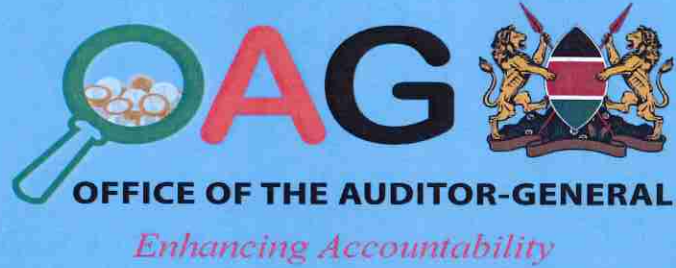


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**UNCLAIMED FINANCIAL ASSETS  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



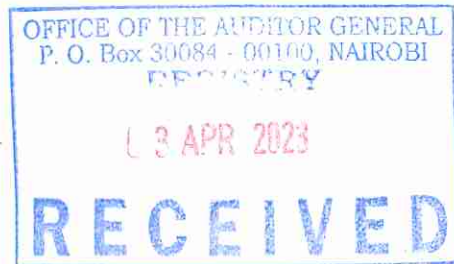


# Unclaimed Financial Assets Authority

## Receive.Safeguard.Reunite

UNCLAIMED FINANCIAL ASSETS AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDING 30<sup>TH</sup> JUNE 2022

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

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## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Unclaimed Financial Assets Authority (UFAA/ the "Authority") was created under the Unclaimed Financial Assets Act, No. 40 of 2011 (the "Act") to administer unclaimed financial assets. The Board of Directors was gazetted under Legal Notice No.16272 of 9th November 2012.

### (b) Principal Activities

The objects and functions of the Authority as defined by the Act include:

- (i) Enforce and generally administer the provisions of the Act.
- (ii) Receive all payments required by the Act to be made to the Unclaimed Assets Trust Fund (the "Fund").
- (iii) Make payments out of the Fund to the rightful owners in accordance with the provision of the Act.
- (iv) Manage and invest the funds of the Authority.
- (v) Advise the Cabinet Secretary on national policy to be followed with regard to unclaimed assets and implement all Government policies related to it.
- (vi) Perform such other functions as are conferred on it by the Act or other written law.

### (c) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer (CEO)	FA John Kihara Mwangi, EBS
2.	Ag. Manager Unclaimed Financial Assets Line	CPA Beatrice Marusoi Chelangat
3.	Manager Information and Communication Technology	Francis Mathenge Muchina
4.	Manager Human Resource & Administration	Caroline Chepkurui Chirchir
5.	Manager Finance & Accounting	CPA Henry Taabu Ngegenye
6.	Manager Procurement	Jack Owino Gumboh, Phd
7.	Corporation Secretary/Head of Legal	David Mwangi Kamau

### (d) Fiduciary Oversight Arrangements

#### Board oversight

The Board of Directors has the overall oversight responsibility of the Authority. As detailed in the section on corporate governance, this responsibility is administered through various committees of the Board that have specific roles, including: the finance and human resource committee; audit, risk and governance committee and the technical committee.

#### Parliamentary committees

The following Parliamentary Committees also have fiduciary oversight responsibilities over the Authority's operations; the Parliamentary Budget Committee oversees budgeting; the Parliamentary Investment Committee oversees investment decisions, and the Parliamentary Accounts Committee oversees financial accountability.

### (e) Entity Headquarters

24 Floor, Pacis Centre  
Slip Road, off Waiyaki way, Westlands  
P O Box 28235 - 00200  
Nairobi, Kenya

### (f) Entity Contacts

Telephone: +254 020 4343440 ,+254 706 866 984 / +254 736 559 152  
E-mail: imfo@ufaa.go.ke  
Website: www.ufaa.sssgo.ke

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**(g) Entity Bankers**

1. KCB Bank - KICC Branch  
KICC Building, Harambee Avenue  
P.O Box 46950 - 00100  
Nairobi, Kenya
2. NCBA Bank  
Westlands Branch  
P.O Box 30437-00100  
Nairobi, Kenya

**(h) Independent Auditors**

The Auditor General  
Office of the Auditor General (OAG)  
Anniversary Towers, Loita Street  
P.O Box 30084 – 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General  
State law office  
Harambee avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

Corporation Secretary/Head of Legal  
David Kamau  
Unclaimed Financial Assets Authority



**Hon. Dr. CPA Francis K. Njenga – Chairman of the Board of Directors**

Dr. CPA Francis Kigo Njenga is the Chief Executive Officer at Regional Africa Consultants Limited and the Lead Consultant for Management and Business Division.

Prior to the current appointment, CPA Kigo served as a County Executive Committee Member (CECM) in charge of Trade, Industry, Investments, Tourism and Cooperative development in Kiambu County and at Finance, ICT and Economic Planning dockets. He is a former Member of Parliament for Gatundu North Constituency. During his term in the National Assembly, he served on the Budget and Appropriation Committee, and the Committee on Lands.

He holds a doctorate degree in Social Transformation and Entrepreneurship from Catholic University of Eastern Africa, a Master of Business Administration from the University of Nairobi, Bachelor of Science -Business Administration degree (Accounting and Finance) from United States International University and accounting professional qualification from Strathmore College.

His over 29 years career in accounting and auditing began at Mbaya and Associates and has seen him work at Waithaka Mwangi & Co. Certified Accountants, Central Finance (K) Limited, Ernest & Young, and at Regional Africa Consultants Limited.

Born in 1961, Hon Njenga was appointed as member and Chairman of the Board on February 10, 2023.



**Mr Richard Kiplagat – Chairman of the Board of Directors till February 2023**

Richard is the Chief Operating Officer at Africa practice, a Pan African Strategic Communications Advisory Group. He leads Africa practice operations across the group offices in London, Dar es Salaam, Perth, Casablanca, Johannesburg, Lagos, and Nairobi. In addition, he is the Senior Stakeholder Advisor to business and government leaders particularly in the infrastructure, energy, oil and gas sectors.

Richard was the Head of Global Strategic Alliances at Microsoft Africa for five years and was responsible for managing Microsoft's strategic engagements with development partners and inter-governmental organisations across 47 countries in sub-Saharan Africa and the Indian Ocean islands. He was instrumental in establishing Microsoft's partnerships with The African Union (AU), African Development Bank (AfDB), United Nations Economic Commission for Africa (UNECA), Economic Community of West African States (ECOWAS), World Bank and the East African Community (EAC) among others.

Before joining Microsoft, Richard was the East African Regional Manager for SAP. While at SAP he spearheaded several initiatives with governments and businesses to utilise technology to improve the competitiveness of African companies as well as increase efficiency, transparency and service delivery in the public sector.

Richard has sat on the boards of several organisations including, Kenya ICT Federation where he was Vice Chair, Kenya ICT Village, Kenya ICT Board, Kenya Youth Business Trust (Chairman), Allavida and Kenya National Chamber of Commerce. He is currently the Chairman of The Warren.

Born in 1969, Richard's tenure ended on 10<sup>th</sup> February 2023.





**Hon. Ambassador Ukur Yatani Kanacho - Cabinet Secretary, The National Treasury, Non-Executive Director**

Hon. Amb. Yatani has over 27-year experience in public administration, politics, diplomacy and governance in public sector.

In January 2018, he was appointed the Cabinet Secretary for Labour and Social Protection. Between the years 2006-2007 while Member of Parliament for North Horr constituency, he also served as an Assistant minister for science and technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County.

Between June 2009 and October 2012, he served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. In this position, he aggressively pursued and advanced Kenya's foreign interests. He has also held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others. Between 1992—2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where he sharpened his management and administrative skills. He has Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005; and Bachelor of Arts in Economics, Egerton University, Kenya, 1991.

Hon Yatani is a Non-Executive member of the Board as per the Unclaimed Financial Assets Act as read in line with the Cabinet secretary (Incorporation) to the Treasury Act.

Born in 1967, he was appointed Cabinet Secretary, The National Treasury, in January 2020.



**Mr. Daniel M. Mutua – Alternate to CS, The National Treasury**

Daniel is a Senior Deputy Director, Investment in the National Treasury.

He holds a Bachelor of Education (Economics/Business)-Kenyatta University (1991) and MBA-ESAMI/Maastricht (2006) and is a Registered Certified Investment and Financial Analyst (CIFA). Mr. Mutua has undergone Intensive training in many areas such as Investment appraisal, Enterprise Risk Analysis, Corporate Governance, Performance Management, Project management, Procurement, Public Finance and holds several certificates on Public Private Partnerships from IP3 Institute, in Washington DC-USA.

