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 THE NATIONAL ASSEMBLY PAPERS L A I D	
DATE: 26 APR 2023	
DAY: _____	
TABLED OF	Hon. Naomi Wanjau, M.P.
CLERK-AT THE-TABLE:	Deputy majority whip Christine Ndlovu

THE AUDITOR-GENERAL

ON

UNCLAIMED ASSETS TRUST FUND

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

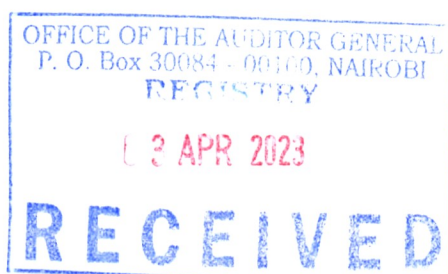
**UNCLAIMED FINANCIAL ASSETS
AUTHORITY**



UNCLAIMED ASSETS TRUST FUND

UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022



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

Unclaimed Assets Trust Fund
Key Corporate Information (continued)
For the year ended 30th June 2022

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Key Information and Management

a) Background Information

The Unclaimed Assets Trust Fund (the "Fund") is created under Section 44 of the Unclaimed Financial Assets Act, 2011 for custody of Unclaimed Assets.

The Fund was created with gazettelement of the UFA Act whose commencement date was 16 December 2011. Section 84 of the PFM Act as read in line with Section 46 of the UFA Act requires the Board to prepare financial statements for the Fund.

b) Principal Activities

The Unclaimed Financial Assets Authority (UFAA) administers the principal activity of the Unclaimed Financial Assets Trust Fund. This is to receive, safeguard and reunite unclaimed financial assets with rightful owners.

c) Key Management

The Fund's day-to-day Management is administered under the following UFAA organs:

- i. Board of Directors of UFAA as a Corporate Trustee
- ii. Chief Executive Officer of UFAA& Managing Trustee of the Fund
- iii. Management of UFAA

d) Fiduciary Management

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

e) 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 and Investment committee.

Parliamentary committees

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

f) Principal Place of Business

The Fund is managed and administered by the Authority whose principal place of business is:

2nd Floor, Pacis Centre
Slip Road, off Waiyaki Way, Westlands
PO Box 28235 - 00200
Nairobi, Kenya

g) Contacts

The Authority's contacts are:

+254 020 402 3000
+254 706 866 984
+254 736 559 152
info@ufaa.go.ke
www.ufaa.go.ke

h) Bankers

Central Bank of Kenya
PO Box 60000 - 00200
Nairobi, Kenya

KCB Bank
Sarit Centre
P.O Box 46950-00100
Nairobi, Kenya

i) Independent Auditor

The Auditor General
Office Of the Auditor General
Anniversary Towers, Loita Street
PO Box 30084 - 00100
Nairobi, Kenya

j) Principal Legal Advisor

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

Corporation Secretary/Head of Legal Services

Mr David Kamau
Unclaimed Financial Assets Authority

1. Trustee of the Fund

In line with the UFA Act, **Unclaimed Financial Assets Authority (the "Authority")** is the Trustee of the Fund.

Board of Directors of the Authority

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



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

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

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

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

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

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



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

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

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

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

Born in 1969, Richard's tenure ended on 10th February 2023.



