

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**UNCLAIMED FINANCIAL
ASSETS AUTHORITY**

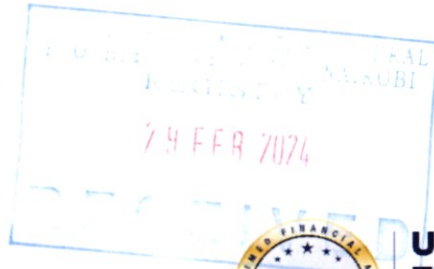
**FOR THE YEAR ENDED
30 JUNE, 2023**

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 JUN 2024 WEDNESDAY

TABLED BY: MAJORITY PARTY WHIP
HON. SILVANUS OSORO

CLERK-AT THE TABLE: J. Lemerelle



**UNCLAIMED
FINANCIAL
ASSETS
AUTHORITY**

UNCLAIMED FINANCIAL ASSETS AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 30TH JUNE 2023

**Unclaimed Financial Assets Authority
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

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1. 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 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

2nd Floor, Pacis Centre
Slip Road, off Waiyaki way, Westlands.
P O Box 28235 - 00200
Nairobi, Kenya

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(f) Entity Contacts

Telephone: +254 020 4023000, +254 706 866 984 / +254 736 559 152
E-mail: info@ufaa.go.ke
Website: www.ufaa.go.ke

(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




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2. The Board of Directors

	<p>Hon. Dr. CPA Francis Kigo Njenga – Chairman of the UFAA Board of Directors</p> <p>Hon. Dr. CPA Francis Kigo Njenga is the Chief Executive Officer at Regional Africa Consultants Limited and the Lead Consultant for Management and Business Division.</p> <p>Prior to the current appointment, Hon. 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.</p> <p>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.</p> <p>Hon Kigo is a Certified Public Accountant with over 29 years career in accounting and auditing which began at Mbaya and Associates. He has also worked at Waithaka Mwangi & Co. Certified Accountants, Central Finance (K) Limited, Ernest & Young, and at Regional Africa Consultants Limited.</p> <p>Born in 1961, Hon Njenga was appointed as member and Chairman of the Board on February 10, 2023.</p>
	<p>Richard Kiplagat – Chairman of the UFAA Board of Directors</p> <p>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.</p> <p>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 Island. Before joining Microsoft, Richard was the East African Regional Manager for SAP.</p> <p>Richard is a frequent contributor to both print and electronic media on Pan African issues and has spoken at conferences and facilitated panel discussions on a wide range of subjects.</p> <p>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, The Warren Enterprises (Chairman) and Kenya National Chamber of Commerce.</p> <p>Born in 1969, Richard was re-appointed as Board Chair on 6th July 2019. His term ended on 10th February 2023</p>

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	<p>Prof. Njuguna Ndung'u, CBS - Cabinet Secretary – Non-Executive Director</p> <p>Prof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury & Economic Planning. He was appointed Cabinet Secretary by President William Samoei Ruto on September 27, 2022. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and a former Governor of the Central Bank of Kenya.</p> <p>Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion, that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.</p> <p>Born in 1960, Prof Ndung'u is a member of the Board as per the Unclaimed Financial Assets Act as read in line with the Treasury Act.</p>
	<p>Hon. Amb. Ukur Yatani Kanacho - Cabinet Secretary, The National Treasury</p> <p>Hon. Amb. Ukur Yatani has over 27 years' experience in public administration, politics, diplomacy and governance in public sector since 1992.</p> <p>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. Between 1992—2015, he served in different positions in Kenya's Public Administration including as a District Commissioner.</p> <p>He holds a 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.</p> <p>He was appointed Cabinet Secretary, The National Treasury in January 2020, a position he held until 27th September 2022.</p>
	<p>Mr. Daniel M. Mutua – Alternate Director to the CS, The National Treasury</p> <p>Daniel is a Senior Deputy Director, Investment in the National Treasury.</p> <p>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 of proficiency on Public Private Partnerships (PPPs).</p> <p>Mr Mutua has over 30 years public sector experience in various Ministries and departments including TSC, Ministry of Labour, 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.</p>

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	<p>Born in 1967, Mr Daniel Mutua was appointed in November 2012 as an Alternate Director to the CS, The National Treasury until May 2023</p>
	<p>Mr. Joseph Kimemia – Alternate Member to the PS, The National Treasury</p> <p>CPA Joseph Kimemia is a highly accomplished professional in the field of public Finance Management. He is a Deputy Director, Budget, at the National Treasury. He has over 18 years of experience in Public Finance Management (budgeting, financial analysis, and strategic planning) at the National Treasury.</p> <p>He holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a degree in Economics and Statistics from Egerton University. Mr. Kimemia is a Certified Public Accountant (CPA).</p> <p>Mr. Kimemia was appointed as an alternate to the Principal Secretary, National Treasury, in the Board on May 8, 2023.</p>
	<p>Mr. Peter Ng'ang'a Kanyua - Non-Executive Director</p> <p>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.</p> <p>With 18 years-experience, Peter has held several senior positions at John Power Ltd, EBET (K) Limited, Energy Tech Africa Limited, SENACA Security Limited among others. He received his undergraduate degree from the Baruch College, City University of New York in Finance and Economics.</p> <p>Born in 1966, Peter was re-appointed as a member of the Board in September 2021.</p>
	<p>Mr. Mwai wa Kihu - Non-Executive Director</p> <p>Mwai wa Kihu is an Investment and Management consultant. He has a wealth of experience in Group Savings and Investment Management, Capital Markets Investments and Portfolio Management.</p> <p>He is currently the CEO and founder of Kenya Productivity Institute, an Investment, Management and Training consultancy. He is a founding member of several organizations such as the Kenya Association of Investment Groups, Fechim Investments Limited and Amalgamated Chama Limited, where he serves as a director. He is a Fellow and Life Member of Kenya Institute of Management (KIM), Member of the Institute of Certified Investment and Financial Analysts (ICIFA), Institute of Directors (IOD) and Institute of Economic Affairs (IEA) and the East African Kennel Club.</p> <p>He serves as Chairman, Board of Management (BOM) of Empakasi Secondary School in Kajiado North Sub County, and Friends of Ololua Forest and a member of the Institutional Scientific and Ethical Review Committee at Kenya's Institute of Primate Research (IPR).</p> <p>He has previously served as a director of the Capital Markets Authority (CMA); Retirement Benefits Authority (RBA); a member of the Governing Council for the Kenya Institute of Management (1983 – 2008) and the Marketing Society of Kenya (1998-1999).</p> <p>He holds a Bachelor of Technology (B. Tech.) degree from Bradford University, UK, (1977) and an MBA from the United States International University – Africa (1983).</p> <p>Born in 1952, Mwai was appointed to the Board on July 13, 2022.</p>

