

During implementation of annual plans, a number of challenges were encountered and remedial actions taken as follows:

2.21.1 LOW LEVEL OF VOLUNTARY COMPLIANCE OF EMPLOYERS AND BENEFICIARIES

Way forward: strengthening inspections, increasing partnership with employers and providing education and awareness programs on loan repayment issues.

2.21.2 DIFFICULT OF TRACING AND MONITORING OF NEW LOAN BENEFICIARIES IN INFORMAL SECTOR

Way forward: Roll-out the Community Agency Collections Channels (CACCs), mainly by using the Ward Executive Officers (WEOs) and selected Community Resources for locating, and submitting beneficiaries and defaulters from the Informal and Private Sectors (IPS).

2.21.3 LOW LEVEL OF SYSTEM INTEGRATION BETWEEN VARIOUS STAKEHOLDER'S KEY IN REPAYMENT PROCESS

Way forward: Enhance system integration with various stakeholders in the GovESB.

2.21.4 PRE MATURE DROP OUT ARE DIFFICULT TO RE TRACING AND EXPENSIVE

Way forward; partnering with strategic stakeholders and/or employers to create awareness on the repayment issues and smoothen repayment operations.

2.21.5 LATE/INCORRECT/INCOMPLETE SUBMISSION OF STUDENTS' INFORMATION FROM HEI'S (EXAMINATION RESULTS/PROGRESS REPORT, RESUMPTION CASES, INVOICES, BANK DETAILS, TRANSFER CASES AND REGISTRATION NUMBERS)

Way forward: Integration with all HEIs on progress and capacity building to students' loans Desk officers.

2.21.6 LATE SUBMISSION/RESPONSE OF GUIDELINES FROM MOEST TO HESLB AFTER ENDORSEMENTS

Way forward: Preparation and approval of loan application Guidelines be finalized early at least in April of each year and shared to Head of Secondary Schools through TAHOSA and have in place focal persons at every school (i.e. dedicated teachers) who will liaise with HESLB staff for loans application operations.

2.21.7 APPLICANT STUDENTS WHO STUDIED OVERSEAS WERE ASSIGNED INDEX NUMBERS BEGINNING WITH E WHICH DO NOT APPEAR IN STUDENTS' ADMISSION LISTS

Way forward: liaising with NECTA and agree on standard format for overseas index numbers of applicants which should be used to apply for loans and admissions from HEIs to clear the mismatches.

2.21.8 LATE RECEIPT OF DISBURSEMENTS TO STUDENT BENEFICIARIES AND LATE RETIREMENT OF FUNDS FROM HIGHER EDUCATION INSTITUTIONS TO NON-DIDIS STUDENTS

Way forward: Operationalization of in-house digital disbursement solution (DiDiS-Plus) whereby more than ninety percent of non-DiDiS students have already been on boarded into the platform so as to fast-track their disbursements in the coming 2023/2024 academic year.

2.22 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 CAP 178 and its Regulations. 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.

2.23 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 with Government's 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. 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 support 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 practice paperless environment.

2.24 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 2022/23, the BoD used risk assessment frameworks to enable the analysis of cost-effective mitigation strategies.

2.24.1 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 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 have been provided under the Risk Management framework of 2020; the following are the main types of risks the HESLB exposed to in the course of executing its operations:

i) Financial Risk

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.

iv) 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.

v) 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.

2.24.2 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 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 2023 to satisfy whether they meet accepted criteria. The Board of Director handles risk and internal control assessment through the Audit and Risk Committee. The key elements of the system of internal control are as follows:

a) 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;

b) 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.

c) 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;

d) 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.

e) **Compliance**

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

2.25 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,
- 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 5th Strategic Plan (2022/23 - 2026/27) from July 2022 to accelerate gains from the just ended Strategic Plan guided by the same themes names;

- Financial and Equity Management (FEM), Customers Relationship Management (CRM), Business Processes and Result Management (BPRM) and Organization Capacity and Growth (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.

2.26 DIVERSITY MANAGEMENT

HESLB is an equal opportunity employer, provides equal consideration 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, tribe, religion or disability.

It has been constantly considering gender equality in terms of employment. In the year under review achieved 95% of the desired manning level of 277 staff with employees' turnover at 2% during the period, which is less than a tolerable 10-15%; Majority of Staff are young adults ranging 30-39 years of age. Out of the entire staff base, 44% are female and 56% are male.

Gender	2022/23	2021/22
Male	148	109
Female	116	87
Total	264	181

2.27 EMPLOYEES WELFARE

2.27.1 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 were reported.

2.27.2 Medical Assistance

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

2.27.3 Health 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 staffs were encouraged and facilitated to participate in the Kilimanjaro marathon (20 staff) and MOI marathon (20 staff).

2.27.4 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 two all-staff meetings 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.

2.27.5 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, 6 male staff went for paternity leave and 3 staff were given compassionate leave.

2.27.6 Recruitment and Staff Promotions

Fifty two (52) member of staff reported out of fifty six (56) new recruited staff.

Thirty Eighty, (38) staff were promoted, four (4) re-categorized and four (4) confirmed to continue their service with HESLB following the successful completion of the secondment period.

2.27.7 Incentive Scheme, Scheme of Service and Salary Structure

The Government approved HESLB Scheme of Service, Salary Structure and Incentive Scheme(2022). This is a milestone, and we believe it will boost morale and act as a retention measure.

2.27.8 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 staffs₃₅

have established a Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its members.

2.27.9 Training

For the purpose of ensuring that, learning and development is well managed at HESLB, a total of thirty four (34) different trainings including workshops, tailor made training, seminars, long-term trainings and study tour were successfully implemented during the period. Further staff continued to be involved in the HESLB Breakfast Chat - HBC exchanging knowledge and sharing lessons learnt on daily operations. During the financial year, 2022/23 a total of 34 different trainings and seminars conducted as detailed hereunder:

Table 13: Staff Trainings

S/N	Training attended	Trainer	No of staff
1	Proficiency Examination for Human Resource	Tanzania Public Service College	1
2	Customer Care Training	Commonwealth Capacity Initiatives	36
3	Advanced MS Excel Training	Arusha Institute of Accountancy	19
4	Cyber security and effectiveness	TCRA - Zanzibar	1
5	Preparedness and coping to life after retirement	Commonwealth Capacity Initiatives	57
6	Office Management-Records	Tanzania Public Service College	4
7	Leadership Training	Africa Development Training Partners	6
8	TRA Programming Language	TRA	5
9	CPD Hours (CPA (T) holders)	National Board of Accountants and Auditors	24
10	Advanced Drivers Course	Tanzania Public Service College	3
11	Report writing Training	Tanzania Public Service College	9
12	Advance Project Management	Africa Development Training Partners-Kigali	7
13	Training on SOPHOS Firewall for ICT Professional	All- India	1
14	RAAWU Training	RAAWU	4
15	Annual Internal Audit conference	Institute of Internal Auditors	6
16	Postgraduate Diploma in Leadership	Uongozi Institute	2
17	Managing Stress Through Work - Life Balance	The DMASS Group	146
18	Annual Conference continue Professional Development CPD hours	PSPTB	4
19	Annual ICT Conference in Zanzibar	ICT Commission	1
20	Anti-Corruption awareness Training	PCCB	146
21	HIV/AIDS awareness Training	TACAIDS	146
22	Risk Management Training	IAA/MoF	4
23	Masters Trainings	Mzumbe & UDSM University	4
24	Records & Archives Management Professional Association	TRAMPA	3
25	Induction Course	PO - PSM, PSC, GSO	52

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S/N	Training attended	Trainer	No of staff
26	Dockers, Kubernetes Administration and GIT	KOENIG Institute- India	3
27	Advanced Python, Introduction to Data Science and Python in Machine Learning	KOENIG Institute- India	1
28	Customer Relationship Management training	Optimum LTD	20
29	MS Office and Data Manipulation	Global Capacity Building Initiative	36
30	Healthy related program	National Laboratory	65
31	TAPSEA	TRAMPA	7
32	Lawyers Annual Meeting	TLS	5
33	Performance Monitoring and Evaluation	ZILLIC East Africa LTD	35
34	Study Tour-HELB Kenya	HELB Kenya	3

2.28 RELATED PARTY TRANSACTIONS

HESLB is a controlled entity under ministry of Education Science & Technology and ultimately control of the Government of United Republic of Tanzania without control of the other entity. All related party transactions and balances between the entity, controlling parties and key management personnel are disclosed in note 3.12 of the financial statements.