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

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

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

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

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

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

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



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

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

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

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

	<p>Mr Gabriel K. Njenga – Non-Executive Director</p> <p>Gabriel is a founding Partner at Karanja-Njenga Advocates, a fully-fledged Corporate Commercial Law firm, established in 1993. He holds a Bachelor of Laws (LLB) from Sheffield University, Sheffield United Kingdom. He attained a Diploma in law from the Kenya School of Law in 1991 and has been an Advocate of the High Court of Kenya since 1993. He also holds a Specialized Honours Degree Bachelor of Arts (BA) in Political Science from York University, Toronto Canada. He is also a Certified Public Secretary.</p> <p>Born in 1959, Gabriel's second term as a member of the Board ended in December 2021.</p>
	<p>Ms Jacqueline Oyuyo - Non-Executive Director</p> <p>Jacqueline is the Managing Partner of Umsizi LLP, where she practices as an Advocate, Corporate Secretary, Arbitrator and Mediator to a host of clientele. She holds an MBA in Global Technology Management from the American Intercontinental University and is a Fellow of the Chartered Institute of Arbitrators, a Certified and Judiciary-Accredited Mediator and an accredited Governance Auditor.</p> <p>She is committed to demystifying corporate governance in a way that makes sense for each Authority that she deals with and is adept at tackling regulatory compliance. She served on the Governing Council of the Institute of Certified Public Secretaries of Kenya (ICPSK), as well as on various Boards ranging from non-profit entities and has served in various State Corporations in the capacity of non-executive Director.</p> <p>Born in 1975, Jacqueline was re-appointed in May 2019 as a member of the Board. Her term expired in May 2022.</p>
	<p>Hon FCPA Thomas Ludindi Mwandeghu - Non-Executive Director</p> <p>Hon. Thomas Ludindi Mwandeghu is the immediate former Member of Parliament for Wundanyi Constituency having served for two consecutive terms. As Member of Parliament, Hon. Mwandeghu served as a Minority Chief Whip, Member of House Business Committee, Member of Public Investment Committee and Lands Committee of the National Assembly.</p> <p>Previously, Hon. Mwandeghu served at different capacities at the Central Bank of Kenya, Industrial Development Bank Limited, the Housing Finance Company, the Kenya Wildlife Services and Ocean Freight East Africa Ltd. He was a managing partner at Keah & Co. Ltd and Shulunge Auditing firms before he ventured into politics and successfully run for a parliamentary seat for Wundanyi Constituency since year 2008.</p> <p>Hon. Mwandeghu is a graduate of Commerce (Accounting) from the University of Nairobi. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) since 1981.</p> <p>Born in 1953, Hon FCPA Mwandeghu was reappointed as a member of the Board in October following expiry of his first term in September 2021. He resigned on 9th Feb 2022.</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 (CBOE).</p> <p>With over 25 years-experience, Peter has held several senior positions at John Power Ltd, EBET (K) Limited, Energy Tech Africa Limited, SENACA Security Limited among others. Peter received his undergraduate degree from the Baruch College, City University of New York in Finance and Economics.</p> <p>Born in 1966, Peter was re-appointed as a member of the Board in September 2021.</p>



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

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





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

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

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

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

2. Management of UFAA

Name	Designation
<p data-bbox="261 376 600 405">FA John Kihara Mwangi, EBS</p> 	<p data-bbox="750 360 1251 389">Chief Executive Officer & Managing Trustee</p> <p data-bbox="750 409 1452 465">John is the CEO of the Authority & Managing Trustee of the Trust Fund.</p> <p data-bbox="750 488 1452 577">Prior to his appointment as CEO and Managing Trustee, John was the Manager, Unclaimed Financial Assets Line at UFAA since April 2015.</p> <p data-bbox="750 600 1452 656">He was re-appointed as the CEO & Managing Trustee with effect from 1st March 2022.</p>
<p data-bbox="261 857 635 887">Mrs Caroline Chepkurui Chirchir</p> 	<p data-bbox="750 857 1251 887">Manager Human Resource & Administration</p> <p data-bbox="750 907 1452 1025">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 data-bbox="750 1048 1452 1205">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 data-bbox="261 1272 549 1301">Mr David Mwangi Kamau</p> 	<p data-bbox="750 1256 1308 1285">Corporation Secretary & Manager Legal Services</p> <p data-bbox="750 1328 1452 1384">David is responsible for the Legal, Governance and Corporation Secretary functions of the Authority.</p> <p data-bbox="750 1417 1452 1552">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 data-bbox="750 1574 1452 1653">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 data-bbox="261 1697 612 1727">Mr Francis Mathenge Muchina</p> 	<p data-bbox="750 1697 900 1727">Manager ICT</p> <p data-bbox="750 1760 1452 1850">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 data-bbox="750 1883 1452 1984">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> <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 Marusoi 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>

1. Chairman's Statement

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

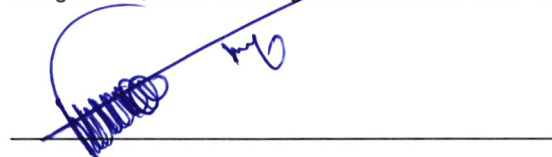
The Board recognizes the great role played by UFAA in the Financial Sector. This is in ensuring resources are not held as abandoned, but rather made available to support social development initiatives both at the household and national level. The key highlight of the reunification agenda has been on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

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

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

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

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



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

4. Report of the Chief Executive Officer/Managing Trustee

I am pleased to report that in the year under review, we continued to implement the growth oriented Strategic Plan 2018 — 2023.