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	<p>Mr. Njoroge Ng'ang'a- Non-Executive Director</p> <p>Njoroge Ng'ang'a is a C-Suite Level Executive with a remarkable professional legacy and a rich leadership history that spans over 30 years in the East African region. He currently serves as the Executive Director for Progressive Heritage, a family-owned group of businesses specializing in agri-business and real estate.</p> <p>Prior to his current role, Njoroge served as the CEO of Home Afrika between 2013 and 2015. In the earlier years, Njoroge worked as an expatriate in Uganda where he held numerous senior leadership positions. These include General Manager at Dyer & Blair Uganda and DFCU Bank Uganda, Country Manager at Africa Online Uganda, and Head of Investments, Housing Finance Bank of Uganda.</p> <p>Njoroge is also a member of the CFA Institute of East Africa and the Institute of Directors in Kenya. He holds an MSc in Financial Management from the University of London, and an undergraduate degree in Accounting & Financial Management from Ohio Wesleyan University. He also qualified with the California State Board of Accountancy.</p> <p>Born in 1963, Njoroge was appointed to the Board on July 13, 2022.</p>
	<p>Mrs. Grace Tole- Non-Executive Director</p> <p>Mrs. Grace Tole is a career banker with over 30 years of experience in Banking Operations and Management and is currently an independent consultant. She has held senior management positions at Citibank NA Kenya, Victoria Commercial Bank and M- Oriental Commercial Bank, Nairobi.</p> <p>Mrs. Tole holds a Master of Business Administration Degree in International Management from Thunderbird Graduate School, University of Arizona USA, and a Bachelor of Arts (Honours) from the University of Nairobi.</p> <p>Born in 1953, Grace was appointed to the Board on July 13, 2022</p>
	<p>FA John K. Mwangi, EBS - CEO of UFAA & Managing Trustee</p> <p>John is the CEO of the Authority & Managing Trustee of the Trust Fund.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Born in 1977, John was re-appointed as the CEO & Managing Trustee on 1 March 2022.</p>

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3. Management Team

Name	Designation
<p>FA John Kihara Mwangi, EBS</p> 	<p>Chief Executive Officer & Managing Trustee</p> <p>John is the CEO of the Authority & 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 & Managing Trustee with effect from 1st March 2022.</p>
<p>Mrs Caroline Chepkurui Chirchir</p> 	<p>Manager Human Resource & Administration</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 1st November 2018 until 28th 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>Corporation Secretary/Manager Legal Services</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 1st 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 & Kenya)</p>
<p>Mr Francis Mathenge Muchina</p> 	<p>Manager ICT</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>Manager Audit, Risk & Assurance</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>

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Name	Designation
	<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>
<p>Jack Owino Gumboh, PhD</p> 	<p>Manager Procurement</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 Chelangat</p> 	<p>Acting Manager Unclaimed Financial Assets Line</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>Manager Finance & Accounting</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 & audit, investment management, financial analysis, treasury management and budget management in public sector institutions in the energy, health and infrastructure sector.</p>

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4. Chairman's Statement

I am pleased to report that the Unclaimed Financial Assets Authority continue to maintain fidelity to its mandate. In line with our growth orientation as was scoped in our Strategic Plan 2018-2023, the Authority sustained growth in Unclaimed Financial Assets Trust Fund stewardship and in deepening of unclaimed financial assets reunification with their rightful owners.

The Board recognizes the great role played by UFAA in enhancing efficiency and effectiveness to the financial service sector in Kenya. To this end, the Authority ensures resources are appropriately deployed for socio-economic transformation among individuals, and the nation at large. The key highlight of the reunification agenda has been on encouraging management to continually adopt mechanisms that will ensure we bring reunification services to the people and with enhanced turnaround times in overall service delivery. This is in line with our progressive constitutional requirements of taking government services proximate to citizens, Kenya Kwanza Administration's Bottom-Up Economic Transformation Agenda (BETA) and MTP IV, of Kenya Vision 2030. Besides, we continued playing our advisory role to the Cabinet Secretary, The National Treasury in anchoring sound policy direction in Kenya's Unclaimed Financial Assets regime.

On the legislative front, we held liaison meetings with the National Assembly Special Funds Committee with the aim of driving shared understanding and commitment to unlocking challenges on UFAA's mandate to Receive, Safeguard and Reunify unclaimed assets. This was on the appreciation that being a new regime in the region, the scope for continual improvement exists.