He has over 31 years public sector experience in various Ministries including-TSC, Ministry of Labour, Office of the Vice President, Culture & National Heritage and currently in the National Treasury-Directorate of Public Investments and Portfolio management. He has previously served as an Alternate Director in the Boards of ICDC, EPZA, WSTF, NBA, KNAC (2001) Ltd, and University of Eldoret Council.

Born in 1967, Daniel was appointed in November 2012 as an Alternate Director to the CS, The National Treasury.



**Mr Gabriel K. Njenga – Non-Executive Director**

Gabriel is a founding Partner at Karanja-Njenga Advocates, a fully-fledged Corporate Commercial Law firm, established in 1993. He holds a Bachelor of Laws (LLB) from Sheffield University, Sheffield United Kingdom. He attained a Diploma in law from the Kenya School of Law in 1991 and has been an Advocate of the High Court of Kenya since 1993. He also holds a Specialized Honours Degree Bachelor of Arts (BA) in Political Science from York University, Toronto Canada. He is also a Certified Public Secretary.

Born in 1959, Gabriel's second term as a member of the Board ended in December 2021.



**Ms Jacqueline Oyuyo - Non-Executive Director**

Jacqueline is the Managing Partner of Umsizi LLP, where she practices as an Advocate, Corporate Secretary, Arbitrator and Mediator to a host of clientele. She holds an MBA in Global Technology Management from the American Intercontinental University and is a Fellow of the Chartered Institute of Arbitrators, a Certified and Judiciary-Accredited Mediator and an accredited Governance Auditor.

She is committed to demystifying corporate governance in a way that makes sense for each Authority that she deals with and is adept at tackling regulatory compliance. She served on the Governing Council of the Institute of Certified Public Secretaries of Kenya (ICPSK), as well as on various Boards ranging from non-profit entities and has served in various State Corporations in the capacity of non-executive Director.

Born in 1975, Jacqueline's second term as a member of the Board expired in May 2022.



**Hon FCPA Thomas Ludindi Mwadeghu - Non-Executive Director**

Hon. Thomas Ludindi Mwadeghu is the immediate former Member of Parliament for Wundanyi Constituency having served for two consecutive terms. As Member of Parliament, Hon. Mwadeghu served as a Minority Chief Whip, Member of House Business Committee, Member of Public Investment Committee and Lands Committee of the National Assembly.

Previously, Hon. Mwadeghu served at different capacities at the Central Bank of Kenya, Industrial Development Bank Limited, the Housing Finance Company, the Kenya Wildlife Services and Ocean Freight East Africa Ltd. He was a managing partner at Keah & Co. Ltd and Shulunge Auditing firms before he ventured into politics and successfully run for a parliamentary seat for Wundanyi Constituency since year 2008.

Hon. Mwadeghu is a graduate of Commerce (Accounting) from the University of Nairobi. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) since 1981.

Born in 1953, Hon FCPA Mwadeghu was reappointed as a member of the Board in October following expiry of his first term in September 2021. He resigned on 9<sup>th</sup> Feb 2022.



**Mr. Peter Ng'ang'a Kanyua - Non-Executive Director**

Peter is an accomplished business leader in Kenya and USA markets running into insurance, security exchange, real estate, IT, security and betting. He began his career as an Investment Consultant in the commodities and derivatives market at the New York stock Exchange (NYSE), National Association of Stock Dealers Association (NASDAQ) and the Chicago Board of Exchange (CBOE).

With over 25 years-experience, Peter has held several senior positions at John Power Ltd, EBET (K) Limited, Energy Tech Africa Limited, SENACA Security Limited among others. Peter received his undergraduate degree from the Baruch College, City University of New York in Finance and Economics.

Born in 1966, Peter was re-appointed as a member of the Board in September 2021.





**FA John K. Mwangi, EBS - CEO & Managing Trustee**

John is the CEO of the Authority & Managing Trustee of the Trust Fund.






Prior to his appointment as CEO and Managing Trustee, he was the Manager, Unclaimed Financial Assets Line at UFAA, a position he held for four years.

John has served for over 20 years in several financial institutions within investment and a commercial banking. He joined the Authority in April 2015 from Bank of Africa (BOA) where he was a Relationship Manager in institutional banking. Prior to joining BOA, Mr. Mwangi also worked at African Alliance Investment Bank, Old Mutual Asset Managers and ICEA Asset Managers.



John is a Certified Investment and Financial Analyst and Member of the Institute of Certified Investment and Financial Analysts (ICIFA). He is also a member of Kenya Institute of Management (KIM). He holds an Executive MBA from Strathmore Business School and underwent a Modular course on Corporate Entrepreneurship and Global Strategy at IESE Business School, University of Navarra in Barcelona. John is a Certified Trustee by College of Insurance and holds an undergraduate degree in Economics and Business Studies from the University of Nairobi.

Born in 1977, John was re-appointed as the CEO & Managing Trustee on 1 March 2022.

Unclaimed Financial Assets Authority  
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MANAGEMENT TEAM

Name	Designation
<p>FA John Kihara Mwangi, EBS</p> 	<p><b>Chief Executive Officer &amp; Managing Trustee</b></p> <p>John is the CEO of the Authority &amp; Managing Trustee of the Trust Fund.</p> <p>Prior to his appointment as CEO and Managing Trustee, John was the Manager, Unclaimed Financial Assets Line at UFAA since April 2015.</p> <p>He was re-appointed as the CEO &amp; Managing Trustee with effect from 1<sup>st</sup> March 2022.</p>
<p>Mrs Caroline Chepkurui Chirchir</p> 	<p><b>Manager Human Resource &amp; Administration</b></p> <p>Caroline is responsible for the facilitation, co-ordination and implementation of human resource and administration policies, strategies and systems and provision of a conducive working environment for the Authority.</p> <p>Caroline also acted as CEO of UFAA following appointment on 1<sup>st</sup> November 2018 until 28<sup>th</sup> February 2019. She joined the Authority in October 2016 following a successful career in Human resource management and consultancy at institutions in the manufacturing and financial services sector.</p>
<p>Mr David Mwangi Kamau</p> 	<p><b>Corporation Secretary/Manager Legal Services</b></p> <p>David is responsible for the Legal, Governance and Corporation Secretary functions of the Authority.</p> <p>As a legal and corporate governance professional with over 20 years' experience, he has held senior management roles in the private and public sectors in Kenya. He joined UFAA on 1<sup>st</sup> November 2021.</p> <p>David is a Member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Chartered Institute of Arbitrators (London &amp; Kenya)</p>
<p>Mr Francis Mathenge Muchina</p> 	<p><b>Manager ICT</b></p> <p>Francis is responsible for Planning, developing, coordinating and ensuring delivery of the Authority's ICT strategy and needs. He also oversees management of the Trust Fund database.</p> <p>Francis joined the Authority in April 2015 following distinguished service in many public sector institutions including the National Treasury and Kenya Forestry Research Institute (KEFRI).</p>
<p>CPA Pius Kibet Kimutai</p> 	<p><b>Manager Audit, Risk &amp; Assurance</b></p> <p>Pius is responsible for ensuring the effective operation of the internal audit function. The role is also responsible for ensuring that UFAA has a Risk Management Strategy in place with appropriate systems to identify and mitigate identified risks.</p> <p>Pius joined the Authority in August 2015, following long service in academia in various schools and in different capacities in Accounting and Audit at Postbank.</p>

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Name	Designation
<p>Jack Owino Gumboh, PhD</p> 	<p><b>Manager Procurement</b></p> <p>Jack is responsible for procurement and supply function and overseeing aspects of purchasing, negotiations and management of the procurement of goods, works and services in line with the law.</p> <p>Jack joined the Authority in January 2018 having served in various capacities in Supply Chain management in many public and private sector institutions.</p>
<p>CPA Beatrice Marusoi Chelangat</p> 	<p><b>Acting Manager Unclaimed Financial Assets Line</b></p> <p>Beatrice is responsible for overall management of the Unclaimed Financial Assets Trust Fund, including overseeing compliance by holders, investment of received funds and re-unification to the rightful owners.</p> <p>Beatrice joined the Authority as a Senior Auditor (Claims) in September 2015 after long service in financial management at various institutions including EACC. She was appointed as Ag Manager UFAL in March 2019.</p>
<p>CPA Henry Taabu Nyegenye</p> 	<p><b>Manager Finance &amp; Accounting</b></p> <p>Henry is responsible for managing the Authority's financial operations and ensuring that there is efficient utilization of financial resources within established policies of the Authority. He is also responsible for financial accounting and reporting, cash and bank operations and tax management.</p> <p>Henry joined the Authority in July 2015 having served in risk management &amp; audit, investment management, financial analysis, treasury management and budget management in public sector institutions in the energy, health and infrastructure sector.</p>



**Unclaimed Financial Assets Authority  
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CHAIRMAN'S STATEMENT**

I am pleased to report that the Unclaimed Financial Assets Authority (UFAA or "Authority") has come of age in implementing her mandate. In line with the growth strategy envisaged by the Strategic Plan 2018-2023 the Authority has embarked on growing the Fund and ensuring enhanced reunification of assets with their rightful owners.