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

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

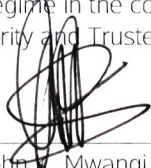
The Finance Act, 2022 has amended the Unclaimed Financial Assets Act, No 40 of 2011 giving rise to three provisions namely: waiver of penalties for surrendered assets by holders for financial year 2022/2023. Establishment of a year-long voluntary disclosure program; and capping of penalties not to exceed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

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

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

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

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



FA John K. Mwangi, EBS
CEO/Managing Trustee

Date 23-03-2023.....

5. Statement of Performance for FY 2021/2022

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	<p>Holders' compliance audits</p> <p>Holders' declaration & surrender of Unclaimed Financial Assets</p>	<p>Conduct 25 holders' compliance audits</p> <p>Collect Kshs 4.0 billion unclaimed financial assets from holders</p>	<p>25 successful bidders for audits are underway being undertaken by the contracted auditors. Process delays arose from earlier court's process litigation that got out-of-court settlement and are now work in progress.</p> <p>Kshs 3 billion in cash representing 71.95% achievement of target realized was collected. Enhancement of cash collections of UFAs from holders is being scaled-up through enforcement efforts and partnerships with other Government agencies.</p>
Pillar 2: Safeguard	Objective 2: Strengthen accountability and sustainability in safeguarding unclaimed financial assets	<p>Investment rate of return</p> <p>Budget funding and absorption</p>	<p>Attain investment income of Kshs 1.8 billion</p> <p>100 % Budget funding and absorption</p>	<p>Kshs 1.86 billion realized, representing 103% achievement on investing activities.</p> <p>100% Budget funding, with 78% budget utilization for FY 2021/22</p>
Pillar 3: Reunite	Objective 3: Reunite 5% received UFA as at 1 st July 2022 to the rightful owners	<p>Reunification rate in respect to amount and number of claims processed and paid</p>	<p>Process and pay out claims amounting Kshs 882 million</p> <p>Reunite 10,000 claimants</p>	<p>Kshs 604 million in cash claims paid out representing 71.09 % achievement of target realized. Reunification efforts to be continually improved.</p> <p>8,111 Cash claimants reunified representing 88.42 % achievement of target.</p> <p>731 Non-cash claimants amounting to Ksh 128.55 Million</p>

6. Statement of Corporate Governance

Unclaimed Financial Assets Authority is the Trustee of the Trust Fund in accordance to the UFA Act.

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 of the Authority 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.**

One of the Authority's core values is "Integrity – We will safeguard all unclaimed financial assets entrusted to us with honesty and transparency". Consistent with this, the Authority reiterates its' commitment to good corporate governance as an essential foundation of the Authority's performance and sustainability.

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 30 June 2022, the following served as members of the Board of Directors:

Name	Position
Richard Kiplagat	Chair
Hon. Ambassador Ukur Yatani	Member/CS The National Treasury
Daniel Mutua	Alternate to CS The National Treasury
Gabriel Njenga	Member
Jacqueline Oyuyo	Member
Hon. Thomas Mwadeghu	Member
Peter Kanyua	Member
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 Chief Executive Officer 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 is 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 2021 to 30 June 2022

Full and Special Board meetings attendance

Name	Meetings	Attended	Absent
Richard Kiplagat	7	7	-
Daniel Mutua	7	7	-
Gabriel Njenga	2	2	-
Jacqueline Oyuyo	6	6	-
Hon. Thomas Mwadeghu	5	5	-
Peter Kanyua	7	7	-
John Mwangi, EBS	7	7	-

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 2022:

Name	Position
Peter Kanyua	Chair
Daniel Mutua	Member
Gabriel Njenga	Member

Finance and Human Resource Committee Meetings attendance

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

Audit and Risk Committee

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

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

Audit and Risk Committee Meeting attendance

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

Technical and Investment Committee

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

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

Name	Position
Jacqueline Oyuyo	Chair
Gabriel Njenga	Member
Peter Kanyua	Member
Daniel Mutua	Member

Technical and Investment Committee Meeting attendance

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

7. Management Discussion and Analysis

Operational and financial performance

The Trust Fund is managed and operated by the Authority, in line with the Unclaimed Financial Assets Act. For this reason, its costs and expenses are absorbed by the Authority's budget.