The Board of Directors also focussed on ensuring that the Strategic Plan 2018-23 remained aligned to market realities in its implementation. In the period, the Strategic plan 2018-2023 was effectively retired and the attendant strategic planning process lessons learnt. The learnt lessons were carried forward to inform the crafting of Authority's 2023-2028 Strategic Plan. The Board remained committed to ensuring that UFAA remain committed in its service delivery to Kenyan citizens and other stakeholders.

Finally, I wish to thank the President of the Republic of Kenya, His Excellency Dr William Samoei Ruto, C.G.H, for the opportunity to serve at the Unclaimed Financial Assets Authority; the Cabinet Secretary, The National Treasury and Economic Planning for the tremendous support that the Authority continues to receive from his office towards the Authority's discharge of its mandate. I recognise the stewardship of members of the Board and the Authority as a Trustee of the Fund, for the unceasing efforts that we continue to put in, for excellent delivery of UFAA's strategic intent and aspirations.



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

Date.....

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5. 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. We have continued to align our strategies with the government's plan- the Bottom-Up Economic Transformation Agenda (BETA). In this regard, UFAA continued to focus its efforts towards the aggregation of Unclaimed assets from holders, safeguarding these assets and the re-unification of Unclaimed Financial Assets with their rightful owners for shared socio-economic prosperity.

In the period, we continued harnessing the partnerships in place in view of deepening compliance and reunification of unclaimed financial assets with their rightful owners. During the year under review, we engaged collaborators including Huduma Kenya Secretariat (HKS) to facilitate reunification of unclaimed financial assets through the HKS branch networks. Through this program, members of the public will continue receiving 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 that we continually receive from our customers in view of streamlining and therefore minimizing pain-points along the reunification customer journey.

As part of reforms, the Finance Act, 2022 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. Through such mechanisms, UFAA aims to collaborate with holders as primary reunification agents.

The Authority retired its Strategic Plan 2018-2023. In the period, more measures aimed at enhancing collection of unclaimed assets and reunification were undertaken. We will continue to ensure due measures are implemented so that we effectively discharge UFAA mandate. We remain optimistic that the Authority will remain a significant player in Kenya's financial service and productive sector.

In respect to Governance, Risk and Compliance theme, UFAA 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 guide the implementation of its mandate. Our collective efforts have been and remain to guarantee the indefinite right of reunification of unclaimed financial assets with their rightful owners for the country's socio-economic development.

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. May I also thank the Management and staff for the efforts they have put in ensuring the mandate of the Authority is effectively implemented.



**FA John K. Mwangi, EBS
CEO/Managing Trustee**

Date 13/03/2024.....

6. Review of Unclaimed Financial Assets Authority Performance for FY 2022/2023

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Receive	Objective 1: Enhance holder compliance to ensure receipt of Kshs 100 billion of unclaimed financial assets by 2023	Holder's declaration and surrender of Unclaimed Financial Assets	Collect Kshs 4.0 billion unclaimed financial assets from holders.	Kshs 4.48 billion in cash representing 112.0 % achievement of target realized was collected. Enhancement of cash collections of UFAs from holders was attributable to Voluntary UFA Disclosure Programme executed, holders' auditing and holders' enforcement action was undertaken in addition to partnerships with other Government agencies rolled out. In the period, UFAA was able to map out sources of UFAs through compliance partnerships, monitoring and reporting besides engaging with regulatory bodies (such as ICPAK, CBK, CMA and PSASB) on disclosure and reporting framework/roadmap for private sector entities' financial statements; strengthened holder compliance enforcement; promoted mediation/arbitration as a tool of conflict resolution with holders; undertook targeted holders' education and awareness campaigns; implemented UFAMS with a validation check on holders' reports for mandatory fields.
Pillar 2: Safeguard	Objective 2: Strengthen accountability and sustainability in safeguarding unclaimed financial assets.	Investment rate of return Budget funding and absorption	Attain investment income of Kshs 2.0 billion 100 % Budget funding and absorption	Kshs 2.35 billion realized, representing 118% achievement on investing activities. 100% Budget funding, with 64% budget utilization for FY 2022/23. In the period, UFAA invested available funds in line with the approved investment policy statement (IPS) as aligned to the UFA Act; ensured safe custody of all reported UFAs; ensured optimal management of financial resources; and ensured timeliness, prudence, and transparency in reporting.

<p>Pillar 3: Reunite</p>	<p>Objective 3: Reunite 5% received UFA as at 1st July 2022 to the rightful owners</p>	<p>Reunification rate in respect to amount and number of claims processed and paid</p>	<p>Process and pay out claims amounting Kshs 1 billion. Reunite 11,000 claimants.</p>	<p>Kshs 596 million in cash and non-cash claims paid out representing 59.60 % achievement of target realized. Reunification efforts to be continually improved. 7,349 claimants reunified representing 66.81 % achievement of target. In the period, UFAA was able to segment data using available unique primary identifiers; reviewed claims processing policy and procedures; implemented different modes of payments; provided a dedicated customer service desk; and implemented UFAM systems.</p>
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7. Corporate Governance Statement

The Authority recognizes that high standards of Corporate Governance throughout the Authority are essential for the delivery of the Authority's strategic objectives. To this end, the Board is committed to conducting the Authority's business in accordance with high standards of corporate governance with a view to creating and delivering value to its stakeholders. The Authority has adopted a system of internal controls, a risk management framework and corporate governance policies and practices which are designed to support and promote the responsible management and conduct of the Authority. As a public sector organization dedicated to promoting good governance, the Authority's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, Internal Codes of Conduct and Corporate Governance guidelines, as well as the Board Charter and its committees.