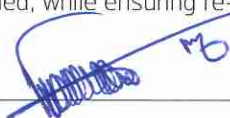
The Board recognizes the great role played by UFAA in the Financial Sector. This is in ensuring resources are not held as abandoned, but rather made available to support social development initiatives both at the household and national level. The key highlight of the reunification agenda has been on encouraging management to adopt mechanisms that will ensure we bring reunification services to the people. This is in line with the Constitution that requires effective decentralization of services for National Government entities. Besides, we have played our advisory role to the Cabinet Secretary, The National Treasury in anchoring policy direction through a Comprehensive National Policy on Unclaimed Assets.

On the legislative front, we have held liaison meetings with the National Assembly Special Funds Committee with the key focus of ensuring that challenges to reunification due to legislation are appreciated and addressed. Being a regime that is new within the region, many lessons have been learnt during implementation of the Unclaimed Financial Assets Act, 2011 that need legislative measures so as to be addressed.

The Board also focussed on ensuring that the Strategic Plan 2018-23 is aligned to current realities and does not remain an abstract document. A mid-term review of the Strategic Plan was therefore undertaken in which valuable lessons were learnt and the Strategic Plan 2018-23 was updated with particular focus on ensuring technology and stakeholder engagement are central in the discharge of our mandate.

The Board will endeavour to ensure that UFAA adopts service delivery models that are not only sustainable but also effective in ensuring our stakeholders and the general public is served.

I wish to thank His Excellency the President, Dr. William Samoei Ruto for my appointment as Chair of Board, and the Cabinet Secretary, The National Treasury for the tremendous support that the Authority continues to receive in the discharge of its mandate. I recognise the stewardship of members of the Board and the Authority as a Trustee of the Fund, for the commitment and efforts put in ensuring that the Unclaimed Assets Trust Fund not only grows, but is also safeguarded, while ensuring re-unification is done to the unclaimed assets rightful owners.



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Hon Dr. CPA Francis K Njenga  
Chairman of The Board of Directors  
Unclaimed Financial Assets Authority

Date.....23-03-2023



**Unclaimed Financial Assets Authority  
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REPORT OF THE CHIEF EXECUTIVE OFFICER**

I am pleased to report that we continued to progressively implement the growth oriented Strategic Plan 2018 — 2023 during this financial year.

Our focus has been harnessing the partnerships we have created over time to deepen compliance and enhance reunification of unclaimed financial assets. During the year under review, we held discussions with the Ministry of Public Service through Huduma Kenya Secretariat (HKS) to facilitate reunification of unclaimed financial assets through the HKS branch networks. Through this program, members of the public will be able to receive reunification services at the grassroots. Besides, we have enhanced our compliance audits across holders in various sectors through various commissioned audits to ascertain completeness and correctness of the reports we receive for unclaimed assets.

We have reviewed our service delivery model to enable members of the public to search and claim their unclaimed assets online through an online platform. We have also automated our claiming process and to enhance our service delivery to the public. This development has been in response to the feedback we have received from our customers to streamline and therefore minimise pain-points along the reunification customer journey.

The Finance Act, 2022 has amended the Unclaimed Financial Assets Act, No 40 of 2011 giving rise to three provisions namely: waiver of penalties for surrendered assets by holders for financial year 2022/2023. Establishment of a year-long voluntary disclosure program; and capping of penalties not to exceed the value of the assets found to be reportable and deliverable to the Authority upon audit with an objective of enhancing compliance rate. **We held Holders' Conference** with the twin objective of enhancing compliance with the Act and sharing with the holders on the challenges so far experienced in implementing the Act. Through such mechanisms, UFAA aims to collaborate with holders as primary reunification agents.

The organization reviewed its Strategic Plan 2018-23 to ensure the Plan is aligned to the operating environment in which we operate. Measures aimed at enhancing collection of unclaimed assets and reunification given and the Plan reviewed in line with the operating realities. We will continue to ensure the measures are implemented so that we effectively discharge the mandate bestowed on this institution.

The year under review has been truly exciting times for the Authority. I am convinced that UFAA shall continue to be an increasingly strong force in the unclaimed assets sector and will bring innovative ideas and create value for all stakeholders.

We remain committed to ensuring adherence to the Public Financial Management Act and Regulations, the Public Procurement and Assets Disposal Act and all other legislations that we use in implementing our mandate. Our collective efforts have been to guarantee the indefinite right of reunification for owners and unlocking unclaimed financial assets for investments in the long-term shared socio-economic development of the country.

My sincere gratitude goes to the National Treasury for the support that the Authority has received in entrenching this regime in the country. I also appreciate the collective efforts of the Board of Directors in steering UFAA as an Authority and Trustee to the Unclaimed Financial Assets Trust Fund.



FA John K. Mwangi, EBS  
CEO/Managing Trustee

Date 23-03-2023

REVIEW OF UNCLAIMED FINANCIAL ASSETS AUTHORITY PERFORMANCE FOR FY 2021/2022

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Receive	<b>Objective 1:</b> Enhance holder compliance to ensure receipt of Kshs 100 billion of unclaimed financial assets by 2023	Holders' compliance audits  Holders' declaration & surrender of Unclaimed Financial Assets	Conduct 25 holders' compliance audits  Collect Kshs 4.0 billion unclaimed financial assets from holders	25 successful bid for audits are underway being undertaken by the contracted auditors. Process delays arose from earlier court's process litigation that got out-of-court settlement and are now work in progress.  Kshs 3 billion in cash representing 71.95% achievement of target realized was collected. Enhancement of cash collections of UFAs from holders is being scaled-up through enforcement efforts and partnerships with other Government agencies.
Pillar 2: Safeguard	<b>Objective 2:</b> Strengthen accountability and sustainability in safeguarding unclaimed financial assets	Investment rate of return  Budget funding and absorption	Attain investment income of Kshs 1.8billion  100 % Budget funding and absorption	Kshs 1.86 B realized, representing 103% achievement on investing activities.  100% Budget funding, with 78% budget utilization for FY 2021/22
Pillar 3: Reunite	<b>Objective 3:</b> Reunite 5% received UFA as at 1st July 2022 to the rightful owners	Reunification rate in respect to amount and number of claims processed and paid	Process and pay out claims amounting Kshs 882 million  Reunite 10,000 claimants	Kshs 604 million in cash claims paid out representing 71.09 % achievement of target realized. Reunification efforts to be continually improved.  8,111 claimants reunified representing 88.42 % achievement of target.

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**Board Committees**

The Board Committees facilitate decision-making to assist the Board in execution of its duties, powers and authority. However, delegation of authority to the committees does not in any way mitigate or dissipate the discharge by the Board of its duties and responsibilities. Board committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Board. The following three (3) committees have been set up:

**Finance and Human Resource Committee**

This committee assesses and advises on the integrity of the Authority's financial statements, financial plans and budgets. It reviews periodic financial performance, management accounts and the Authority's general financial health. It also advises the Board on the organizational structure, core functions and staff establishment. It provides guidance on Human Resource policies and makes recommendations that promote operational efficiency and capacity enhancement.

The Committee was reconstituted during the year. Members as at 30<sup>th</sup> June 2022:

Name	Position
Peter Kanyua	Chair
Daniel Mutua	Member
Gabriel Njenga	Member

**Finance and Human Resource Committee Meetings attendance**

Name	No. of Meetings	Meeting attended	Meetings absent
Peter Kanyua	7	7	-
Daniel Mutua	7	7	-
Gabriel Njenga	4	4	-

**Audit and Risk Committee**

This committee reviews the scope and effectiveness of internal controls and risk management systems which guide and monitor financial and non-financial risks. It monitors the Authority's compliance with the code of conduct and ethics. The Committee was reconstituted during the year. Members as at 30<sup>th</sup> June 2022:

Name	Position
Hon FCPA Thomas Mwadeghu	Chair
Daniel Mutua	Member
Jacqueline Oyuyo	Member
Peter Kanyua	Member

**Audit and Risk Committee Meeting attendance**

Name	Meetings	Attended	Absent
Hon FCPA Thomas Mwadeghu	6	6	-
Daniel Mutua	4	4	-
Jacqueline Oyuyo	4	4	-
Peter Kanyua	1	1	-

**Technical and Investment Committee**

The primary responsibility of the Technical and Investment Committee is to advise the Board on pertinent issues regarding the realization of the Authority's core mandate. The Committee advises the Board on the level of compliance with the provisions of the Unclaimed Financial Assets Act, 2011 and also advise the Board on proper management of records relating to unclaimed financial assets, including the establishment and maintenance of a reliable unclaimed financial assets database.