With a total investment portfolio of Kshs 27 billion as at 30th June 2022 Kshs 1.86 Billion (FY 20/21 Kshs 1.586 billion was generated as investment income in FY 2020/21 by the Trust Fund. This is against a target of Kshs 1.8 billion

With regard to receipts of unclaimed assets, Kshs 3.0 billion (Kshs 3.6 billion FY 2020/21) was the additional cash to the unclaimed assets denominated in cash, against a target of Kshs 4.0 billion. In overall however, the total Fund value stands at Kshs 52 billion, consisting of Kshs 22 billion in cash assets, Kshs 25 billion in shares (conversion price being NSE prices as at 30th June) and Kshs 5.756 billion being retained reserves from income. Reconciliation is ongoing with CMA, Registrars, CDSC and brokers with a view to having the shares value included as in the face of the Statement of Financial Position. The shares are currently included as a disclosure note.

Other assets that have been included as disclosure notes to the Financial Statements include assets identified by audits of holders and whose details are still in dispute by holders, unit trusts and safe deposit boxes. Concerning Safe deposit boxes, it is worth pointing out that Central Bank of Kenya (CBK), to address security concerns that had been noted on management of safe deposit boxes, directed banks to confirm contents of safe deposit boxes they hold. In line with the directive, 620 boxes that had been reported as unclaimed were opened. The banks invited UFAA to be present during opening of the boxes. The teams present during opening took details of the opened boxes, noted their contents, and returned them in the boxes for safe custody by the affected banks.

With regard to claims, a total of 8,111 cash claimants with claims worth Kshs 604 million in cash was reunified during the financial year at UFAA and Kshs 629 million was reunified at source by holders, following audits by UFAA. In addition, 32.45 million units of shares and 4 units trusts were reunified, amounting to approximately Kshs 128.55 million.

COVID-19 pandemic and its effects

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

Key projects and investment decisions the Authority is planning/implementing

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

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

Major Risks facing the Organization.

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

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

Compliance with statutory requirements

The Authority carries out its operations in adherence to the Public Finance Management Act and Regulations, Public Procurement and 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 were provided for in the budget. Therefore, 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.

During the year, one director resigned as a Director in February 2022. The second terms of two directors expired in December and May 2022 respectively. Also, the term of the Chairman of the Board expired in May 2022 but was renewed in July 2022. The Inspector General of State Corporations seconded a representative to the Board. Three new Directors were appointed after the 30th June 2022, their appointments are effective 13th July 2022.

CORPORATE SOCIAL RESPONSIBILITY/SUSTAINABILITY REPORTING

Sustainability Strategy and Profile

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

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

Lastly, UFAA remained mission relevant. In the period under review, it focused on its investment focus of stabilizing the overall interest rate regime. This was through investment of all unclaimed assets not required for immediate reunification in Treasury Bills at non-competitive rates. Thus, meeting stakeholders' requirements as part of robust organizational citizenship behaviour is something the Authority celebrates as it journeys to a promising future.

Environmental Performance

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

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

Employee Welfare

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

Market place practices-

a) Responsible competition practice

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

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

Customer Relationship Management

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

Corruption Prevention

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

Media Engagement

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

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

d) Product stewardship

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

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

Corporate Social Responsibility

Ndakaini Dam Project.

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



Newspaper in Education Project

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



'Wezesha Mjane' Project

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

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

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 has a role 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 30 June 2022 are set out on page 26 to 28.

iii. Directors

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

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

Dividends/Surplus remission

In line with the Unclaimed Financial Assets Act, revenue realized has been held in the Unclaimed Financial Assets Trust Fund. Payments out of the Fund can be made on account of:

- i) payment due and payable to owners out of the Fund under the Act;
- ii) such amounts as may be approved by the Cabinet Secretary to defray costs associated with the administration of the Authority and performance of its functions under this Act.

Auditors

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

By Order of the Board



David Kamau

Corporation Secretary/Head of Legal Services
Nairobi

Date: 23-03-2023

7. Statement of Directors' Responsibilities

Section 84 of the PFM Act as read in line with Section 46 of the Unclaimed Financial Assets Act require the Authority to prepare financial statements in respect of the Unclaimed Financial Assets Trust Fund (the "Fund"), which give a true and fair view of the state of affairs of the Fund at the end of the financial year and of the Fund's surplus or deficit. The Trustees are also required to ensure that the Fund maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund. The Trustees are also responsible for safeguarding the assets of the Fund.