The Board Charter

The Board Charter is a commitment by the members of the Board to discharge the mandate of the Authority. It seeks to ensure the effectiveness of each Director's contribution in the governance of the Authority by facilitating full and free exercise of independent judgment and professional competencies. It outlines the rules that guide the Board and does not in any way replace or supersede any laws and regulations that govern the Authority.

As per the Unclaimed Financial Assets Act 2011, the Board consists of six (6) non-executive members and the Chief Executive Officer. As at 30th June 2023, the following were serving as members of the Board of Directors:

Name	Position
Hon Dr CPA Francis k Njenga	Chairman
Joseph Kimemia	Alt. Member
Mwai wa Kihu	Member
Njoroge Nganga	Member
Grace Tole	Member
Peter Kanyua	Member
FA John Mwangi, EBS	CEO &MT

Board Responsibilities

The independence of the Board of Directors from the Authority's Management is ensured by the separation of functions of the Chairman and CEO and a clear definition of their responsibilities. This helps in achieving an appropriate balance of power, increased accountability, improved capacity for decision-making and independence of management. The Board has been assigned a clear mandate and retains ultimate responsibility for the Authority's performance.

The Board takes the primary responsibility of determining the Authority's vision, mission and values, deciding the Authority's strategic objectives and key elements of governance processes underpinning operations of the Authority. It retains full and effective control over the Authority by monitoring Management in its implementation of plans and strategies, review of management accounts, and major capital investments and expenditure. The Board strives to act beyond the minimum requirements and benchmarks the Authority's performance against international best practice.

Board Meetings attendance from 1 July 2022 to 30 June 2023

Full and Special Board meetings attendance

Name	Meetings	Attended	Absent
Hon Dr CPA Francis Kigo Njenga	6	3	-
Richard Kiplagat	6	3	-
Daniel Mutua	6	5	-
Joseph Kimemia	6	1	-
Mwai wa Kihu	6	6	-
Njoroge Nganga	6	6	-
Grace Tole	6	6	-
Peter Kanyua	6	6	-
FA John Mwangi, EBS	6	6	-

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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 30th June 2023:

Name	Position
Grace Tole	Chairperson
Mwai wa Kihu	Member
Joseph Kimemia	Member

Finance and Human Resource Committee Meetings attendance

Name	No. of Meetings	Meeting attended	Meetings absent
Grace Tole	5	4	1
Mwai wa Kihu	5	4	1
Daniel Mutua	5	4	1
Joseph Kimemia	-	-	-

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 30th June 2023:

Name	Position
Nganga Njoroge	Chairman
Peter Kanyua	Member
Mwai wa Kihu	Member
Joseph Kimemia	Member

Audit and Risk Committee Meeting attendance

Name	Meetings	Attended	Absent
Nganga Njoroge	5	5	-
Peter Kanyua	5	5	-
Daniel Mutua	4	4	-
Mwai wa Kihu	5	4	1
Joseph Kimemia	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

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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.

The Committee was reconstituted during the year. Members as at 30th June 2023:

Name	Position
Mwai wa Kihu	Chairman
Peter Kanyua	Member
Njoroge Nganga	Member
Grace Tole	Member

Technical and Investment Committee Meeting attendance

Name	Meetings	Attended	Absent
Mwai wa Kihu	4	3	1
Peter Kanyua	4	4	-
Njoroge Nganga	4	3	1
Grace Tole	4	3	1

Strategy and Efficiency Enhancement Committee

The primary responsibility of the Strategy and Efficiency 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.

The Committee was reconstituted during the year. Members as at 30th June 2023:

Name	Position
Peter Kanyua	Chairman
Grace Tole	Member
Njoroge Nganga	Member
Joseph Kimemia	Member

Strategy and Efficiency Enhancement Committee

Name	Meetings	Attended	Absent
Peter Kanyua	2	2	-
Grace Tole	2	2	-
Njoroge Nganga	2	2	-
Daniel Mutua	2	2	-
Joseph Kimemia	-	-	-

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8. Management Discussion and Analysis

Operational and financial performance

The Authority realized a total of Kshs 769.86 million in revenues for the financial year ended 30 June 2023. This includes Kshs 651.03 million, which the Cabinet Secretary, approved for the Authority to utilize from the Trust Fund. Other revenues are Kshs 41.08 million reimbursement of audit fees utilized on compliance audits and Kshs 15.7 million income realized from call account deposits. Kshs 61.75 million was utilized from carry-over funds.

Budget utilization stood at 69.2% 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 liaison with all relevant government agencies.

Key projects and investment decisions the Authority is planning/implementing.

The Authority engaged in several key projects during the year. Key among these was the reconciliation of shares in collaboration with the Registrars, Stockbrokers, Investment Banks, NSE, CMA and CDSC. It is expected that the report generated will result in actual number of unclaimed shares which may then be included in the face of financial statements as opposed to the current position where they are included as a note. The Strategic Plan 2018-23 was retired and the Plan for 2023-28 was developed within this year.

Other initiatives are engagements with PSASB to enhance disclosures of Unclaimed Financial Assets in the public sector; capacity building for staff to manage Huduma centres, Information Security Management, holders' conferences in Nairobi, Nakuru and Kisumu; Reunification clinics in Thika, Nyeri and Nakuru and physical tracing of claimants in Nakuru, Nanyuki, Kirinyaga, Kisumu, Kiambu, Nyeri, Eldoret, Machakos and Kisii counties.

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.