2.29 PERSONS WITH DISABILITIES

It is the policy of the HESLB not to discriminate persons with disability in the recruitment or appointment. HESLB adhere to Disability Policy of 2007.

2.30 CORPORATE SOCIAL RESPONSIBILITY

During the year under review, HESLB made charitable donations to support various courses amounting to TZS 15,000,000; of which TZS 10,000,000 was donated to Sport Development Fund to support two National level Football Teams, TZS 2,000,000 was donated to Tanzania Higher Learning Institutions Students' Organisation (TAHLISO) to support its Annual General Meeting and TZS 3,000,000 to CRDB Bank Marathon to support children in need of health corrective treatment.

2.31 POLITICAL DONATIONS

HESLB did not make any political donations during the year.

2.32 PREJUDICIAL MATTERS

Prejudicial matters for the year ended 30 June 2023, has been disclosed in note 24 of the financial statements as required by Tanzania Financial Reporting Standard (TFRS) number 1.

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HIGHER EDUCATION STUDENTS' LOANS BOARD

2.33 STATEMENT OF COMPLIANCE

The Directors' report has been prepared in full compliance with Tanzania Financial Reporting Standards No 1 other other statutory legislations relevant to HESLB.

2.34 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.

2.35 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.

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

25/03/24
Date


Theresia E. Henjewele
Director

25/03/2024
Date

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE 2023

Members of the Board are required under section 27 (1) of the HESLB Act Cap 178 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 equity, 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 Cap 178. 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 2023.

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 2022/23 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.

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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

Theresia E. Henjewele
Director

25/03/24

Date

25/03/2024

Date

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023

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, 2023 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

5.0 FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2023

Particulars	Notes	2022/23		2021/22	
		TZS	TZS	TZS	TZS
ASSETS					
Current Assets					
Cash and Cash Equivalents	6	122,481,438,259		73,481,521,773	
Students' Loans Receivable	7	171,014,614,312		194,688,034,370	
Prepayments	8	19,795,468		59,046,883	
Other Receivables	9	24,809,545,631		29,949,587,970	
Inventories (Consumable Stores)	10	169,931,645		105,458,545	
Total Current Assets		318,495,325,315		298,283,649,541	
Non - Current Assets					
Property, Plant and Equipment	11	5,308,698,500		3,962,862,231	
Work in Progress (Building)	11	2,270,793,769		2,270,793,769	
Intangible Assets	12	353,479,599		305,158,427	
Students' Loans Receivable	7	4,664,502,303,852		4,160,679,148,882	
Total Non-Current Assets		4,672,435,275,720		4,167,217,963,309	
Total Assets		4,990,930,601,036		4,465,501,612,849	
LIABILITIES					
Current Liabilities					
Payables and Accruals	13	34,519,825,067		30,268,516,149	
Total Current Liabilities		34,519,825,067		30,268,516,149	
Non - Current Liabilities					
Borrowing	14	187,767,046,750		187,767,046,750	
Non - Current Liabilities		187,767,046,750		187,767,046,750	
Total Liabilities		222,286,871,817		218,035,562,899	
Net Assets		4,768,643,729,218		4,247,466,049,950	
NET ASSETS/EQUITY					
Capital Contributed by:					
Funds Received for Issuing Loans		5,777,619,086,066		4,698,848,627,931	
Recovered Students' Loans - Pre HESLB		53,779,101,166		53,779,101,166	
Transfer to Consolidated Fund		(1,288,127,310,991)		(920,002,637,399)	
Staff Loans Revolving Funds		1,597,530,146		1,696,408,599	
Accumulated Surplus/(Deficits)		223,775,322,831		413,144,549,653	
Total Net Assets/Equity		4,768,643,729,218		4,247,466,049,950	

*The opening balance of accumulated surplus was adjusted by TZS 192,748,116,779 due to prior year adjustments of penalty charges on students' loans waived by the Government on 2021. Starting next financial year 2023/2024, the accumulated surplus is subject to change due to compulsory adoption of IPSASs 41.

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

Prof. Hamisi O. Dihenga

Chairperson

Dr. Bill M. Kiwia
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

Particulars	Notes	2022/23		2021/22	
		TZS	TZS	TZS	TZS
Receipts from non-Exchange Transactions					
Fees, fines, penalties and Forfeits	15	34,405,569	-	-	-
Government Subvention	16	25,925,841,071	13,247,425,413	-	-
Subvention from other Government entities	17	3,714,326,735	-	-	-
Revenue Grants	18	-	800,000	-	-
Sub Total Receipts		29,674,573,375		13,248,225,413	
Receipts from Exchange Transactions					
Loan Administration Fee	19	6,340,538,948	5,423,153,877	-	-
Loan Application fee	20	3,029,271,700	2,978,576,251	-	-
Miscellaneous Income	21	-	2,202,550,935	-	-
Sub Total Receipts		9,369,810,648		10,604,281,063	
Total Receipts		39,044,384,023		23,852,506,476	
Expenditure:					
Salaries, Wages and Employment Benefits	22	11,203,688,052	10,634,728,687	-	-
Goods and Service	23	13,495,501,921	7,996,463,762	-	-
Depreciation and Amortization	24	951,725,156	866,154,754	-	-
Maintenance Expenses	25	347,530,550	384,697,242	-	-
Other Expenses	26	7,289,202,412	570,994,921	-	-
Grants, Subsidies and other Transfer Payments	27	-	200,000,000	-	-
Student's Grant payments	28	2,377,845,975	-	-	-
Total Expenses		35,665,494,066		20,653,039,366	
Surplus/(Deficit) During the year		3,378,889,957		3,199,467,110	

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

Prof. Hamisi O. Dihenga
Chairperson

Dr. Bill M. Kiwia
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30TH JUNE 2023