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The Committee was reconstituted during the year. Members as at 30<sup>th</sup> June 2022:

<b>Name</b>	<b>Position</b>
Jacqueline Oyuyo	Chair
Gabriel Njenga	Member
Peter Kanyua	Member
Daniel Mutua	Member

**Technical and Investment Committee Meeting attendance**

<b>Name</b>	<b>Meetings</b>	<b>Attended</b>	<b>Absent</b>
Jacqueline Oyuyo	4	4	-
Gabriel Njenga	2	2	-
Peter Kanyua	4	4	-
Daniel Mutua	1	1	-



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### ***Operational and financial performance***

The Authority realized a total of Kshs 734. 8 million in revenues for the financial year ended 30 June 2022. This includes Kshs 149.9 million that was the allocated revenue from the Exchequer. Despite the challenges in the economic environment, the Government provided all funding as allocated, signifying the significant support received from the line Ministry. Included in the revenues realized is Kshs 559.6 million, which the Cabinet Secretary, approved for the Authority to utilize from the Trust Fund.

Other revenues are Kshs 14.5 million reimbursement of audit fees utilized on compliance audits and Kshs 10.8 million received from call account deposits.

Budget utilization stood at 78% of budgeted funds as at year end. The area of significant low absorption was staff emoluments due to the delay in finalizing of approvals for recruitment of additional staff, including delays in approval to recruit staff to fill existing vacancies. We are however optimistic that this will be addressed in the new financial year, following concurrence by National Treasury that the Authority obtains relevant approvals for additional staff.

### ***COVID-19 pandemic and its effects***

The COVID-19 pandemic presented significant challenges to the operating environment, which affected the Authority's execution of its mandate. This was particularly on stakeholder engagement initiatives and receipt of claims from claimants. Measures have however been put in place to adherence to Government guidelines in addressing this pandemic.

### ***Key projects and investment decisions the Authority is planning/implementing***

The Authority entered key partnerships which were meant to support in delivery of its mandate. These include the Huduma Kenya Secretariat (HKS) partnership which will enable rolling out of services across the country. Currently, five (5) Huduma Centres within Nairobi offer UFAA reunification services within their premises while all the staff in the 52 cybercafes within the Huduma Kenya network have been trained to facilitate online claims submission. Another key partnership is with the Office of the Auditor General. This is supposed to enhance compliance by holders in the public sector.

Implementation of the Unclaimed Financial Assets Management System (UFAMS) was also finalized within the year. While teething problems have continued to affect its full uptake, it is expected that this implementation will greatly enhance compliance, reunification, and general trust fund management efforts.

### ***Major Risks facing the Organization.***

Staff capacity continues to be an issue that portends significant risk to the entity. This is since it impacts not only efficiency in operations but also segregation of duties. To address the challenge, outsourcing of services and automation are used as key strategic components of the organization. These however present additional risks in information security and the need for resources to manage the outsourced service providers.

As pointed out, following concurrence by National Treasury to obtain approval for up to 60 staff, and specific approval to engage nine (9) staff on an emergency basis, it is expected that staff capacity is an issue that will be addressed going forward.

### ***Compliance with statutory requirements***

The Authority carries out its operations in adherence to the Public Finance Management Act and Regulations, Public Procurement and Asset Disposal Act and Regulations, employment and labour Laws. In addition, adherence to the unclaimed Financial Assets Act is given key priority in all operations, as well as adherence to other relevant circulars and guidelines from government.

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

There were no material arrears in financial obligations. Given the Authority operates on an accrual basis, all the accrued amounts were provided for in the budget. Therefore, the obligations will be settled as and when activities relating to them are finalized and approved.

### ***Financial Probity/Governance Issues***

No financial probity issues were noted during the year under review.

During the year, one director resigned as a Director in February 2022. The second terms of two directors expired in December 2011 and May 2022 respectively. Also, the term of the Chairman of the Board expired in May 2022 but was

**Unclaimed Financial Assets Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

renewed in July 2022. The Inspector General of State Corporations seconded a representative to the Board. Three new Directors were appointed after the 30<sup>th</sup> June 2022, their appointments are effective 13<sup>th</sup> July 2022.

## **CORPORATE SOCIAL RESPONSIBILITY/SUSTAINABILITY REPORTING**

### **Sustainability Strategy and Profile**

The Authority continued to deepen its partnerships collaborative frameworks on many fronts. This is in line with the prevailing UFAA strategic plan 2018-2023 where the triple bottom line of people, planet and value remain on the fore front. In this respect, UFAA focused on partnerships and collaboration with other government agencies such as Kenya Yearbook Editorial Board, Office of the Auditor General and Huduma Kenya Secretariat; capacity development of staff and the Board with requisite upskilling and benchmarking tours and visits for exposure on skillsets, attitudes and competencies enable delivery of the Authority mandate, mission, and vision.

The Authority deepened its investments in environmental preservation, greening and tree coverage agenda by availing funding (financial resources) to Kenya Forest Services (KFS) for regeneration of Ngong forest. Besides, in the period, the Authority fostered green ecology in its workplace; and delivered staff awareness creation and sensitizations on climate change issues, as part implementation of its performance contract, as envisaged in progressive National Values and Principles of Governance.

Also, in the period under review, the Authority facilitated stabilizing of the overall interest rate regime. This is through investment of all unclaimed assets not required for immediate reunification in Treasury Bills at non-competitive rates. Thus, **meeting stakeholders' requirements as part of robust organizational citizenship is something the Authority celebrates as it journeys to a promising future.**

### **Environmental Performance**

UFAA has a workplace occupational Health and Safety Policy (OSH). This is the policy that guides most aspects relating to the workplace environment. In the just concluded Financial year UFAA made the following milestones some of which were as recommended in the OSHA Audit that were previously raised by the Directorate of Occupational Health and Safety in the workplace notably; improving Office ventilation; training some of the staff First AID and installation of additional First AID in all strategic points in the authority in the just concluded; training staff on fire-fighting; fitting the building premises with fire-fighting equipment including identifying a fire assembly point; enhancing office ergonomics including provision of suitable furniture to cater for staff in its bid to improve the work environment.

Going forward, the Authority aspires to mobilize resources to kickstart the process of acquiring own premises that will have provisions for all the requirements of an environmentally friendly working environment in the long term.

### **Employee Welfare**

Employee welfare is an area of significant interest in the Authority' operations. To this end, various policies and schemes that are geared towards welfare, gender and disability mainstreaming have been put in place. These include car and housing benefit, medical and group life insurance, pension scheme among others. In addition, the Authority has developed career guidelines as well as initiating a reward and sanctions policy to give staff career direction and to reward good performance. Staff are continuously trained to update their skills. Staff policies and schemes are continually reviewed to ensure they address emerging needs of staff. Also, the Authority has continuously adhered to Government guidelines aimed at mitigating the risks associated with the Covid- 19 pandemic to staff. These include medical cover for COVID-19 treatment and vaccinations for the staff and fumigation of office premises.

### **Market place practices-**

#### **a) Responsible competition practice**

The Authority promotes use of open tender as the preferred method of procurement to enhance competition and openness in matters procurement. Also, in line with government guidelines, the Authority ensures that the youth, women, and persons with disability are allocated 30% of all the Authority's procurement opportunities, including ensuring that 40% of all procurement opportunities are allocated to company's owned by Kenyans, through the "Buy Kenya Build Kenya" initiative.

In its procurement processes, the Authority adheres to the Public Procurement and Assets Disposal laws. This is meant to not only ensure fairness, but also promote openness in management of procurement processes.

**Unclaimed Financial Assets Authority  
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**b) Responsible Supply chain and supplier relations**

The Authority's annually appraises vendors, and any contract extensions are based on performance. Suppliers are also periodically sensitized on new laws and regulations as well as best procurement practices on an annual basis. Finally, payments to suppliers are made within payment timelines specified in contracts or purchase and service orders.

**c) Responsible marketing and advertisement**

**Customer Relationship Management**

The Authority procured & implemented a call management system to ensure efficiency in managing customer calls. To address customer complaints and suggestions, the Authority submits quarterly reports to the commission on the Administrative of Justice (Office of the Ombudsman) which among other, show how customers complaints are addressed.

**Corruption Prevention**

To address corruption, a corruption Prevention Committee (CPC) has been put in place and two (2) integrity Officers trained by the Ethics and Anti-Corruption commission (EACC). Further, the Board of Directors approved a witness Protection Policy, which addresses measures on how to report issues of concern without compromising the safety of witnesses.