Compliance with statutory requirements

The Authority carries out its operations in adherence to the Public Finance Management Act and Regulations, Public Procurement and Assets Disposal Act and regulations in financial management and labour and employment laws. In addition, adherence to the unclaimed Financial Assets Act is given key priority in all operations, including 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 are provided for in the budget. The obligations will be settled as and when activities relating to them are finalized.

Financial Probity/Governance Issues

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

Following the general election held in August 2022, where the new government led by His Excellency Dr William Ruto came to office, Prof. Njuguna Ndung'u was appointed, and Ambassador Ukur Yattani was replaced as CS National Treasury and Economic Planning (and a non-executive member of the Board). In addition, Mr. Richard Kiplagat was replaced as Chairman and member of the Board with Hon Dr CPA Francis Kigo Njenga being appointed in his place. Also, Mr Joseph Kimemia was appointed as an alternate director to the CS, The National Treasury to replace Mr. Daniel Mutua in May 2023. Mr Livingstone Mburu served in the Board as a representative of the Inspector General of State Corporations.

Mr Mwai Kihu, Mr Peter Kanyua, Ms Grace Tolle and Mr Njoroge Ng'ang'a were replaced as board members on 18th August 2023 by Benson Rono Benhard, Samuel D.K Mkonu, Joyce Mwende Mutegi and Rebecca Nabwire Osogo.

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9. Corporate Social Responsibility/Sustainability Reporting

Sustainability Strategy and Profile

The Authority continued to deepen its partnership engagements, with regulatory agencies and other key stakeholders. In the period under review, UFAA focused on the "whole of Government" approach, including with PSASB, CMA, Kenya Yearbook Editorial Board, Office of the Auditor General, Judiciary, NGAO and Huduma Kenya Secretariat, to support delivery of the Authority mandate.

Besides, UFAA facilitated market stabilization of the overall interest rate regime in Kenya. This action was realized through sustained investment of all unclaimed assets not required for immediate reunification in Treasury Bills at non-competitive rate thus assisting in government efforts to manage interest rates.

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 workplace illness contracted by staff. These measures include medical cover for mental health treatment, counselling services, annual medical check-ups and approved vaccinations for the staff and family members, and fumigation of office premises.

Marketplace 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.

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

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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.

CRM involves managing interactions, understanding customer needs and improve customer satisfaction.

CRM has helped collect customer data from various interaction touchpoints to gain insights into customer preferences and behaviour, to aid the Authority tailor marketing and awareness messages. By practising responsible marketing, advertisement, and implementing effective CRM strategies, business can build strong relationships with their customers, enhance brand loyalty, and contribute to a more sustainable and ethical marketplace.

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).

Media Engagement

The Authority rolled out Digital media campaign dubbed "#LabdaUmeomokaNaHaujui" to drive interest and foot-traffic through service centers such as Huduma desks, claim portal and Call Centre. 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.

Corporate Social Responsibility

International Women's Day

Unclaimed Financial Assets Authority participated in international women's day planning and implementation.

The international women's day is a global day that is used to commemorate the socio, economic, cultural, and political achievements of women. It also marks call to action for accelerating gender equality. Various events take place to celebrate socio-economic & cultural achievements of women.

The year's theme was "DigitALL: Innovation and technology for gender equality. The event was held on 2nd March,2023 at Kenyatta International Convention Centre (KICC). The chief guest was H.E The President of the Republic of Kenya, Hon. Dr. William Samoei Ruto.

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UFAA Mashinani

At Unclaimed Financial Assets Authority, we believe in the importance of corporate social responsibility and making a positive impact in the communities where we operate. We are dedicated to conducting our business in an ethical and sustainable manner, respecting the environment, supporting diversity, inclusion and empowering our employees to give back through volunteering and charitable initiatives. Our commitment extends beyond our core business, as we seek opportunities to contribute to the well-being and advancement of society. We are continuously exploring ways to address social challenges, uplift disadvantaged communities, and promote long-term sustainable development. Together, with our stakeholders, we aspire to create a better and more equitable world for all.

To raise awareness about unclaimed financial assets, we organized a series of outreach campaigns targeting various demographics across the nation. These campaigns were designed to educate the public about the process of claiming assets and the importance of keeping their financial records up to date. The response from the public has been encouraging, leading to a rise in the number of inquiries and claims initiated. Throughout the year, we strengthened our partnerships with financial institutions, government agencies, and other relevant organizations. These collaborative efforts have streamlined the process of identifying unclaimed assets and facilitated their efficient reunification. The synergy between the Authority and these stakeholders has been crucial in expanding our reach and impact.

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10. 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, 2023 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 v to viii.

iv. 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 200.73 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.

v. Auditors

The Auditor General is responsible for the statutory audit of Unclaimed Financial Assets Authority for the year ended June 30, 2023.

By Order of the Board



David Kamau
Corporation Secretary/Head of Legal Services

Nairobi

Date 13/02/2024

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11. 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 assessed 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 13.10.2024 and signed on its behalf by:



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



**Hon. Dr CPA Francis Kigo Njenga
Chairman**

REPUBLIC OF KENYA

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



Enhancing Accountability

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, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Unclaimed Financial Assets Authority set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2023 and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Unclaimed Financial Assets Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Unclaimed Financial Assets Act, 2011 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of 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.716,780,000 and Kshs.769,868,000 respectively resulting in revenue over-collection of Kshs.53,088,000 or 7% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.716,780,000 and Kshs.497,610,000 respectively resulting to an under-expenditure of Kshs.219,170,000 or 30% of the budget. The under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain 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.