Particulars	Note	Loanable Funds Tzs	Recovered Students' Loans Tzs	Transferred to Consolidated Fund (BOT) Tzs	Staff Loans Revolving Fund Tzs	Accumulated Surplus/ (Deficit) Tzs	Total Tzs
Opening Balance 01 July 2022		4,698,848,627,931	53,779,101,166	(920,002,637,399)	1,696,408,599	413,144,549,653	4,247,466,049,950
Prior Year Adjustment		388,873,322,285	-	(216,596,945,722)	-	(192,748,116,779)	(20,471,740,216)
Adjusted Opening Balance 01 July 2022		5,087,721,950,217	53,779,101,166	(1,136,599,583,120)	1,696,408,599	220,396,432,874	4,226,994,309,735
Movements:							
Government Contribution		689,897,135,850	-	-	-	-	689,897,135,850
Staff Loan Admin & Interest		-	-	(98,878,453)	-	-	(98,878,453)
Transfer to consolidated Fund		-	-	(151,527,727,870)	-	-	(151,527,727,870)
Surplus/(Deficit) for the year		-	-	-	-	3,378,889,957	3,378,889,957
Balance as at 30 June 2023		5,777,619,086,066	53,779,101,166	(1,288,127,310,991)	1,597,530,146	223,775,322,831	4,768,643,729,218
Opening Balance 01 July 2021		4,133,492,098,264	53,779,101,166	(770,002,637,399)	1,683,696,999	395,675,110,219	3,814,627,369,249
Prior Year Adjustment		-	-	-	-	14,269,972,324	14,269,972,324
Adjusted Opening Balance 01 July 2021		4,133,492,098,264	53,779,101,166	(770,002,637,399)	1,683,696,999	409,945,082,543	3,828,897,341,573
Movements:							
Government Contribution		565,356,529,667	-	-	-	-	565,356,529,667
Staff Loan Admin & Interest		-	-	-	12,711,600	-	12,711,600
Transfer to consolidated Fund		-	-	(150,000,000,000)	-	-	(150,000,000,000)
Surplus/(Deficit) for the year		-	-	-	-	3,199,467,110	3,199,467,110
Balance as at 30 June 2022		4,698,848,627,931	53,779,101,166	(920,002,637,399)	1,696,408,599	413,144,549,653	4,247,466,049,950
Notes form part of the financial statements. These financial statements were approved by the Board of Directors on _____ and signed on its behalf by:							
Prof. Hamisi O. Dihenga							
Chairperson							

Dr. Bitt M. Kiwia
Executive Director

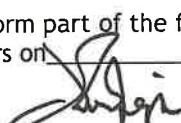
HIGHER EDUCATION STUDENTS' LOANS BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

Particulars	Notes	2023		2022	
		TZS		TZS	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts:					
Government Subvention	29	25,925,841,071		13,247,425,413	
Subvention from other Government entities	17	3,714,326,735		-	
Fees, fines, penalties and Forfeits	15	23,545,469		-	
Revenue Grants	18	-		800,000	
Loan Administration Fees	19	2,374,397,699		4,606,058,439	
Application fee	20	3,029,271,700		2,978,576,251	
Miscellaneous Income	30	-		579,392,635	
Other Cash Receipts	31	3,727,612,594		1,614,571,729	
Total Receipts		38,794,995,268		23,026,824,467	
Payments:					
Salaries, Wages and Employment Benefits	32	11,203,688,052		10,634,728,687	
Goods and Service	33	28,428,851,481		6,686,621,926	
Maintenance Expenses	25	347,530,550		384,697,242	
Student's grants payment	28	2,377,845,975		-	
Other Expenses	34	5,458,784,398		570,994,921	
Grants, Subsidies and other Transfer Payments	27	-		200,000,000	
Other Cash Payments	35	282,100,812		-	
Total Payments		48,098,801,268		18,477,042,776	
Cash from/ (Used in) Operating Activities (A)	36	(9,303,806,000)		4,549,781,690	
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans Issued to Students	37	(646,145,301,695)		(543,652,931,503)	
Acquisition of PPE	11	(1,185,336,051)		(785,051,290)	
Sale of PPE		10,860,100		-	
Acquisition of Intangible Assets	12	(78,668,716)		(127,571,904)	
Cash from / (Used in) Investing Activities (B)		(647,398,446,361)		(544,565,554,697)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Funds Received for Issuing Loans	38	689,897,135,850		562,590,893,384	
Recovered Students' Loans	39	167,431,639,321		176,118,105,668	
Staff Loans Revolving Funds	40	(98,878,453)		12,711,600	
Transfer to Consolidated Fund	41	(151,527,727,870)		(150,000,000,000)	
Cash balances Adjustment (Prior Year)		-		561,598	
Cash from/ (Used in) Financing Activities (C)		705,702,168,848		588,722,272,250	
Net Increase in Cash and Cash Equivalent (A+B+C)		48,999,916,486		48,706,499,243	
Cash & Cash Equivalent at the Beginning		73,481,521,773		24,775,022,530	
Cash and Cash Equivalent at the End		122,481,438,260		73,481,521,773	

*The figures reported in Note 29 & 32 includes the PE payment which was made centrally (Net Salary & Deductions at source). This was done according to government procedures specifically for PE payment.

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


Prof. Hamisi O. Dihenga
Chairperson


Dr. Bill M. Kiwia
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2023

Particulars	Original Budget 2022/23 TZS	Final Budget 2022/23 TZS	Actual 2022/23 TZS	Variance in Amount 2022/23 TZS	Variance in Percentage	Reasons for Variance between Budget and Actual Reason
Receipts:						
Loan Administration Fees	2,000,000,000	2,000,000,000	2,374,397,699	374,397,699	19%	Amount received was above budget projection
Loan Application Fees	2,500,000,000	2,500,000,000	529,271,700	529,271,700	2%	Increase of Loans applicants
Government Subvention - OC	11,020,000,000	11,020,000,000	11,029,380,654	9,380,654	0%	Amount received was above budget projection
Loanable Funds	570,000,000,000	654,000,000,000	652,488,829,235	28,488,829,235	4%	Amount received was above budget projection
Government Grant Development (Samia Scholarship)	3,000,000,000	3,000,000,000	2,377,845,975	(622,154,025)	-21%	Amount amortized was below budget projection
Government Subvention - DEV	5,000,000,000	5,000,000,000	5,000,000,000	-	0%	
Personal Emoluments	5,532,829,714	5,532,829,714	6,427,995,096	895,165,382	16%	Increase is due to new employment, staff transfer and promotions
Recovered Students' Loans	195,000,000,000	195,000,000,000	167,431,639,321	(27,568,360,679)	-14%	Actual amount received was below budget projection
HEET Project Funds	7,197,735,644	7,197,735,644	3,714,326,735	(3,483,408,909)	-48%	Actual amount received was below budget projection
Miscellaneous			538,457,453	538,457,453	100%	
Total Receipts	801,250,565,358	885,250,565,358	884,412,143,868	(838,421,490)	0%	
Payments:						
Loanable Funds	654,000,000,000	635,712,280,783	(18,287,719,217)	-	-3%	The amount was still under payment process as at 30 June 2022
Administrative Expenses	15,520,000,000	15,520,000,000	36,895,113,216	21,375,113,216	138%	Administrative Expenses incurred was above the budget projection
PPE (Note 11)	1,319,753,389	1,319,753,389	1,185,336,051	(134,417,339)	-10%	Purchase of PPE
Intangible Assets (Note 12)	78,668,716	78,668,716	78,668,716	-	0%	
Personal Emoluments	5,532,829,714	5,532,829,714	6,427,995,096	895,165,382	16%	Increase is due to new employment, staff transfer and promotions
Total Payments	592,451,251,819	676,451,251,819	680,299,393,861	3,848,142,042	1%	
Net Receipts/(Payment)	208,799,313,540	208,799,313,540	204,112,750,008	(4,686,563,532)		

Reconciliation statement for actual amount on comparable basis and cash flow for the year ended 30 JUNE 2023.

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

Prof. Hamisi O. Dihenga
Chairperson


Dr. Bill M. Kiwia
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The Higher Education Students' Loans Board (HESLB) was established under Act 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 of 2001 (revised 2004) 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 2022 to 30 June 2023.

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

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.

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.

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.

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

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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.

3.7 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

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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.

3.8 Property, Plant and Equipment (Continued)

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.