**Media Engagement**

The Authority rolled out Digital media campaign dubbed "#Changamkia Claim" to drive interest and foot-traffic through service centers such as Huduma desks, claim portal and Call Center. The campaign entailed placement of adverts on Twitter, Facebook and google display network. A campaign landing page was also created on UFAA website to generate marketing leads. Market leads generated are followed-up by way of direct SMS to encourage customers to lodge a claim.

The Authority engaged the media to provide thought leadership and update members of the press on matters of unclaimed financial assets regime. The Authority also engaged on Media Appearance on National TV and leading daily Newspapers to sensitize the public on their 'lost and found' Unclaimed Financial Assets. A reunification clinic was also held locally, and diaspora conferences done on efforts to reach and partner with Kenyans living abroad and addressing initiatives on reunification.

**d) Product stewardship**

The Authority has continued to enhance collaboration with holders before making a decision to audit. In addition, the Authority in collaboration with Kenya Yearbook Editorial Board has published digital Quick Info bytes edition on unclaimed financial assets regime. The Quick Info bytes 21st edition covered information about unclaimed financial assets for circulation at no cost to the Authority.

The Authority hosted an awareness forum for Strathmore University community on reunification for donation. The engagement is in line with implementation of a Memorandum of Understanding (MoU) between UFAA and Strathmore University that provides for a collaborative approach to awareness, reunification of unclaimed assets and call for donation of claimed financial assets to the Strathmore University Foundation.

**Corporate Social Responsibility**

**Ndakaini Dam Project.**

The Authority in collaboration with Ndakaini Dam Environmental Conservation Association (NDEKA) implemented a widow empowerment project for socio-economic development and resilient livelihoods to widows around the Ndakaini Dam area. Notable achievements were Community outreach and rapid field appraisals where 145 widows and widowers were reached through community outreach. Capacity building and extension services where 93 beneficiaries reached with extension services on poultry and upland arrow roots and establishment of sustainable agribusiness services and livelihood value chains Working collaboratively with the County Extension Assistant, local administration. 60 small holder poultry units were established, with 300 F1 improved local 6 weeks old chicken, start-up feed, vaccination and existing/new poultry structures reinforced.



### Newspaper in Education Project

The Authority in partnership with Nation Media Group commissioned 'Newspaper in Education' (NiE) project for Malalani Primary School, Kwale County. The project entailed contribution to support distribution of newspapers to the school. The objective of the support was to improve language and comprehension skills amongst students; build a reading culture; give access to information that is helpful in education setup and support less privileged students in accessing learning materials.



### 'Wezesha Mjane' Project

A call for proposals was opened in May 2022 to Non-Governmental Organizations (NGOs)/ Foundations/ Self-help groups/ Community Based Organizations that work with and benefit widows or widow-led households in Kenya. Applicants were encouraged to submit project proposals clearly indicating what the organizations do, their project idea and how the proposed project will benefit widows and the host community. A complementary support was to be extended to the winning project by way of a scholarship for a child from a needy widow-led household benefiting from the proposed project.

A total of 130 project proposals were received by the Authority from the "Call for Proposal" exercise. Kenya Red Cross emerged with the overall most responsive project in Elgeyo Marakwet. The steering committee will undertake a project site visit prior to implementation phase to assess project viability as detailed in the project proposal.



**Unclaimed Financial Assets Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.  
REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended which show the state of the Authority's affairs.

**i. Principal activities**

The principal activities of the entity are to receive, safeguard and re-unite unclaimed assets with the rightful owners or beneficiaries.

In addition, the Authority also has a responsibility to advise the Cabinet Secretary National Treasury on the national policy to be followed with regard to unclaimed assets and to implement all government policies relating to it.

**ii. Results**

The results of the entity for the year ended June 30, 2022 are set out on page 1 to 5.

**iii. Directors**

The members of the Board of Directors who served during the year are shown on page 5 to 7. During the year, Hon FCPA Thomas Mwachugu resigned as a Director in February 2022. The second terms of Directors Gabriel Njenga and Director Jacqueline Oyuyo expired in December 2011 and May 2022 respectively. Also, the term of the Chairman of the Board expired in May 2022 but was renewed in July 2022. Mr Livingstone Mburu was seconded by the Inspector General of State Corporations, to represent him in the Board.

Three new Directors were appointed after the June 30, 2022. These are Directors Mwai Kihu, Grace Tole and Njoroge Ng'ang'a who were appointed effective July 13, 2022.

**Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Budget performance and absorption indicates a balance of Kshs 164.7 million. The entity is in discussions with the National Treasury with a view to utilizing the funds in other areas that will enhance sustainability in operations.

**Auditors**

The Auditor General is responsible for the statutory audit of Unclaimed Financial Assets Authority for the year ended June 30, 2022.

By Order of the Board



**David Kamau  
Corporation Secretary/Head of Legal**

Nairobi

Date 23-03-2023

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, Revised 2015, Section 14 of the State Corporations Act, and Section 46 of the Unclaimed Financial Assets Act, 2011, require the Directors to prepare financial statements in respect of the Unclaimed Financial Assets Authority (the "Authority"), which give a true and fair view of the financial position of the Authority at the end of the financial year and its financial performance for the year then ended in accordance with International Public Sector Accounting Standards. The Directors are responsible for ensuring that the Authority keeps proper accounting records that are sufficient to show and explain the transactions of the Authority; disclose with reasonable accuracy at any time the financial position of the Authority; and that enables them to prepare financial statements of the Authority that comply with prescribed financial reporting standards and in the manner required by Section 46 of the Unclaimed Financial Assets Act, Section 81 of the Public Finance Management Act, Revised 2015 and Section 14 of the State Corporations Act. They are also responsible for safeguarding the assets of the Authority and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the presentation and preparation of financial statements of the Authority in accordance with International Public Sector Accounting Standards and in the manner required by Section 46 of the Unclaimed Financial Assets Act, Section 81 of the Public Finance Management Act, Revised 2015 and Section 14 of the State Corporations Act. They also accept responsibility for:

- i. Designing, implementing, and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
- ii. Selecting suitable accounting policies and then apply them consistently; and
- iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Authority's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Authority's ability to continue as a going concern.

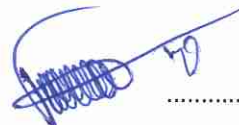
The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

### Approval of the financial statements

The Authority's financial statements were approved by the Board on ~~23.03~~ 2022 and signed on its behalf by:



.....  
FA John Mwangi, EBS  
Chief Executive Officer/Managing Trustee

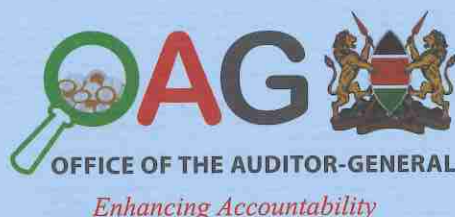


.....  
Hon. Dr CPA Francis K Njenga  
Chairman



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON UNCLAIMED FINANCIAL ASSETS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Unclaimed Financial Assets Authority set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in



net assets, statement of cash flows and statement of comparison of budget and actual performance for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly the financial position of the Unclaimed Financial Assets Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Unclaimed Financial Assets Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Low Rate of Unclaimed Assets Reunification**

Whereas the Authority commenced receiving unclaimed assets from holders in 2014, reunification of the assets with the beneficiaries started in 2016. As at 30 June, 2022, receipts from holders was Kshs.22,614,997,000 while claims paid totalled to Kshs.604,961,000 representing a reunification rate of 3% of total assets remitted by holders. Management has attributed the slow pace of reunification to the following factors:

- i) Non-differentiated claim process prescribed in the law which discourages low value claims due to the cost implications;
- ii) Regulatory regime that prescribes forms which favour physical delivery of documents by claimants and manual processing;
- iii) Nature of unclaimed assets where tracing and location of rightful owners takes time;
- iv) Low staff capacity- as at 30 June, 2022, the Authority had thirty-two (32) staff who also doubles up as Fund's staff, to handle operations countywide;
- v) Low awareness levels by beneficiaries; and,
- vi) Many receipts of very small amounts without any provision or mechanism to donate, among other factors.



The above factors do not adequately support an effective reunification process. Management has however, indicated that it has proposed and adopted several measures to address low reunification.

The Authority is therefore, not meeting its mandate of tracing unclaimed assets and reunifying them with the beneficiaries in an efficient and effective manner.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.713,000,000 and Kshs.734,808,000 respectively resulting to an over-collection of Kshs.21,808,000 or 3% of the budget. Similarly, the Authority expended a total of Kshs.535,751,000 against an approved budget of Kshs.713,000,000 resulting to an under-expenditure of Kshs.177,249,000 or 25% of the budget. Management has attributed the under expenditure to delay in approval of Human Resource instruments, onboarding of shares, partial roll out of Huduma Kenya collaboration and expiry of terms of some Board members.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Information Technology Steering Committee**

During the period under review, Management did not have in place an Information Technology Steering Committee to assist in the development of ICT Policy Framework to enable the Authority to realize its long-term ICT strategic goals. Lack of Information Technology Steering Committee may result in an unclear direction regarding maintenance of information security across the Authority and safeguarding the Authority's ICT assets.