The Trustee accepts responsibility for the presentation and preparation of financial statements of the Fund in accordance with International Public Sector Accounting Standards and in the manner required by the Section 84 of the Public Finance Management Act, Revised 2015 and Section 14 of the State Corporations Act. The Trustee also accepts responsibility for such internal control as the Trustee determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustee is also responsible in preparing the financial statements, for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The audit of the financial statements does not relieve the Trustee of this responsibility.

The Trustee is of the opinion that the financial statements give a true and fair view of the financial position of the Fund at 30 June 2022, the Fund's financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards and the requirements of Section 84 of the Public Finance Management Act, Revised 2015 and Section 14 of the State Corporations Act.

Nothing has come to the attention of the Trustee to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of the Trustee on 23-03- 2023 and signed on its behalf by:

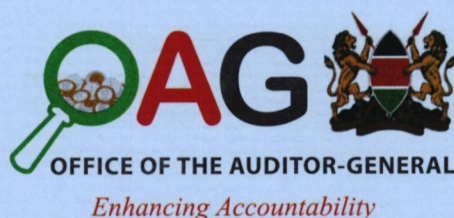


FA John Mwangi, EBS
CEO/Managing Trustee



Hon. Dr CPA Francis K Njenga
Chairman

REPUBLIC OF KENYA



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Unclaimed Assets Trust Fund set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Unclaimed Assets Trust Fund for the year ended 30 June, 2022 - Unclaimed Financial Assets Authority

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

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

Basis for Opinion

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

Emphasis of Matter

Low Rate of Unclaimed Assets Reunification

As previously reported, the statement of changes in net assets reflects total receipts from holders of Kshs.22,614,997,000 while claims paid totalled to Kshs.604,961,000 representing a reunification rate of 3% of total assets remitted by holders. The Fund started operations of receiving unclaimed assets from holders in 2014. However, reunification of the assets with the beneficiaries started in 2016. Management has attributed the slow pace of reunification to the following factors:

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

The above factors do not adequately support an effective reunification process. Management has however, indicated that it has proposed and adopted several measures to address low reunification. The Fund is therefore not meeting its mandate of tracing

unclaimed assets and reunifying them with the beneficiaries in an efficient and effective manner.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 overall governance were not effective.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Information Technology Steering Committee

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

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

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Fund'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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 April, 2023


8. Statement of Financial Performance for the year ended 30th June 2022


	Notes	Year ended 30 June	
		2022 Shs '000	2021 Shs '000
Income			
Revenue from exchange transactions			
Investment income	6	1,863,265	1,586,706
Total income		1,863,265	1,586,706
Expenditure			
Expenses*		-	-
Total expenses		-	-
Surplus for the period		1,863,265	1,586,706


*Expenses of the fund have been absorbed by the Authority in line with Section 44 of the Unclaimed Assets Act that gives it the responsibility to manage and operate the Unclaimed Assets Trust Fund. The Authority has separate financial statements in line with the PFM and State Corporations Act.

The notes on pages 6 to 18 are an integral part of these financial statements.

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


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


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


 Chairman of the UFAA Board
Hon Dr CPA Francis K Njenga

Date: 23-03-2023

Date: 23-03-2023

Date: 23-03-2023


9. Statement of Financial Position as at 30th June 2022

	Notes	2022 Shs '000	2021 Shs '000
ASSETS			
Current assets			
Cash and cash equivalents	4	291,873	217,378
Receivables	5	1,027,175	822,429
Investments	6	27,007,309	23,730,691
TOTAL ASSETS		28,326,357	24,770,498
LIABILITIES AND RESERVES			
Payables			
Claims	7c	9,301	94,891
Transfers to UFAA	8	565,833	714,100
Total Payables		575,134	808,991
Unclaimed Financial Assets Trust Fund			
Unclaimed Assets	7	21,994,278	19,508,227
Revenue reserve		5,756,945	4,453,280
Unclaimed Financial Assets Trust Fund		27,751,223	23,961,507
TOTAL LIABILITIES AND RESERVES		28,326,357	24,770,498

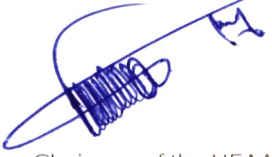
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


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

Date... 23-03-2023


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

Date... 23-03-2023


 Chairman of the UFAA Board
Hon Dr CPA Francis K Njenga

Date... 23-03-2023

Unclaimed Assets Trust Fund
 Financial Statements
 For the year ended 30th June 2022