The 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

comply 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 governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 April, 2024

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13. Statement of Financial Performance for the Year Ended June 30, 2023

	Note	2022-2023	2021-2022
		Shs '000	Shs '000
REVENUE			
Revenue from Non-Exchange Transactions			
Government Grant - Recurrent	6	0	149,900
Government Grants - Capital Funding		0	0
UFAA-Trust Fund Income	7	651,030	559,600
Revenue from Exchange Transactions			
Finance Income	8	15,705	10,764
Other Income	9	41,383	14,544
			0
TOTAL REVENUE		708,118	734,808
EXPENSES			
Operating Expenses			
Staff Costs	10	144,077	142,346
Board Expenses	11	24,397	17,904
Administrative Expenses	12	315,657	351,794
Depreciation and amortization	16	18,543	21,157
Total Operating Expenses		502,674	533,201
Surplus for the Year Before Taxes		205,444	201,607
Provision for tax		(4,711)	(3,229)
Surplus After Taxes		200,733	198,378

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 Kigo Njenga

Date: 13/02/2024

Date: 13/02/2024


Date: 13/02/2024

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14. Statement of Financial Position as at June 30, 2023

		2022-2023	2021-2022
		Shs '000	Shs '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	13	181,226	440,985
Receivables and Prepayments	14(b)	962,168	573,855
Inventories	15	1,591	1,490
Total Current Assets		1,144,985	1,016,330
Non-Current Assets			
Motor Vehicles and Equipment	16(a)	11,536	15,481
Intangible Assets	16(b)	94,473	16,417
Work in Progress	14(a)	35,022	78,970
Staff Houses and car loan scheme	17	249,610	249,610
Total Non-Current Assets		390,641	360,478
Total Assets		1,535,626	1,376,808
LIABILITIES			
Payables, Accruals and Provisions	18	130,456	172,371
Total Liabilities		130,456	172,371
Reserves			
Net Reserves		1,405,170	1,204,437
Total Net Reserves and Liabilities		1,535,626	1,376,808

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

Date: 13/02/2024


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

Date: 13/02/2024


Chairman of the UFAA Board
Hon Dr CPA Francis Kigo Njenga

Date: 13/02/2024

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15. Statement of Changes in Net Assets for the Year Ended June 30, 2023

	2022-2023	2021/2022
Accumulated Surplus	Shs '000	Shs '000
At Start of the year	1,204,437	1,006,134
Surplus for the year	200,733	198,378
Budget Carry over	-	(75)
	1,405,170	1,204,437


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16. Statement of Cash Flows for the Year Ended June 30, 2023

	2022-2023	2021-2022
	Shs '000	Shs '000
Cashflows from operating activities		
Surplus	200,733	198,378
Adjustment for non-cash movements:		
Depreciation and amortization	18,543	21,157
Operating surplus before Changes in Working Capital	219,276	219,535
Decrease/Increase in receivables and Prepayments	(388,313)	201,410
Decrease/Increase in Inventories	(101)	(219)
Decrease/Increase in Payables, Accruals and Provisions	(41,915)	(33,112)
Net Changes in Working Capital	(430,329)	168,079
Purchase of Property, Plant and Equipment & Intangible asset	(92,654)	(13,537)
Decrease/Increase in Work in Progress	43,948	(78,970)
Non-cash reduction in net assets	0	(75)
Net Cash used in Investing Activities	(48,706)	(92,582)
Decrease in Cash and Cash Equivalents	(259,759)	295,032
Cash and Cash Equivalents at Start of Year/Period	440,985	145,953
Cash and Cash Equivalents at End of Year/Period	181,226	440,985

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 Kigo Njenga

Date: 13/02/2024

Date: 13/02/2024

Date: 13/02/2024

17. Statement of Comparison of Budget and Actual Amounts for the Year Ended June 30, 2023

Item	Approved Budget	Adjustments	Final Budget	Actual	Performance difference	Remarks	% Utilization
	FY22-23		FY22-23	FY22-23	FY22-23		
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000		
Government Grants	149,900	(149,900)	0	0	0		
Carry forward income	61,750	0	61,750	61,750	0		100
Finance Income	4,000	0	4,000	15,705	11,705	a	392
Trust Fund Income	559,630	91,400	651,030	651,030	0		
Other Incomes	0	0	0	41,383	41,383	b	
Total Income	775,280	(58,500)	716,780	769,868	53,088		
Expenses							
Compensation of employees	202,780	0	202,780	144,077	58,703	c	71
Goods and services	476,950	(43,300)	433,650	289,285	144,365	d	67
Board Expenses	22,120	2,300	24,420	24,397	23	e	100
Rent Paid	32,500	0	32,500	26,372	6,128	f	81
Capital Expenditure	40,930	(17,500)	23,430	13,479	9,951	g	58
Total Expenditure	775,280	(58,500)	716,780	497,610	219,170		
Surplus for the period	0	0	0	272,258	272,258		

Notes

- a. Favourable interest rates and availability of more cash not required for immediate use led to more call deposit income.
- b. Enhanced enforcement for Audit fee refunds from holders, because of amnesty period to holders.
- c. Delay in approval of HR instruments and implementation of target staff complement.
- d. Delay in onboarding of shares, delay and partial roll-out of Huduma Kenya Collaboration that planned.
- e. Terms of some board members ended, thus affecting the Board work plan and replacements were done in FY 2023/24
- f. Less office space acquired due to delay in approval and recruitment of additional staff.
- g. Less ICT equipment acquired due to delay in approval and recruitment of additional staff.