In the circumstances, existence of information technology strategy to ensure that the Authority's strategy is achieved could not be confirmed.

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

### **Responsibilities of Management and the Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

04 April, 2023



Unclaimed Financial Assets Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2022


	Note	2021-2022	2020-2021
		Shs '000	Shs '000
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Government Grant - Recurrent	6	149,900	112,500
Government Grants - Capital Funding		0	0
UFAA-Trust Fund Income	7	559,600	714,100
<b>Revenue from Exchange Transactions</b>			
Finance Income	8	10,764	3,683
Other Income	9	14,544	8,542
<b>TOTAL REVENUE</b>		<b>734,808</b>	<b>838,825</b>
<b>EXPENSES</b>			
<b>Operating Expenses</b>			
Staff Costs	10	142,346	134,891
Board Expenses	11	17,904	11,899
Administrative Expenses	12	351,794	285,301
Depreciation	16	21,157	14,471
<b>Total Operating Expenses</b>		<b>533,201</b>	<b>446,562</b>
<b>Surplus for the Year Before Taxes</b>		<b>201,607</b>	<b>392,263</b>
Provision for tax		(3,229)	(350)
<b>Surplus After Taxes</b>		<b>198,378</b>	<b>391,933</b>

The notes set out on pages 6 to 21 form an integral part of these Financial Statements

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



C.E.O Managing Trustee  
FA. John Mwangi, EBS



Manager Finance & Accounting  
CPA, Henry Taabu  
ICPAK Member Number: 5413



Chairman of the UFAA Board  
Hon Dr CPA Francis K Njenga

Date: 23.03.2023

Date: 23.03.2023

Date: 23.03.2023

Unclaimed Financial Assets Authority  
 Annual Reports and Financial Statements  
 For the year ended June 30, 2022.  
 STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

		2021-2022	2020-2021
		Shs '000	Shs '000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	13	440,985	145,954
Receivables and Prepayments	14(b)	573,855	775,265
Inventories	15	1,490	1,271
<b>Total Current Assets</b>		<b>1,016,330</b>	<b>922,489</b>
<b>Non-Current Assets</b>			
Motor Vehicles and Equipment	16	31,898	39,518
Work in Progress	14(a)	78,970	54,027
Staff Houses and car loan scheme	17	249,610	249,610
<b>Total Non-Current Assets</b>		<b>360,478</b>	<b>343,155</b>
<b>Total Assets</b>		<b>1,376,808</b>	<b>1,211,617</b>
<b>LIABILITIES</b>			
Payables, Accruals and Provisions	18	172,371	205,483
<b>Total Liabilities</b>		<b>172,371</b>	<b>205,483</b>
<b>Reserves</b>			
<b>Net Reserves</b>		<b>1,204,437</b>	<b>1,006,134</b>
<b>Total Net Reserves and Liabilities</b>		<b>1,376,808</b>	<b>1,211,617</b>

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



C.E.O/Managing Trustee  
 FA. John Mwangi, EBS



Manager Finance & Accounting  
 CPA, Henry Taabu  
 ICPAK Member Number: 5413



Chairman of the UFAA Board  
 Hon Dr CPA Francis K Njenga

Date 23-3-2023

Date 23-3-2023

Date 23-3-2023

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

		2021-2022	2020/2021
<b>Accumulated Surplus</b>		<b>Shs '000</b>	<b>Shs '000</b>
At Start of the year		1,006,134	613,871
Surplus for the year		198,378	392,263
National Treasury Income not received		(75)	
		<b>1,204,437</b>	<b>1,006,134</b>

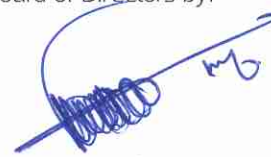
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 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	2021-2022	2020-2021
	Shs '000	Shs '000
<b>Cashflows from operating activities</b>		
Surplus	198,378	392,263
Adjustment for non-cash movements:		
Depreciation	21,157	14,471
<b>Operating surplus before Changes in Working Capital</b>	<b>219,535</b>	<b>406,734</b>
Decrease in receivables and Prepayments	201,410	-377,108
Increase in Inventories	(219)	(88)
Decrease/Increase in Payables, Accruals and Provisions	(33,112)	10,785
<b>Net Changes in Working Capital</b>	<b>168,079</b>	<b>-366,411</b>
Purchase of Property, Plant and Equipment	(13,537)	(20,393)
Work in Progress	(78,970)	(54,027)
Non-cash reduction in net assets	(75)	-
<b>Net Cash used in Investing Activities</b>	<b>(92,582)</b>	<b>(74,420)</b>
<b>Increase/Decrease in Cash and Cash Equivalents</b>	<b>295,032</b>	<b>(34,097)</b>
Cash and Cash Equivalents at Start of Year/Period	145,953	180,050
Cash and Cash Equivalents at End of Year/Period	<b>440,985</b>	<b>145,953</b>

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

  
 C.E.O/Managing Trustee  
**FA. John Mwangi, EBS**

  
 Manager Finance & Accounting  
**CPA, Henry Taabu**  
 ICPAK Member Number: 5413

  
 Chairman of the UFAA Board  
**Hon Dr CPA Francis K Njenga**

Date 23-3-2023

Date 23-3-2023

Date 23-3-2023



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

Item	Approved Budget	Adjustments	Final Budget	Actual	Performance difference	Remarks
	FY21-22 Shs '000	Shs '000	FY21-22 Shs '000	FY21-22 Shs '000	FY21-22 Shs '000	
Government Grants	149,900	0	149,900	149,900	0	
Carry forward income	0	0		0	0	
Finance Income	3,500	0	3,500	10,764	(7,264)	a
Trust Fund Income	559,600	0	559,600	559,600	0	
Other Incomes	0	0	0	14,544	(14,544)	b
<b>Total Income</b>	<b>713,000</b>	<b>0</b>	<b>713,000</b>	<b>734,808</b>	<b>(21,808)</b>	
<b>Expenses</b>						
Compensation of employees	198,830	0	198,830	142,346	(56,484)	c
Goods and services	420,367	0	420,367	325,348	(95,019)	d
Board Expenses	22,120	0	22,120	17,904	(4,216)	e
Rent Paid	30,892	0	30,892	26,446	(4,446)	f
Capital Expenditure	40,791	0	40,791	23,707	(17,084)	g
<b>Total Expenditure</b>	<b>713,000</b>	<b>0</b>	<b>713,000</b>	<b>535,751</b>	<b>(177,249)</b>	
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>199,057</b>	<b>(199,057)</b>	

**Notes-Remarks**

- Favourable interest rates and availability of more cash not required for immediate use led to more call deposit income.
- Enhanced enforcement for Audit fee refunds from holders, as a result of compliance Audit done, and assets identified.
- Delay in approval of HR instruments and implementation of target staff complement.
- Delay in onboarding of shares, delay and partial roll-out of Huduma Kenya Collaboration that planned.
- Terms of some board members ended, thus affecting the Board work plan and replacements were done in FY 2023/24

Reconciliation of Budget and Statement of financial performance is given as note 21.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Unclaimed Financial Assets Authority (UFAA/ the "Authority") is established by and derives its authority and accountability from the Unclaimed Financial Assets Act No.40 of 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to enforce and generally administer the provisions of the Act, receive all payments required by the Act to be made to the Unclaimed Assets Trust Fund (the "Fund") among others.

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

The Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Shs'000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

Changes in accounting policy and disclosures

- (i) New and amended standards adopted by the Authority  
There were no new standards that have been adopted by the Authority
- (ii) New standards and interpretations not yet adopted

The accounting requirements for amalgamations in IPSAS 40 are based on existing information, which enables public sector entities to avoid unnecessary valuation costs, while still meeting users' needs. IPSAS 40 applies from January 1, 2019, with earlier adoption encouraged. This standard has no impact on the entity.

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The effective date of IPSAS 41 is January 1, 2022, with early adoption encouraged.

IPSAS 42 Social Benefits provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. The standard requires an entity to recognize an expense and a liability for the next social benefit payment. IPSAS 42 establishes principles and requirements for:

- Recognising expenses and liabilities for social benefits;
- Measuring expenses and liabilities for social benefits;
- Presenting information about social benefits in the financial statements; and
- Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity.

The effective date for IPSAS 42 is for periods beginning on or after January 1, 2022.