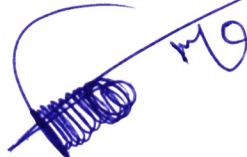
10. Statement of Changes in Net Assets for the year ended 30th June 2022

	Unclaimed Assets Trust Fund	Revenue reserve	Total
	Shs'000	Shs'000	Shs'000
As at 1 July 2020	16,236,904	3,580,674	19,817,578
Payables/Claims from Prior Period	47,836	322,976	370,812
Receipts of unclaimed assets	3,650,925	-	3,650,925
Claims Paid	(307,906)		(307,906)
Transfer to UFAA	-	(714,100)	(714,100)
Payables	(94,891)		(94,891)
Other Payables	(24,641)		(24,641)
Surplus for the Year	-	1,586,706	1,586,706
Balance at 30 June 2021	<u>19,508,227</u>	<u>4,453,280</u>	<u>23,961,507</u>
As at 1 July 2021	<u>19,508,227</u>	4,453,280	<u>23,961,507</u>
Additions			
Receipts of unclaimed assets	3,011,879	-	3,011,879
Payables from prior period	94,891		94,891
Surplus for the Year		1,863,265	1,863,265
Total additions	<u>22,614,997</u>	<u>6,316,545</u>	<u>28,931,542</u>
Deductions			
Claims Paid	7b (604,961)	-	(604,961)
Claims Payable	(9,301)	-	(9,301)
Payables to UFAA	(6,457)	(559,600)	(566,057)
Total deductions	<u>(620,719)</u>	<u>(559,600)</u>	<u>(1,180,319)</u>
Balance as at 30 June 2022	<u>21,994,278</u>	<u>5,756,945</u>	<u>27,751,223</u>

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


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 Hon Dr CPA Francis K Njenga

Date... 23-03-2023

Date... 23-03-2023

Date... 23-03-2023


14. Statement of Cash Flows for the year ended 30th June 2022

	Notes	For the year ended 30 June	
		2022	2021
		Shs '000	Shs '000
Cash flows from operating activities			
Surplus for the year		1,863,265	1,586,706
Decrease in Payables		(233,857)	438,179
Increase in receivables		(204,746)	(62,957)
Approved transfer to UFAA	8	(559,600)	(714,100)
Net cash from operating activities		865,062	1,247,828
Cash flows from investing activities			
Increase in investment in treasury bills		(3,276,618)	(4,592,297)
Net cash used in investing activities		(3,276,618)	(4,592,297)
Cash flows from financing activities			
Increase in Unclaimed Assets Fund Balance		2,486,051	3,271,323
Net cash from financing activities		2,486,051	3,271,323
Increase in cash and cash equivalents		74,495	(73,146)
Cash and cash equivalents at start of period		217,378	290,524
Cash and cash equivalents at end of period		291,873	217,378

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


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


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


 Chairman of the UFAA Board
Hon Dr CPA Francis K Njenga

Date 23-03-2023

Date 23-03-2023

Date 23-03-2023

Unclaimed Assets Trust Fund
Financial Statements
For the year ended 30th June 2022

13. Notes to the Financial Statements

1. GENERAL INFORMATION

The Unclaimed Assets Trust Fund (UATF/the "Fund") is established by and derives its authority and accountability from the Unclaimed Financial Assets Act. The Fund is managed and administered by Unclaimed Financial Assets Authority, which is wholly owned by the Government of Kenya and is domiciled in Kenya. **The Fund's principal activity is to enforce and generally administer the provisions of the Act, in particular to 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 Fund'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 Fund, **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 Fund
There were no new standards that have been adopted by the Fund
- (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 Fund.

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 Fund are not expected to have any material impact on the financial statements of the Fund.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

1. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

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

2. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>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.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>The effective date for IPSAS 42 is for periods beginning on or after January 1, 2022.</p> <p>These new standards that are not yet effective for the Authority are not expected to have any material impact on the financial statements of the Authority.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

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Standard	Effective date and impact:
Other Improvements to IPSAS	There are no other IPSASs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund.

i. Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2021.

3 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 functions.

Assets Identified from Holders Audits

Upon finalizing of compliance audits on identified holders, follow up efforts are put in place to ensure identified assets are submitted to the Fund. In line with IPSAS 19, these assets are not included in the value of the Fund until received or otherwise acknowledged by the Holder.

ii) Revenue from exchange transactions

Other income

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

b) Budget information

The Trust Fund is administered and operated by the Authority.