Table.1.1 The Estimated Useful Life (EUL) for PPE

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.

3.9 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,
51

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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.

Gains or losses arising from de-recognition 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.

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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

(iii) 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

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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:

- 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

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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.

(vi) De-recognition 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 recognized 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 amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit.

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

3.10 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.

3.11 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 2023 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	2022/23 TZS	2021/22 TZS
i) Board of Directors		
Allowances and Annual Directors' Fees	61,500,000	42,500,000
	61,500,000	42,500,000

BoD expenses during the year under review was TZS 19,000,000 above last financial year which is an increase of 47.71%. The reason for increase was due to introduction of new board members.

Particulars	2022/23 TZS	2021/22 TZS
i) Emoluments to other Key Management Staff		
Salaries	1,380,000,000	1,056,462,408
Allowances	832,650,000	265,800,000
Total	2,212,650,000	1,322,262,408
ii) Loans to Key Management Staff		
Particulars	2023 TZS	2022 TZS
Housing/ Motor Vehicle Loans	154,280,000	200,000,000
Total	154,280,000	200,000,000

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**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

3.12 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 capitalized in accordance with the Board's general policy on borrowing costs. Contingent rentals are recognized 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 recognized as an expense in the period in which they are incurred.

3.13 Inventories

Inventories are measured at the lower of cost and net realizable 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

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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.

3.14 Nature and Purpose of Reserves

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

- 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

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

- Accumulated Surplus/Deficit represents amounts that reflect surplus or Deficit realized on a cumulative basis.

3.15 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.

3.16 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).

3.17 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 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.

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

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

Standard	Effective date and Impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The application of the standard will improve the forward looking perspective in reporting of the current assets and liabilities.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The standard will refine the financial statements with the comparability aspect in classification of social benefits.</p>

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. The Standard will improve the reporting particularly in accounting for guarantee contracts and credit risks.
Other improvements to IPSAS	Applicable 1 January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 January 2023.</p> <p>The standard will improve the reporting interims of the financial instruments particularly the timing of cash flows.</p>
IPSAS 43: Leases	Applicable 1 January 2025 <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>Subsequently the standard will not have effect in TBC Financial Statements as the Corporation does not maintain leased assets.</p>

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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IPSAS 44:	Applicable 1 January 2025
Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and;</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The University will improve the disclosure in the face of financial statements as the non-current assets held for sale and discontinued operations will be separately reported and disclosed.</p>

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:

(a) Interest Rate Risk

The HESLB's operating cash flows are affected by PSSSF loan which is being charged between 13.5% and 15%. The risk on the loan has been mitigated by Government guarantee. The Government will assume payment of loan on behalf of the HESLB.

(b) 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.

(c) 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,

**HIGHER EDUCATION STUDENTS' LOANS BOARD
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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.1.2 Receivables and payables aging analysis

Item	Within 1 Year	1 to 2 Years	3 - 5 Years	Beyond 5 Years	TOTAL
	TZS	TZS	TZS	TZS	
Cash and Cash Equivalent	73,481,521,773	-	-	-	73,481,521,773
Students' Loan Receivable (Current)	171,014,614,312	-	-	-	171,014,614,312
Loan Receivable (Long Term)	-	-	-	4,664,502,303,852	4,664,502,303,852
Total	244,496,136,085			4,664,502,303,852	4,908,998,439,937
Payables					
Loan PSSSF				187,767,046,750	187,767,046,750
Total				187,767,046,750	187,767,046,750
Net Position	244,496,136,085	-	-	4,476,735,257,102	4,721,231,393,187

(d) 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:

Table.1.3 Liquidity Timing

ITEM	0-30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	OVER 120 DAYS
Cash and Cash Equivalent	73,481,521,773	-	-	-	
Students Loan receivable	-	-	-	-	171,014,614,312
Other Receivables	415,635,198	-	-	-	2,060,002,299
Total	73,897,156,971				173,074,616,611
Payable	-	-	30,013,270,167	4,523,206,637	-
Total	-	-	30,013,270,167	4,523,206,637	
Net Position	73,897,156,971	-	30,013,270,167	4,523,206,637	173,074,616,611

HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTES	2022/23 TZS	2021/22 TZS
6 Cash and Cash Equivalents		
BoT Ownsource Collection Account	97,463,681,762	37,816,495,878
Deposit General Cash Account	1,590,212,049	-
Development Expenditure Cash Account	16,820,842,559	-
Loan Cash Account	86,724,385	-
Ownsource Collection Account - CRDB	862,678,697	33,221,385,039
Ownsource Collection Account - NBC	720,000	-
Ownsource Collection Account - NMB	647,500	261,433,220
Ownsource Collection Account - TPB	-	250
Ownsource Development Expenditure	1,751,443,642	-
Ownsource Recurrent Expenditure GF	1,006,205,391	-
Recurrent Expenditure Cash Account	9,380,654	-
Unapplied Cash Account	639,311,181	-
USD BOT Collecton Account	1,773,791,218	2,182,207,386
Development Expenditure Cash Account	474,449,221	-
Unapplied Cash Account	1,350,000	-
Total Cash and Cash Equivalents	122,481,438,259	73,481,521,773
7 Students' Loan Receivable		
	2022/23 TZS	2021/22 TZS
Students Receivables- LAF	59,032,582,737	52,692,043,789
Students Receivables- VRF	1,311,368,575,291	1,311,368,575,291
Students Receivables- PENALTY	256,383,401,518	256,383,401,518
Meals and Accommodation - undergraduate	3,302,681,820,947	2,902,605,273,034
Meals and Accommodation - postgraduate	12,333,032,034	11,821,926,190
Research - Undergraduate	29,211,317,256	29,146,374,981
Research - Postgraduate	7,848,098,010	7,379,598,010
Tuition Fees - Undergraduate	1,685,437,292,672	1,466,248,315,139
Tuition Fees - Postgraduate	12,367,488,400	11,734,350,650
Field/Practical Training	384,124,166,119	373,598,383,087
Special Faculty Requirement	59,261,429,718	56,719,739,123
Books & Stationery	287,522,873,780	275,953,020,434
Stipend Overseas	81,543,249,057	81,037,599,057
Travelling Costs Overseas	6,359,575,003	6,300,461,595
Disbursement Suspense Account	100,882,475	4,236,617,878
Total Receivables	7,495,575,785,017	6,847,225,679,775
Total Students' Loan Recovery	(1,251,376,089,919)	(1,084,235,422,608)
Receivables net off Students' Loan Recovery	6,244,199,695,098	5,762,990,257,168
Less:		

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

Provision for impairment of students' loans	8,080,860,865	6,250,442,851
Provision for impairment of Students' Loans -Value Retention Fee (VRF)	1,208,310,944,404	1,208,801,912,052
Provision for Impairment of Students' Loans - PENALTY	192,290,971,665	192,570,719,013
Total provision for Impairment of Students' loans	1,408,682,776,934	1,407,623,073,916
Net Receivables from Students Short Term	4,835,516,918,164	4,355,367,183,252
Long Term	171,014,614,312	194,688,034,370
	4,664,502,303,852	4,160,679,148,882

8 Prepayment

	2022/23	2021/22
	TZS	TZS
Prepayment - Expenses (Main)	17,540,055	59,046,883
Prepayment - Expenses (HEET)	2,255,413	-
Total Prepayment	19,795,468	59,046,883