These new standards that are not yet effective for the Authority are not expected to have any material impact on the financial statements of the Authority.

There are no other IPSASs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Authority.

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

- i. **Relevant new standards and amendments to published standards effective for the year ended June 30, 2022**

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Standard	Impact
IPSAS 40: Public Sector Combinations	<p><b>Applicable: 1<sup>st</sup> January 2019</b></p> <p>This recognizes two types of public sector combinations: amalgamations and acquisitions. By contrast, International Financial Reporting Standards, used by private sector entities, treat all combinations as acquisitions, which requires obtaining fair value information. Amalgamations, which are much more common in the public sector, do not require this information.</p> <p>The accounting requirements for amalgamations in IPSAS 40 are based on existing information, which enables public sector entities to avoid unnecessary valuation costs, while still meeting users' needs. IPSAS 40 applies from January 1, 2019, with earlier adoption encouraged. This standard has no impact on the entity.</p>

**ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended June 30, 2022**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The effective date of IPSAS 41 is January 1, 2022, with early adoption encouraged.
<b>IPSAS 42: Social Benefits</b>	<b>Applicable: 1<sup>st</sup> January 2022</b> IPSAS 42 Social Benefits provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. The standard requires an entity to recognize an expense and a liability for the next social benefit payment. IPSAS 42 establishes principles and requirements for: <ul style="list-style-type: none"> <li>• Recognising expenses and liabilities for social benefits;</li> <li>• Measuring expenses and liabilities for social benefits;</li> <li>• Presenting information about social benefits in the financial statements; and</li> <li>• Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity.</li> </ul> <p>The effective date for IPSAS 42 is for periods beginning on or after January 1, 2022.</p> <p>These new standards that are not yet effective for the Authority are not expected to have any material impact on the financial statements of the Authority.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2022:</b> <ol style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ol> <p>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.</p>
Other Improvements to IPSAS	<p>There are no other IPSASs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Authority.</p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

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

###### Transfers from other government entities.

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably.

###### Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income in each period.

###### Transfer from Trust Fund

Transfers from the Trust are recognised once approved by the Cabinet Secretary to defray costs associated with the administration of the Authority and performance of its function.

##### ii) Revenue from exchange transactions

###### Other income

Other income relates to audit fees recovered from audited holders who had undisclosed unclaimed financial assets. The income is recognised on receipt.

##### b) Budget information

The original budget for FY 2021-2022 was approved by the National Treasury on 30<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget.

The annual budget is prepared on an accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, a reconciliation is required between the statement of comparison of budget and the budget and the financial of financial performance. This has been presented under note 18.

##### c) Taxes

The Authority being a non-trading Authority is not subject to income tax. However, other taxes accruing from employees/ Directors are recovered through the payroll and remittances filled as appropriate.

As at year-end, the Authority has recognized taxes due from call deposits interest earned for the year.

##### d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

##### e) Motor vehicles and equipment

All motor vehicles and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of motor vehicles and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed,

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its cost is recognized in the carrying amount of the motor vehicles and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on motor vehicles and equipment is recognized in the statement of financial performance on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life. The annual rates in use are:

Motor vehicles, including motorcycles 4 Years  
Computers and related equipment 3 Years  
Office equipment and furniture 8 Years  
Fittings and fixtures Lease term (6 years)

**f) Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

For finished goods and work in progress, costs incurred in bringing each product to its present location and condition comprise cost of direct materials and labour but exclude borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. 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.

**h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset
- v. The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement, are classified as loans and receivables or held-to-maturity investments as appropriate. The Authority determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity**

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Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

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 when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**k) Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Contingent liabilities**

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**m) Contingent assets**

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise, and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**n) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority has a reserve which consists of accumulated surplus/deficit realised during the year and in prior years.

**o) Changes in accounting policies and estimates**

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

**p) Employee Benefits**

**Retirement benefit plans**

The Authority provides retirement benefits for its employees. Defined contribution plans are postemployment benefit plans under which the Authority pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these

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financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2022.

**Financial risk management objectives and policies**

**a. Risks facing the Authority**

The following are the main types of risks that the Authority is exposed to in the course of executing its operations:

Financial risks	Non-financial risks
- Credit risk	-Operational risk
- Market risk	-Human resource risk
- Interest risk	-Legal risk
- Liquidity risk	-Reputation risk
	-ICT Risks

The Authority was not exposed to foreign exchange risk at the statement of financial position date as its transactions are in Kenya Shillings.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Authority if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from bank balances and other receivable balances. Management of the credit risk is through the choice of depository banks. The Authority's choice of depository banks is confined to top local and international banks that meet the set eligibility criteria of financial soundness. Therefore, the Authority does not consider there to be any significant exposure to credit risk.

	2022	2021
	Shs '000	Shs '000
Office petty cash a/c	0	0
Standing imprest	0	0
KCB Bank KICC branch	1,437	12,577
Bank investments (call)	408,474	120,000
NCBA Bank	31,074	13,376
	<b>440,985</b>	<b>145,954</b>

	2022	2021
	Shs '000	Shs '000
<b>Work In progress</b>		
W-I-P other job cost	18,650	454
W-I-P UFAMS costs	60,321	53,573
	<b>78,971</b>	<b>54,027</b>
<b>Prepayments</b>		
Prepayments	1921	0
Rental deposits	4,697	4,697
Water, electricity & telephone deposits	80	80
	<b>6,698</b>	<b>4,777</b>
<b>Receivables</b>		
Staff debtors	1,325	2,286
Audit fee-receivables trust fund	6,456	24,641
Income receivables-trust fund	559,376	689,534
	<b>573,855</b>	<b>716,461</b>



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There were no past due or impaired balances at 30 June 2022 (2021/22: nil).

**(ii) Prepayments**

The prepayment relates to medical insurance for staff which was paid during the year but run to the next financial year

**(iii) Market risk**

Market risk is the risk of changes in market prices, in particular interest rates, affecting the Authority's income.

**Interest rate risk**

The Authority's interest rate risk arises from interest bearing call deposits held with commercial banks.

As at 30 June 2022, an increase/decrease of 100 basis points would have resulted in a decrease/increase in surplus of Shs 198,386 (2021/22: Shs. 392,263).

**(iv) Liquidity risk**

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due.

The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation. It ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts and maintenance of deposits that are available on call.

**b. Fair value of financial instruments**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Cash and short-term deposits and receivable balances approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Authority uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3— Techniques which use inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

**Useful lives and residual value**

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

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

**Provisions**

Provisions are raised and management determine an estimate based on the information available. There were no provisions made in the current reporting period.

**6. TRANSFER FROM NATIONAL TREASURY**

	Details	2022
Date	Details	Amount
18/08/2021	National Treasury Q1 Releases	37,475
05/11/2021	National Treasury Q2 Releases	37,475
14/02/2022	National Treasury Q3 Releases	37,475
06/05/2022	National Treasury Q Releases	37,475
<b>Total</b>		<b>149,900</b>

These are exchequer grants from National Treasury as Budget allocation to support Authority's activities.

**7. TRANSFER FROM TRUST FUND**

	2022	2021
	Shs '000	Shs '000
Amounts Approved	559,600	714,100
	<b>559,600</b>	<b>714,100</b>

**8. FINANCE INCOME**

	2022
	Shs '000
Fixed asset revaluation surplus	0
Forex valuation adjustment	0
Government subventions	0
Interest income from investments	0
Interest income from bank deposits	10,764
Receipts from development partners	0
Sale of tender documents	0
Exchange gain	0
Forex valuation gain	0
Profit on retirement of fixed assets	0
Interest received	0
	<b>10,764</b>

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The Authority invests funds that are not required for immediate use in call deposit at Kenya Commercial Bank.