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

18. 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 30 June 2023**

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Standard	Impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The standard is not relevant to the Statements as at 30th June 2023.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The standard is not relevant to the statements as at 30th June 2023.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. <p>The standard is not relevant to the statements as at 30th June 2023.</p>

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Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. The standard is not relevant to the statements as at 30th June 2023.
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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard is not relevant to the statements as at 30th June 2023.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard is not relevant to the statements as at 30th June 2023.</p>

iii. Early adoption of standards

UFAA did not early – adopt any new or amended standards in the financial year.

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 2022-2023 was approved by the National Treasury on 30th June 2022. 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

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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, 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.

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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

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

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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 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.

	2023	2022
	Shs '000	Shs '000
KCB Bank KICC branch	137,980	1,437
Bank investments (call)	0	408,474
NCBA Bank	43,246	31,074
	181,226	440,985

	2023	2022
	Shs '000	Shs '000
Prepayments		
Prepayments	2,146	1921
Rental deposits	4,697	4,697
Water, electricity & telephone deposits	80	80
	6,923	6,698
Receivables		
Staff debtors	3,382	1,325
Audit fee-receivables trust fund	6,456	6,456
Income receivables-trust fund	945,406	559,376
	967,167	573,855

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	2023	2022
Work In progress	Shs '000	Shs '000
W-I-P other job cost	35,022	18,650
W-I-P UFAMS costs	0	60,321
Total	35,022	78,971

There were no past due or impaired balances as at 30 June 2023 (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 2023, an increase/decrease of 100 basis points would have resulted in a decrease/increase in surplus of Shs 200,733 (2021/22: Shs. 198,386).

(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).

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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. Government Grants

	Details	2023
Date		Shs '000
27/09/2022	National Treasury Q1 Releases	37,475
09/02/2023	National Treasury Q2 Releases	37,475
Total		74,950
Less	Refund to The National Treasury	(74,950)
Government Grants		-

These are exchequer grants from National Treasury as Budget allocation to support Authority's activities but all refunded following Budget Revision. Funds were repaid back on 17/05/2023 to the National Treasury.

7. TRANSFER FROM TRUST FUND

	2023	2022
	Shs '000	Shs '000
Amounts Approved	651,030	559,600
	651,030	559,600

8. FINANCE INCOME

	2023	2022
	Shs '000	Shs '000
Fixed asset revaluation surplus	0	0
Forex valuation adjustment	0	0
Government subventions	0	0
Interest income from investments	0	0
Interest income from bank deposits	15,705	10,764
Receipts from development partners	0	0
Sale of tender documents	0	0
Profit on retirement of fixed assets	0	0
Interest received	0	0
	15,705	10,764

The Authority invests funds that are not required for immediate use in call deposit at KCB Bank and NCBA Bank.

9. OTHER INCOME

		2023	2022
		Shs '000	Shs '000
Other revenue		41,383	14,544
		41,383	14,544

Audit fee refunds by holders from compliance audits.

10. STAFF COSTS

		2023	2022
		Shs '000	Shs '000
Salaries and wages		96,649	96,141
Contribution to pension		8,695	11,432
Housing benefits and other allowances		27,657	27,057
Staff defined contribution - gratuity		11,076	7,716
		144,077	142,346

11. BOARD EXPENSES

		2023	2022
		Shs '000	Shs '000
Honoraria and Directors allowances		9,838	6,817
Other allowances and expenses		14,559	11,088
		24,397	17,904

12. ADMINISTRATIVE EXPENSES

		2023	2022
		Shs '000	Shs '000
Utilities		3,540	3,943
Printing and information supplies		5,832	3,258
Communication supplies		4,243	3,751
Domestic travel and subsistence		9,602	17,910
Foreign travel and subsistence		8,507	9,922
Rent		26,372	26,446
Staff capacity building		14,352	22,206
Hospitality		5,031	6,987
Insurance cost		13,155	11,089
Library/Specialized material			-
Office and general supplies		1,271	1,317
Transport cost		2,882	90
Professional fees& Consultancies		26,272	32,974
Support and Maintenance		36,828	26,882
Staff Welfare		4,887	2,500
Stakeholder management		27,305	48,023
Trust fund mgt 9(i)		119,131	123,841
Other expenses		6,445	10,655
		315,657	351,794

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i. TRUST FUND MANAGEMENT

	2023	2022
	Shs '000	Shs '000
Reunification expenses	51,255	18,918
Compliance expenses	25,460	79,236
Fund administration expenses	34,941	4,515
Enforcement expenses	7,475	21,172
	119,131	123,841

Reunification expenses in FY 2022/23 increased due to institutionalizing of reunification clinics from FY 2022/23. Three (3) clinics were held during the year. In addition, reunification centres were opened in five (5) Huduma centres within Nairobi necessitating incurring of costs for ensuring effective management of the centres.

Fund administrative expenses increased in FY 2022/23 due to costs incurred in retiring, review, and development of a new strategic plan 2023-28. Other additional costs were in Information Security management for database and Quality Management services to ensure quality management for the database and unclaimed financial assets management system.