9 Other Receivables

	2022/23	2021/22
	TZS	TZS
Provisions For Students Loans	22,312,763,535	26,373,977,045
Imprest Receivable - Main	133,534,386	841,658,315
Imprest Receivable - HEET	282,100,812	-
Trade Receivables	9,341,107	514,911,984
Staff advances and imprest	2,050,661,192	15,921,573
Staff loans	21,144,599	2,203,119,053
Other receivables	-	-
Total Other Receivables	24,809,545,631	29,949,587,970

10 Inventories

	2022/23	2021/22
	TZS	TZS
Consumables	132,946,931	11,559,717
IT and Computer Accessories	30,802,466	61,184,720
Fuel	1,000,000	-
Uniforms	5,182,248	-
Non-Current assets held for sale	-	32,714,108
Total Inventories	169,931,645	105,458,545

HIGHER EDUCATION STUDENTS' LOANS BOARD

11. PROPERTY, PLANTS AND EQUIPMENT

	Particulars	Building W.I.P.	Land	Motor Vehicles	Office Furniture & Fittings	Office Equipment	Servers, Printers & Fax	Computers, Generators	Total
Cost:									
As at 01.07.2022	2,270,793,769	1,124,001,362	2,296,124,435	1,706,861,464	595,302,308	2,374,908,253	223,711,320	10,591,702,911	
Adjustments:									
Derecognition of Asset		(620,506,793)		(26,617,585)	(15,613,232)	(105,318,539)			(768,056,149)
Additions During the year		-	488,803,752	150,245,978	43,102,000	503,184,321			1,185,336,051
As at 30.06.2023	2,270,793,769	1,124,001,362	2,164,421,394	1,830,489,858	622,791,076	2,772,774,035	223,711,320	11,008,982,814	
Depreciation:									
As at 01.07.2022	-	-	1,406,925,993	1,062,417,351	375,995,060	1,388,730,847	91,263,552	4,325,332,803	
Adjustments:									
Derecognition of Acc.		(587,792,683)		(26,617,585)	(15,613,232)	(105,318,539)			(735,342,038)
Depreciation		(265,522,555)		(225,843,124)	(175,508,554)	(384,077,588)	(30,926,013)		(1,081,877,834)
Revisit of Useful life		-	285,938,436	283,750,934	21,772,485	316,567,051	13,348,707		921,377,613
Charge for the year		-							
As at 30.06.2023	-	839,549,192	1,093,707,576	206,645,760	1,215,901,771	73,686,246	3,429,490,545		
Net book value:									
As at 30.06.2023	2,270,793,769	1,124,001,362	1,324,872,203	736,782,282	416,145,317	1,556,872,264	150,025,074	7,579,492,271	
As at 30.06.2022	2,270,793,769	1,124,001,362	889,198,441	644,444,113	219,307,248	986,177,406	132,447,768	6,266,370,107	

HIGHER EDUCATION STUDENTS' LOANS BOARD

12 INTANGIBLE ASSETS

PARTICULARS	2022/23 TZS	2021/22 TZS
Cost		
As at 01 July 2022	1,433,978,946	1,306,407,042
Additions	78,668,716	127,571,904
As at 30 June	1,512,647,662	1,433,978,946
Accumulated Amortization		
As at 01 st July 2022	1,128,820,519	1,067,608,345
Charge for the year	30,347,543	61,212,174
As at 30 June	1,159,168,062	1,128,820,519
Net Carrying Amount		
As at 30 June	353,479,599	305,158,427

13 Payables and Accruals

	2022/23 TZS	2021/22 TZS
Sundry Creditors	-	14,949,865
Accruals	7,700,506,633	1,694,169,426
Miscellaneous deposits - (Staff Loan Insurance)	18,060,576	18,060,576
Institutional HE Students' Loan recovery	-	(20,141,600)
Deposit General	1,590,212,049	-
Withholding Tax Payable	-	5,293,451
Deferred Subvention Current	9,380,654	-
Unapplied Deposit Account	639,311,180	-
Deferred Subvention Capital - HEET	2,248,240,440	2,182,207,386
Unapplied Deposit Account - HEET	1,350,000	-
Provision for Disbursement of Students Loan	22,312,763,535	26,373,977,045
Total Payables and Accruals	34,519,825,067	30,268,516,149

**Included in the loanee ledger for the financial year 2022/2023 is the accounts with negative balances of fund relates to over deduction of beneficiaries and non-beneficiaries amounting to TZS 26,201,054,417.75. During the financial year under review, Management received and booked refund applications amounting to TZS TZS 2,665,369,709, that will be paid within financial year 2023/2024. The remaining balance of TZS 23,535,684,708.73 is yet to be claimed. The Management is aware of unclaimed balance and made assessment to ascertain whether the balance meets recognition criteria to be classified as payables as per IPSSAS No.1 requirements.*

The Standard requires that a financial liability that is due within twelve months after the reporting date, or for which the entity does not have an unconditional right to defer its settlement for at least twelve months after the reporting date, is classified as a current liability. Analysis confirms that there is no certainty of amount and no probable cash outflow related to unclaimed balance within the next twelve months thus failing to meet recognition criteria as payable. The balance will be amortized and paid when the Management receives and confirm refund applications from the respective beneficiaries and non- beneficiaries.

14 Borrowing

	2022/23 TZS	2021/22 TZS
PSSSF Payable	54,644,657,534	54,644,657,534
Interest payable on PSSSF	64,145,344,131	64,145,344,131
Penalty Payable on PSSSF Loan	68,977,045,086	68,977,045,086
Total Borrowing	187,767,046,750	187,767,046,750

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

**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 remaining. The three loans were issued at interest rate of 13.5% and other two at 15%, the Government will assume servicing of the loan.*

15 Fees, Fines, Penalties and Forfeits

	2022/23 TZS	2021/22 TZS
Sale of Government Assets	10,860,100	-
Fines	23,545,469	-
Total Fees, Fines, Penalties and Forfeits	34,405,569	-

16 Government Subvention

	2022/23 TZS	2021/22 TZS
Government Grant Development Local (Samia Scholarship)	2,377,845,975	-
Subvention for Other Charges	12,120,000,000	7,408,306,616
Government Grant Development Local	5,000,000,000	-
Subvention for Personal Emolument	6,427,995,096	5,839,118,797
Total Government Subvention	25,925,841,071	13,247,425,413

17 Subvention from other Government entities

	2022/23 TZS	2021/22 TZS
Government Grant Development Foreign	3,714,326,735	-
Total Subvention from other Government entities	3,714,326,735	-

18 Revenue Grants

	2022/23 TZS	2021/22 TZS
Revenue Grants - Medical Students	-	800,000
Total Revenue Grants	-	800,000

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

19 Loan Administration Fees

	2022/23 TZS	2021/22 TZS
Cash Collected	2,374,397,699	4,606,058,439
Accrual	3,966,141,249	817,095,438
Total Loan Administration Fees	6,340,538,948	5,423,153,877