**9. OTHER INCOME**

	2022	2021
	Shs '000	Shs '000
Other revenue	14,544	8,542
	<b>14,544</b>	<b>8,542</b>

Audit fee refunds by holders from compliance audits

**10. STAFF COSTS**

	2022	2021
	Shs '000	Shs '000
Salaries and wages	96,141	91,311
Contribution to pension	11,432	7,772
Housing benefits and other allowances	27,057	26,440
Staff defined contribution - gratuity	7,716	9,369
	<b>142,346</b>	<b>134,891</b>

**11. BOARD EXPENSES**

	2022	2021
	Shs '000	Shs '000
Honoraria and Directors allowances	6,817	5,831
Other allowances and expenses	11,088	6,067
	<b>17,904</b>	<b>11,899</b>

**12. ADMINISTRATIVE EXPENSES**

	2022	2021
	Shs '000	Shs '000
Utilities	3,943	2,938
Printing and information supplies	3,258	3,822
Communication supplies	3,751	2,954
Domestic travel and subsistence	17,910	16,673
Foreign travel and subsistence	9,922	115
Rent	26,446	25,863
Staff capacity building	22,206	21,197
Hospitality	6,987	2,458
Insurance cost	11,089	12,514
Library/Specialized material	-	386
Office and general supplies	1,317	490
Transport cost	90	160
Professional fees& Consultancies	32,974	42,202
Support and Maintenance	26,882	31,648
Staff Welfare	2,500	2,960
Stakeholder management	48,023	31,216
Trust fund mgt 9(i)	123,841	86,890
Other expenses	10,655	815
	<b>351,794</b>	<b>285,301</b>

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i. TRUST FUND MANAGEMENT

	2022	2021
	Shs '000	Shs '000
Reunification expenses	18,918	8,412
Compliance expenses	79,236	78,218
Fund administration expenses	4,515	0
Enforcement expenses	21,172	260
	<b>123,841</b>	<b>86,890</b>

13. CASH AND CASH EQUIVALENT

	2022	2021
	Shs '000	Shs '000
Office petty cash a/c	0	0
Standing imprest	0	0
KCB Bank KICC branch	1,437	12,577
Investments CKB Bank KICC (Call)	408,474	120,000
NCBA Bank Westlands Branch	31,074	13,376
	<b>440,985</b>	<b>145,954</b>

14. WORK IN PROGRESS, RECEIVABLES AND PREPAYMENTS

	2022	2021
14 (a)	Shs '000	Shs '000
<b>Work In progress</b>		
W-I-P other Costs	18,650	454
W-I-P UFAMS Costs	60,321	53,573
	<b>78,971</b>	<b>54,027</b>

	2022	2021
14 (b)Prepayments	Shs '000	Shs '000
Prepayments	1921	0
Rental deposits	4,697	4,697
Water, electricity & telephone deposits	80	80
	<b>6,698</b>	<b>4,777</b>
<b>Receivables</b>		
Staff debtors	1,325	2,286
Audit fee-receivables trust fund	6,456	24,641
Receivables from suppliers	0	0
Income receivables-trust fund	559,376	689,534
Interest receivable from bank	0	0
	<b>567,157</b>	<b>716,461</b>
<b>Total Receivables and prepayments</b>	<b>573,855</b>	<b>721,238</b>

15. INVENTORIES

	2022	2021
	Shs '000	Shs '000
General office stationery	1,490	1,271
	<b>1,490</b>	<b>1,271</b>



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**16. MOTOR VEHICLE AND EQUIPMENT**

Year ended 30 June 2021	Motor vehicles	Computers and printers	Fixtures and fittings	Furniture	Total
Cost	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	26,830	33,173	86,153	20,167	166,323
Additions	-	18,881	1,512	0	20,393
At end of year	26,830	52,054	87,665	20,167	186,716
<b>Accumulated depreciation</b>					
At start of year	18,932	29,911	73,098	10,786	132,727
Charge for the year	2,632	4,512	4,168	3,158	14,471
At end of year	21,565	34,423	77,266	13,944	147,198
<b>Net Book Value at end of year</b>	<b>5,265</b>	<b>17,631</b>	<b>10,399</b>	<b>6,223</b>	<b>39,518</b>
<b>Year ended 30 June 2022</b>	<b>Motor vehicles</b>	<b>Computers and printers</b>	<b>Fixtures and fittings</b>	<b>Furniture</b>	<b>Total</b>
<b>Cost</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	26,830	52,054	87,665	20,167	186,716
Additions	-	13,537	-	-	13,537
At end of year	26,830	65,591	87,665	20,167	200,253
<b>Accumulated depreciation</b>					
At start of year	21,565	34,423	77,266	13,944	147,198
Charge for the year	2,632	10,770	5,084	2,670	21,157
At end of year	24,198	45,193	82,350	16,614	168,355
<b>Net Book Value at end of year</b>	<b>2,632</b>	<b>20,398</b>	<b>5,315</b>	<b>3,553</b>	<b>31,898</b>

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**17. CAR AND HOUSE MORTGAGE SCHEME**

The Authority operates a Car and House Loan Scheme at Housing Finance Company (HFC) Limited in line with the Mortgage and House scheme policies approved by the Board of Directors and National Treasury.

This amount relates to the deposit paid by the Authority to HFC Limited.

	2022	2021
	Shs '000	Shs '000
Deposit with HF	249,610	249,610
	<b>249,610</b>	<b>249,610</b>

A separate set of financial statements is prepared for the scheme.

**18. PAYABLES ACCRUALS AND PROVISIONS**

	2022	2021
	Shs '000	Shs '000
Payables and accruals	88,519	144,831
Provisions	83,852	60,652
	<b>172,371</b>	<b>205,483</b>

**19. RELATED PARTY TRANSACTIONS**

In the course of its operations, the Authority enters into transactions with related parties, which include the Government of Kenya through the National Treasury (the parent ministry of the Authority). The grant provided by the Government of Kenya to fund the operations of the Authority is disclosed in the Statement of financial performance.

**Key management personnel**

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are the members of the Authority, who together constitute the governing body of the Authority.

	2022	2021
	Shs '000	Shs '000
Salaries and allowance	46,660	41,400
National Social Security Fund	22	19
Staff defined contribution	10,459	9,369
	<b>57,141</b>	<b>50,788</b>

Board expenses are disclosed in Note 8.

**Unclaimed Assets Trust Fund (UATF)**

The Authority and its Chief Executive Officer act as Trustee and Managing Trustee, respectively, of the Unclaimed Assets Trust Fund (the "Fund") which was effectively created with the gazettment of the Unclaimed Financial Assets Act, No. 40 of 2011. Expenses of the Fund are borne by the Authority. Separate financial statements have been prepared for the Fund.

**20. COMMITMENTS**

**Operating lease commitments**

The Authority leases its premise under an operating lease. The lease term is for 5 years. The future lease payments due to the rental premise is as follows:

	2022	2021
	Shs '000	Shs '000
Falling due within one year	26,446	26,088
Falling due between one and five years	79,338	71,742
	<b>105,784</b>	<b>97,830</b>

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Capital commitments.

	2022	2021
	Shs '000	Shs '000
Unclaimed assets financial system	83,806	29,304
Office floor partitions	0	14,103
	83,806	43,403

**21. RECONCILIATION OF THE BUDGET ANALYSIS AND THE STATEMENT OF FINANCIAL PERFORMANCE**

	Year Ended
	30 June 2022
<b>Reconciliation of budget analysis and financial performance statement</b>	<b>shs ' 000</b>
Surplus before tax as per Statement of financial performance	201,607
Less	
Capital expenditure	23,707
Add	
Depreciation	21,157
<b>Surplus as per Budget Analysis</b>	<b>199,057</b>

**22. TAXATION**

Tax is computed from the total Kshs 10,764,000 Received from call deposits interest is Ksh 3,229,200. This amount has been provided for in the financial statements.

**23. EMPLOYEES**

The number of employees at the end of the year was 33 (2021:32)

**24. INCORPORATION**

The Authority is created under the Unclaimed Financial Assets Act No. 40 of 2011 (the 'Act').

**25. ULTIMATE AND HOLDING ENTITY**

The entity is a State Corporation under the National Treasury. Its ultimate parent is the Government.

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I. Appendix I: Progress on follow up of Auditor Recommendations

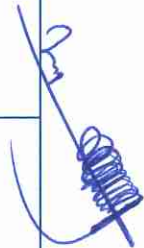
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We nominate responsible Heads of Department to resolve the various issues identified in audits.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Low volume of claims re-unification	This is due to restrictive regulatory requirements, nature of unclaimed assets and capacity constraints; manual processes especially for non-cash assets	David Kamau, CS/ Head of Legal	Proposal to review of Legislation submitted to The National Treasury	June 2023
	Budgetary control and performance	This will be addressed by effective workplan preparation and implementation and recruitment and promotions within the Authority in line with The National Treasury approvals.	Caroline Chirchir, Manager HR& Administration	Proposal to enhance staff capacity submitted to The National Treasury	June 2023
	Significant use of Consultants	This is being addressed by review of consultancies used and ongoing follow up for approval and implementation of the revised capacity requirements for UFAA.	B Chelangat/F Muchina Ag Manager UFAL/Manager ICT	UFAMS Finalization	February 2023
			All HoDs	On going	June 2023
			All HoDs	Ongoing	June 2023



FA. John Mwangi, EBS  
CEO/Managing Trustee

Date: 23-3-2023



Hon. Dr Francis K Njenga  
Chairman

Date: 23-3-2023

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Appendix II: Projects Implemented  
Projects implemented by UFAA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual + Commitments	Sources of funds
Unclaimed Financial Asset System	83,806,000	Complete	100	83,806,000	83,806,000	Trust Fund Income