13. CASH AND CASH EQUIVALENTS

	2023	2022
	Shs '000	Shs '000
Office petty cash a/c	0	0
Standing imprest	0	0
KCB Bank KICC branch	137,980	1,437
Investments CKB Bank KICC (Call)	0	408,474
NCBA Bank Westlands Branch	43,246	31,074
	181,226	440,985

14. WORK IN PROGRESS, RECEIVABLES AND PREPAYMENTS

	2023	2022
14 (a)	Shs '000	Shs '000
Work In progress		
W-I-P other Costs	35,022	18,650
W-I-P UFAMS Costs	0	60,321
	35,022	78,971

	2023	2022
14 (b)Prepayments	Shs '000	Shs '000
Prepayments	2,146	1,921
Rental deposits	4,697	4,697
Water, electricity & telephone deposits	80	80
	6,923	6,698
Receivables		
Staff debtors	3,382	1,325
Audit fee-receivables trust fund	6,456	6,456
Receivables from suppliers	0	0
Income receivables-trust fund	945,406	559,376
Interest receivable from bank	0	0

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		955,244	567,157
Total Receivables and prepayments		962,167	573,855

(a) Ageing Analysis

	2023	% of the Total	2022	% of the Total
Under one year	950,905	98.80	569,049	99.16
1-2 years	6,456	0.67	0	0
2-3 years	0		109	0.02
Over 3 years	4,806	0.53	4,697	0.82
	962,167	100	573,855	100

15. INVENTORIES

	2023	2022
	Shs '000	Shs '000
General office stationery	1,591	1,490
	1,591	1,490

16(a) MOTOR VEHICLE AND EQUIPMENT

Year ended 30 June 2022	Motor vehicles	Computers and Printers	Fixtures and fittings	Furniture	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost					
At start of year	26,830	36,006	87,665	20,167	170,668
Additions	-	6,866		0	6,866
At end of year	26,830	42,872	87,665	20,167	177,534
Accumulated depreciation					
At start of year	21,565	33,473	77,266	13,944	146,248
Charge for the year	2,632	5,418	5,084	2,670	15,805
At end of year	24,198	38,891	82,350	16,614	162,053
Net Book Value at end of year	2,632	3,981	5,315	3,553	15,481
Year ended 30 June 2023	Motor vehicles	Computers and printers	Fixtures and fittings	Furniture	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost					
At start of year	26,830	42,872	87,665	20,167	177,534
Additions		7,419		2,346	9,765
At end of year	26,830	50,291	87,665	22,513	187,299
Accumulated depreciation					
At start of year	24,198	38,891	82,350	16,614	162,053
Charge for the year	2,632	4,808	4,233	2,037	13,710
At end of year	26,830	43,699	86,583	18,651	175,763
Net Book Value at end of year	0	6,592	1,082	3,862	11,536

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16. (b) Intangible Assets

Description	2023	2022
	Shs '000	Shs '000
Cost		
At the start of the year	22,719	16,048
Additions	82,889	6,671
At the end of the year	105,608	22,719
Additions-Internal development	0	0
At the end of the year	105,608	22,719
Amortization brought forward	(6,302)	(950)
Amortization for the Year	(4,833)	(5,352)
At the end of the year	(11,135)	(6,302)
Impairment loss	0	0
At the end of the year		
Net Book Value	94,473	16,417

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.

	2023	2022
	Shs '000	Shs '000
Deposit with HF	249,610	249,610
	249,610	249,610

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

18. PAYABLES ACCRUALS AND PROVISIONS

	2023	2022
	Shs '000	Shs '000
Payables and accruals	130,456	88,519
Provisions	0	83,852
	130,456	172,371

18(a) Ageing Analysis

	2023	% of the Total	2022	% of the Total
Under one year	126,245	97	149,361	86.7
1-2 years	4,211	3	23,010	13.3
2-3 years				
Over 3 years				
	130,456	100	172,371	100

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.

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Key management personnel costs contd.

	2023	2022
	Shs '000	Shs '000
Salaries and allowance	46,660	46,660
National Social Security Fund	234	22
Staff defined contribution	11,075	10,459
	57,969	57,141

Board expenses are disclosed in Note 11.

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 gazettelement 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:

	2023	2022
	Shs '000	Shs '000
Falling due within one year	26,372	26,446
Falling due between one and five years	52,892	79,338
	79,264	105,784

Capital commitments.

	2023	2022
	Shs '000	Shs '000
Unclaimed assets financial system	0	83,806
Office floor partitions	0	0
	0	83,806

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

	Year Ended 30 June 2023
	Shs ' 000
Reconciliation of budget analysis and Statement of financial performance	
Surplus before tax as per Statement of financial performance	205,444
Less	
Capital expenditure	(13,479)
Add	
Depreciation and amortization	18,543
Carry forward funds	61,750
Surplus as per Budget Analysis	272,258

22. TAXATION

Tax is computed from the total Kshs 15,705,000 Received from call deposits interest is Ksh 4,711,000. This amount has been provided for in the financial statements.

23. EMPLOYEES

The number of employees at the end of the year was 32 (2022:32)

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.

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)
	<i>Low volume of claims re-unification</i>	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 2024
			Caroline Chirchir, Manager HR& Administration	Proposal to enhance staff capacity submitted to The National Treasury	June 2024
			B Chelangat Ag Manager UFAL	Holders' data reconciliation	April 2024
	<i>Budgetary control and performance</i>	This will be addressed by effective workplan preparation and implementation, and staff recruitment and promotions within the Authority in line with PSC and The National Treasury approvals.	CEO/MT	Workplans aligned to budgets; Budget and financial management training done by The National Treasury; HR instruments approved by PSC; review of salary structure to align with new grading ongoing.	June 2024
	<i>Lack of Information Technology Steering Committee</i>	The ICT User policy will be updated, and the committee will be incorporated as per policy guidelines	Manager ICT	Policy updated; Appointment done	Closed


CEO/Managing Trustee
FA. John Mwangi, EBS

Date: 13/02/2024


Chairman of the Board
Hon. CPA Dr Francis Kigo Njenga

Date: 13/02/2024

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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	Approved transfers from trust fund