HIGHER EDUCATION STUDENTS' LOANS BOARD

		2022/23	2021/22
		TZS	TZS
20	Loan Application Fee		
	Application fee	3,029,271,700	2,978,576,251
	Total Application Fee	3,029,271,700	2,978,576,251
21	Miscellaneous Income		
	Miscellaneous Income	-	2,202,550,935
	Total Miscellaneous Income	-	2,202,550,935
22	Salaries, Wages and Employment Benefits		
		2022/23	2021/22
		TZS	TZS
	Acting Allowance	56,038,000	129,885,000
	Casual Labourers	5,377,000	5,645,000
	Civil Servants	6,427,995,096	5,904,126,954
	Civil Servants Contracts	14,932,070	23,473,000
	Court Attire Allowance	2,000,000	3,000,000
	Electricity	82,359,049	43,840,000
	Electricity Allowance	19,935,000	-
	Extra-Duty	432,410,000	1,404,345,000
	Food and Refreshment	61,954,012	54,170,546
	Furniture	77,782,640	34,000,000
	Honoraria	322,600,000	814,150,000
	Household Appliances	275,200	1,697,100
	Housing allowance	844,499,000	93,000,000
	Leave Travel	120,549,870	88,995,590
	Internship Allowance	174,740,000	120,270,000
	Medical and Dental Refunds	3,585,225	4,480,000
	Moving Expenses	6,218,350	46,207,400
	National Health Insurance Schemes(NHIF)	110,800,000	3,150,000
	Outfit Allowance	23,500,000	-
	Professional Allowances	-	91,200,000
	Responsibility Allowance	-	107,025,000
	Sitting Allowance	106,140,000	123,150,000
	Special Allowance	1,158,019,000	1,237,331,000
	Subsistence Allowance	95,629,600	95,160,100
	Telephone	116,755,932	54,735,000
	Transport Allowance	918,323,000	149,071,650
	Water and Waste Disposal	870,008	2,620,347
	Telephone Allowance	20,400,000	-
	Total Salaries, Wages and Employment Benefits	11,203,688,052	10,634,728,687
23	Goods and Service	2022/23	2021/22

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

COSTS AND EXPENSES	Tzs	Tzs
Accommodation	-	4,409,000
Advertising and Publication	66,432,560	99,107,800
Air Travel Tickets	779,086,530	634,314,229
Catering Services	266,397,888	251,783,697
Cleaning Supplies	498,500	
Communication Network Services	-	2,800,000
Computer Software	-	112,657,246
Computer Supplies and Accessories	145,153,084	68,008,265
Conference Facilities	71,057,600	192,122,500
Courier Services	30,141,300	44,078,610
Diesel	362,254,911	258,961,584
Drugs and Medicines	200,000	2,290,000
Educational Radio and TV broadcasting programming	17,888,800	7,863,700
Electricity	92,235,560	90,655,942
Entertainment	82,500,000	86,000,000
Exhibition, Festivals and Celebrations	12,481,760	16,215,360
Food and Refreshments	160,273,182	187,025,248
Gifts and Prizes	26,500,000	31,000,000
Ground Transport (Bus, Train, Water)	29,075,000	12,296,800
Ground travel (bus, railway taxi, etc)	1,451,640,441	1,044,904,201
Hiring of Training Facilities	-	117,000
Internet and Email connections	257,584,539	373,794,921
Mobile Charges	237,542,000	123,974,311
News Services Fees	2,000,000	1,000,000
Newspapers and Magazines	-	825,000
Office Consumables (papers, pencils, pens and stationaries)	95,414,556	184,812,859
Outsourcing Costs (includes cleaning and security services)	288,647,347	210,696,311
Per Diem - Domestic	3,749,285,000	2,857,698,141
Per Diem - Foreign	150,170,670	-
Posts and Telegraphs	3,857,750	6,265,050
Printing and Photocopying Costs	20,114,786	7,922,241
Production and Printing of Training Materials	7,392,130	530,000
Publicity	24,200,000	22,700,000
Remuneration of Instructors	23,800,000	25,840,000
Rent - Housing	80,883,491	13,027,583
Rent - Office Accommodation	344,214,959	576,197,977
Rent of Private vehicles	2,000,000	2,900,000
Rent of Vehicles and Crafts	-	1,000,000
Software License Fees	398,639,497	23,828,790
Subscription Fees	74,435,825	29,669,672
Technical Materials	-	4,000,000
Technical Service Fees	-	2,574,324
Training Allowances	170,451,000	141,860,000
Tuition fees	4,000,000	-
Uniforms	6,847,266	223,565,200
Uniforms and Ceremonial Dresses	-	8,567,600
Water Transport	4,145,494	3,540,500
Uniforms and Ceremonial Dresses	14,336,000	-

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

Per Diem - Foreign	35,409,300	-
Technical Service Fees	5,080,000	-
Fumigation	1,482,184	3,062,100
Tuition Fees	493,418,500	-
Air Travel Tickets	351,358,770	-
Catering Services	5,500,000	-
Computer Supplies and Accessories	75,440,000	-
Conference Facilities	73,315,000	-
Diesel	441,000	-
Ground travel (bus, railway taxi, etc)	464,368,600	-
Per Diem - Domestic	1,597,810,000	-
Per Diem - Foreign	112,639,592	-
Publicity	7,050,000	-
Remuneration of Instructors	1,300,000	-
Software License Fees	275,455,953	-
Training Materials	4,300,000	-
Tuition Fees	169,910,217	-
Upkeep Allowances	266,141,379	-
Visa Application Fees	780,000	-
Upkeep of Grounds and Amenities	522,000	-
Total Goods and Service	13,495,501,921	7,996,463,762

24 Depreciation and Amortization

	2022/23 TZS	2021/22 TZS
Depreciation - Computers and Related Equipment	316,567,051	237,847,426
Depreciation - Furniture & Fitngs	230,515,764	133,250,180
Depreciation - Motor Vehicles	285,938,436	295,644,353
Depreciation - Plant, Machinery and Equipment	75,007,655	74,468,740
Depreciation Generators	13,348,707	21,995,790
Servers	-	41,736,091
Computer Sofware Amortization	-	2,187,500
Depreciation Integrated Loan Management System (ILMS)	30,347,543	59,024,674
Total Depreciation and Amortization	951,725,156	866,154,754

25 Maintenance Expenses

	2022/23 TZS	2021/22 TZS
Air conditioners	5,225,000	5,810,615
Direct labour (contracted or casual hire)	-	23,971,510
Electrical and Other Cabling Materials	4,767,311	4,165,090
Fax machines and other small office equipment	1,264,960	836,612
Motor Vehicles and Water Craf	-	750,000
Outsource Maintenance Contract Services	277,515,854	326,158,915

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

Paint and Weather Protection Coatings	1,620,000	4,798,000
Plumbing Supplies and Fixtures	5,766,664	-
TV sets and Radios	-	1,480,000
Tyres and Batteries	36,131,781	16,726,500
Photocopiers	14,000,700	-
Fire Protection Equipment	1,238,280	-
Total Maintenance Expenses	347,530,550	384,697,242

26 Other Expenses

	2022/23 TZS	2021/22 TZS
Audit fees	276,761,366	194,661,366
Audit supervision expenses	-	95,200,000
Loan management and servicing fee	-	3,050,487
Surveys	-	115,602
consultancy fees	4,861,462,306	58,794,884
Investigation expenses	8,000,000	-
Bank Charges and Commissions	148,026,306	83,247,718
Director's Fee	61,000,000	42,500,000
Honorariums (expert opinion)	7,100,000	-
Insurance Expenses	76,934,420	54,229,864
Burial Expenses	19,500,000	39,195,000
Bad and Doubtful expenses	1,830,418,014	-
Total Other Expenses	7,289,202,412	570,994,921

27 Grants, Subsidies and other Transfer Payments

	2022/23 TZS	2021/22 TZS
Dividends (15% on Gross Revenue)	-	200,000,000
Total Grants, Subsidies and other Transfer Payments	-	200,000,000

28 Student's Grant Payments

	2022/23 TZS	2021/22 TZS
Meals and Accommodation	1,407,563,875	-
Books and Stationary	121,800,000	-
Tuition Fees	774,378,000	-
Research	800,000	-
Field Practical Training	6,200,000	-
Special Faculty Requirement	36,460,900	-
Medical Insurance	30,643,200	-
Total Student's Grant payments	2,377,845,975	-

HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

	2022/23 TZS	2021/22 TZS
29 Actual Government Subvention		
Government Grant Development Local	2,377,845,976	-
Government Grant Other Charges	12,120,000,000	7,408,306,616
Government Grant Development Local	5,000,000,000	-
Government Grant Personal Emolument	6,427,995,096	5,839,118,797
Total Actual Government Subvention	25,925,841,071	13,247,425,413
30 Miscellaneous Income		
Miscellaneous Income	-	579,392,635
Total Miscellaneous Income	-	579,392,635
31 Other Cash Receipts during the period		
Motor Vehicle Loan	177,664,513	
Housing Loan	167,640,184	
Recurrent Deferred Income	9,380,654	
Deposit General	1,590,212,049	
Unapplied Deposit Account	639,311,181	
Trade Receivables	514,911,984	
Deferred Subvention Capital - HEET	66,033,054	2,182,207,386
Unapplied Deposit Account - HEET	1,350,000	
Prepayments - Expenses	39,251,415	(15,292,531)
Imprest - Main	708,123,929	(464,207,180)
Staff Advances and Imprest	6,580,467	
Staff loans	152,457,861	(433,440,643)
Total Other Cash Receipts during the period	3,727,612,594	1,614,571,729
32 Actual Salaries, Wages and Employment Benefits		
Total Salaries, Wages and Employment Benefits Expenses	11,203,688,052	10,634,728,687
Non cash Salaries, Wages and Employment Benefits Expenses (PE)	(6,070,674,079)	(5,524,364,919)
Total Actual Salaries, Wages and Employment Benefits	5,133,013,973	5,110,363,768
33 Actual Goods and Service		

HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

	2023 TZS	2022 TZS
Goods and Service	13,495,501,921	7,996,463,762
Sundry Creditors	14,949,865	(14,949,865)
Accruals	2,999,571,450	(1,319,919,050)
Miscellaneous deposits - (Staff Loan Insurance)	-	(4,517,200)
Withholding tax 2	5,293,451	(2,294,874)
Institutional HE Students' Loan recovery	(20,141,600)	20,141,600
Consumables	121,387,214	(11,841,636)
IT and Computer Accessories	(30,382,254)	23,539,189
Fuel	1,000,000	-
Uniforms	5,182,248	-
Students' Loan Administration Fee	(6,340,538,948)	-
Disbursement Suspense Account	(4,135,735,403)	-
Provisions For Students Loans	22,312,763,535	-
Total Actual Goods and Service	28,428,851,481	6,686,621,926

34 Other Cash Expenses

	2022/23 TZS	2021/22 TZS
Total other Expenses	7,289,202,412	570,994,921
Bad and Doubtful expenses	(1,830,418,014)	-
Total Other Cash Expenses	5,458,784,398	570,994,921

35 Other Cash Payments

	2022/23 TZS	2021/22 TZS
Imprest - HEET	282,100,812	-
Total Other Cash Payments	282,100,812	-

36 CASH FLOW RECONCILIATION FOR THE YEAR ENDED 30TH JUNE, 2023

DETAILS	2023 TZS	2022 TZS
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	
Particulars		
Surplus / (Deficits) for the year	3,378,889,957	3,199,467,110
Non-Cash Items:		
Depreciation and Amortisation charge	951,725,156	866,154,754
Provision for bad debts (students' loans)	1,830,418,014	(2,190,793,957)
Students' Loan Administration Fee	(3,966,141,249)	(817,095,438)
Provisions For Students Loans	(22,312,763,535)	-
Disbursement Suspense Account	4,135,735,403	1,803,495,275
Accrued refund for overpaid Students' Loans	(2,665,369,709)	(1,415,286,903)
Government Subvention - PE non cash Revenue	(6,070,674,079)	(5,524,364,919)
Government Subvention - PE non cash expenses	6,070,674,079	5,524,364,919
Total Non-Cash Items	(18,647,505,963)	1,445,940,840
Changes in Working Capital:		

HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023

(Increase)/Decrease in Receivables	5,161,186,938	2,531,750,761
(Increase)/Decrease in Prepayments	39,251,415	15,292,531
(Increase) / Decrease in Inventory	(97,187,208)	(11,697,553)
Increase / (Decrease) in Payables	4,251,308,919	568,495,111
Net Change in Working Capital	9,354,560,063	3,103,840,850
Cash flows from Investing activities (Sale of PPE)	(10,860,100)	-
Net cash flows from operating activities as per Cash flow Statement (A)	(9,303,806,000)	4,549,781,690

37 Loan issued during the period

	2022/23 TZS	2022 TZS
Closing Receivables	7,495,575,785,017	6,847,225,679,776
Opening Receivables	(6,847,225,679,776)	(6,299,953,089,672)
Students Receivables- LAF	(6,340,538,948)	(5,423,153,877)
Disbursement Suspense Account	4,135,735,403	1,803,495,275
Total Loan issued during the period	646,145,301,696	543,652,931,503

38 Funds Received for Issuing Loans

	2022/23 TZS	2021/22 TZS
Closing Funds Received for Loans	5,777,619,086,066	4,698,848,627,931
Opening Funds Received for Loans	(4,698,848,627,931)	(4,159,866,075,308)
Prior Year Adjustment	(410,695,118,172)	-
Provision for impairment of Students' Loans -Value Retention Fee (VRF)	(490,967,649)	(2,765,636,284)
Provision for Disbursement of Students Loan	22,312,763,535	26,373,977,045
Total Funds Received for Issuing Loans	689,897,135,859	562,590,893,384

39 Students Loans Recovery during the period

	2022/23 TZS	2021/22 TZS
Closing Students Loans Recovery	1,251,376,089,919	1,084,235,422,608
Opening Students Loans Recovery	(1,084,235,422,608)	(904,926,545,404)
Loan Administration Fees	(2,374,397,699)	(4,606,058,439)
Accrued refund for overpaid Students' Loans	2,665,369,709	1,415,286,903
Total Students Loans Recovery during the period	167,431,639,321	176,118,105,668

40 Staff Loans Revolving Funds

	2022/23 TZS	2021/22 TZS
Closing Fund	1,597,530,146	1,696,408,599
Opening Fund	(1,696,408,599)	(1,683,696,999)

**HIGHER EDUCATION STUDENTS' LOANS BOARD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2023**

Total Staff Loans Revolving Funds	(98,878,453)	12,711,600
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41 Transfer to Consolidated Fund (BOT)

	2022/23 TZS	2021/22 TZS
Closing Transfer Balance	(1,288,127,310,991)	(920,002,637,399)
Opening Transfer Balance	920,002,637,399	770,002,637,399
Prior Year Adjustment	216,596,945,722	-
Total Transfer to Consolidated Fund (BOT)	(151,527,727,870)	(150,000,000,000)

HIGHER EDUCATION STUDENTS' LOANS BOARD

**42. RECONCILIATION OF ACTUAL AMOUNT ON COMPARABLE BASIS AND CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

PARTICULARS	CASH FLOWS FROM OPERATING ACTIVITIES		CASH FLOWS FROM INVESTING ACTIVITIES		CASH FLOWS FROM FINANCING ACTIVITIES		TOTAL TZS
	TZS	TZS	TZS	TZS	TZS	TZS	
Net Receipts/(Payment) as per statement of comparison of Budget and Actual Basis Differences							204,112,750,008
Personal Emoluments Receipts	6,070,674,079						6,070,674,079
Personal Emoluments Payments	(6,070,674,079)						(6,070,674,079)
Timing Differences	1,847,375,344		(3,024,714,297)				(1,177,338,953)
Prepayments - Expenses	39,251,415						39,251,415
Imprest - Main	708,123,929						708,123,929
Funds Received for Issuing Loans			7,408,306,615				7,408,306,615
Loans Issued to Students			(10,433,020,913)				(10,433,020,913)
Government Grant Other Charges	1,100,000,000						1,100,000,000
Entity Differences	(2,319,748,345)		10,860,100		(151,626,606,323)		(153,935,494,568)
Deposit General	1,590,212,049						1,590,212,049
Unapplied Deposit Account	639,311,181						639,311,181
Deferred Subvention Capital - HEET	66,033,054						66,033,054
Unapplied Deposit Account - HEET	1,350,000						1,350,000
Staff Advances and Imprest	6,580,467						6,580,467
Staff loans	152,457,861						152,457,861
Salaries, Wages and Employment Benefits	(4,775,692,956)						(4,775,692,956)
Sale of PPE		10,860,100					10,860,100
Staff Loans Revolving Funds			(98,878,453)				(98,878,453)
Transfer to Consolidated Fund			(151,527,727,870)				(151,527,727,870)
Total Differences	(472,373,001)		(3,013,854,197)		(151,626,606,323)		(155,112,833,521)
Net increase in Cash and Cash Equivalent as per Cash Flow Statement	(472,373,001)		(3,013,854,197)		(151,626,606,323)		48,999,916,486

43. 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	73,847,871.38	
2	Maintenance and Service (Motor Vehicles)	TAMESA	21,390,116.06	
3	Internet Services	TTCL	100,207,259.80	
4	Rent Office	PSSSF	424,422,587.22	
5	LOAN	PSSSF	-	187,767,046,750.00
	Rent Accommodation	PSSSF	39,428,881.00	
6	Rent Office Accommodation	NSSF	75,176,000.00	
7	Water Charges Service	DAWASA	713,802.25	
8	EXHIBITION	MOeST	1,000,000.00	
9	Fuel and Motor Vehicle	GPSA	250,900,000.00	
10	Audit Fees & Rent Office Accommodation	CAG	330,656,564.20	
12	Conference Facility Services	APC	-	
13	Courier Services	POSTA(TPC)	31,108,050.00	
14	Security	SUMA JKT	120,061,071.76	
15	Medical Insurance	NHIF	113,500,000.00	
16	Training	NBAA	27,605,000.00	
17	Training	UONGOZI INSTITUTE	18,200,000.00	
18	Registration Newsletter	Ministry of Comm and Inform Technology	2,000,000.00	
19	SABASABA EXHIBITION	TANTRADE	2,881,760.00	
20	Training	TAPSEA	2,700,000.00	
21	Subscription	TCU	-	
22	Rent Office Accommodation	NHC	20,153,635.10	
23	Training	PSPTB	875,000.00	
24	Training	Tanzania Public Service College (TPSC)	38,625,000.00	
25	Training	INSTITUTE OF INTERNAL AUDITORS	11,800,000.00	
26	Advisement Services	Tanzania Broadcasting Corporation	18,242,800.00	
27	Subscription Fees And Tuition Fees	Institute Of Directors	5,960,000.00	
28	Insurance Services	National Insurance Corporation (NIC)	41,424,733.80	
29	Environment	NEMC	8,000,000.00	
30	Training	TRAMPA	2,250,000.00	
			1,783,130,132.57	187,779,404,461.36

44. 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.

45. EVENTS AFTER THE 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:

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- Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period) for example imprests retirements after the reporting period ; and
- Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).
- **PRESIDENTIAL APPOINTMENT OF DR. BILL M. KIWIA TO THE POST OF EXECUTIVE DIRECTOR OF HIGHER EDUCATION STUDENTS' LOANS BOARD**

On 6th February 2024 her Excellency President Dr. Samia Suluhu Hassan appointed Dr. Bill M. Kiwia to be the Executive Director of Higher Education Students' Loans Board with effect from 6th February 2024. Dr.Bill M. Kiwia in his capacity of Executive Director he is also a Secretary of HESLB Board of Directors replacing Mr. Abdul-Razaq Badru.

46. CONTINGENT LIABILITIES - LITIGATIONS

As at 30 June 2023, the Board had pending litigations in which it was a plaintiff and Defendant in several lawsuits. The following are some law suits which have been concluded or about to be concluded which may result into material cash flow from HESLB.

a) CASES RELATING TO STAFF

i. EXECUTION NO. 393 OF 2022:

This matter stems from labour dispute No. CMA/DSM/KIN/R.587/16/717 which was concluded in defendant's favour who was former HESLB employee. Therefore HESLB is to pay TZS 550,000,000.00 being his terminal benefits. The matter is currently pending for appointment of an administrator of the estate of the decree holder

ii. TERMINATED SIX HESLB FORMER SENIOR STAFF

HESLB also monitors pending case by six terminated senior staff. Out of the said individuals five preferred an appeal against the decision of the Public Service Commission. HESLB is yet to obtain final decision on the said appeals.

b) OTHER CASES

i. 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

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appointed Mr. Evans S. Wapalila a sole arbitrator. The hearing completed and having paid for the service, on 12 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; equally, it was declared that the contractor was entitled to TZS 685,688,732.49 being value of materials ordered by the Respondent before the breach occurred. However, the TZS 4,624,063,127.00 counter claim was rejected. **The matter is still pending in court for execution.**

ii. 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 cross examination 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. **The matter is pending for an order of continuance of cross examination of Respondent witness in respect of counter claim filed by HESLB.**

iii. HESLB VS. TRAVEL LINK LTD

This is an appeal by HESLB challenging the high court judgement and decree in civil case no. 101 of 2018 between Travel Link vs HESLB where the court decided that, HESLB should pay USD 20,844.00 as cost of air tickets and TZS 2, 272,000.00, Interest of rate of 15% of decretal amount from date of cause of action to date of judgement. Payment of interest on the decretal amount at courts rate of 12% per annum from the judgement till full payment. General damages of TZS 2,000,000.00. The matter is yet to be admitted at the Court of Appeal.

iv. 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. Renovex claims TZS 454,920,048 as outstanding invoices, interest on principal amount of TZS 752,118,272 compounded as per contract from August 2016 and Special damages for breach of contract to tune of TZS 2,000,000,000. 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.

v. CIVIL APPEAL NO. 115 OF 2023: HESLB VS. HEMATEC INVESTMENT LTD.

This is an appeal by HESLB against the decision in Civil Case No. 260 of 2018 where the court dismissed HESLB's claim against Hematec (Respondent) for payment of arrears of HESLB

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statutory deductions amounting to TZS 64,254,792 and TZS 80,318,400 being an outstanding penalties for the late remittance of the said deductions. The Appeal is still pending in Court.

47. COMPARATIVE FIGURES

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

48. Prior year adjustments in statement of changes in net assets

- (a) Prior year adjustment for Recognition of Funds Received for issuing Loans in respect of VRF collected before) 01st May 2021 and updated into respective individual ledgers during FY 2022/23.
- (b) TZS (216,596,945,722) is Revolving Fund used for issuing loans (Recovered Students' Loans)
- (c) The opening balance of accumulated surplus was adjusted by TZS 192,748,116,779 due to prior year adjustments of penalty charges on students' loans waived by the Government on 2021.

ANNEXURE

Table.1.4 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)

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S/N	Name of Higher Learning Institution
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
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)

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S/N	Name of Higher Learning Institution
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)
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)