The Fund therefore has no budget since its expenses are borne by the Authority. The original budget of the Authority for FY 2021-2022 was approved by the National Treasury on 30th June 2022.

c) Taxes

The Fund in line with the UFA Act is managed by the Authority. Any tax obligations other than those borne at source on investments are therefore borne by the Authority.

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.

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) Property, Plant and Equipment

The Fund has no Property, Plant or Equipment.

f) Leases

The Fund has no leases since it is operated and managed by the Authority.

g) Inventories

The Fund has no inventory that it manages.

h) Financial instruments

(i) 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 **the Fund's** financial assets at initial recognition.

Loans and receivables

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

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

Held-to-maturity

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.

(ii) 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 **the Fund's** 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.

i) Provisions

Contingent liabilities

The Fund 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.

Contingent assets

The Fund 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.

j) Nature and purpose of reserves

The Fund 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.

k) Changes in accounting policies and estimates

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

l) Employee Benefits

Retirement benefit plans

The Fund is managed and administered by the Authority which provides retirement benefits for the Authority's employees.

m) 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.

n) 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 Fund

The following are the main types of risks that the Fund is exposed to in the course of the Authority managing and administering it:

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 Fund 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 Fund 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 for the Fund is confined to banks that have been approved by The National Treasury as per the set eligibility criteria of financial soundness. Therefore, the Authority does not consider there to be any significant exposure to credit risk to the Fund.

Unclaimed Assets Trust Fund
 Financial Statements
 For the year ended 30th June 2022

			2022	2021
			Shs '000	Shs '000
Cash and cash equivalents (Note 4)				
Fund account with Central Bank of Kenya/KCB/MPesa			291,873	217,378
Receivables (Note 5)				
Accrued interest income (from treasury bills)			1,025,426	822,429
Unclaimed Financial Asset Authority			1,749	
Investments (Note 6)				
			27,007,309	23,730,691
			28,326,357	24,770,498

ii. Market risk

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

Interest rate risk

The Fund's interest rate risk arises from interest bearing treasury bill investments.

As at 30 June 2022, an increase/decrease of 100 basis points would have resulted in a decrease/increase in surplus of Shs 18,632 (2021/22: Shs 15,864).

iii. Liquidity risk

Liquidity risk is the risk of the Fund not being able to meet its **obligations as they fall due**. The Fund's approach to managing liquidity risk is to ensure that sufficient liquidity is available to pay claims when due, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund ensures that it has sufficient cash on demand to meet claims through the maintenance of deposits in investments that can be liquidated readily. At the date of these financial statements, the Unclaimed Financial Assets Regulations which provide for the settlement of claims were yet to be gazetted.

(a) 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 investment balances approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Fund 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).

Unclaimed Assets Trust Fund
 Financial Statements
 For the year ended 30th June 2022

4	Cash and cash equivalents		
		2022	2021
		Shs '000	Shs '000
	Fund Account with Central Bank 1000535261	38,878	118,842
	Trust Fund Payment Account No 1000294108	570	85,673
	Investment Account No 1000222417	30,627	412
	USD Account 1000545674	121,365	8,309
	KCB	99,280	4,131
	M-PESA	1,153	11
	Total	291,873	217,378
5	Receivables		
	Accrued interest income (from treasury bills)	1,025,426	822,429
	Unclaimed Financial Asset Authority	1,749	-
	Total	1,027,175	-
6	6. a). Investment Schedule		

Tenure	30 th June 2021		Maturity Value	Income
	Face value	Amount paid		
	Shs'000	Shs'000		
	-	-	-	-
	-	-	-	-
364 days			763,935	763,935
364 days	25,388,450	23,730,690	7,255,343	822,429
T/Bills sub total	25,388,450	23,730,690	8,019,278	1,586,364
Other Income from call deposits				342
TOTAL				1,586,706

b. T/Bills Income Schedule

Tenure	30 th June 2022		Maturity Value	Income
	Face Value	Amount Paid		
	Shs'000	Shs'000		
			0	0
			0	0
364 days			835,330	835,330
364 days	29,025,000	27,007,309	9,273,033	1,025,426
TOTAL	29,025,000	27,007,309	10,107,363	1,860,756
c. Others				
KCB Call Account				2,509
Total				1,863,265

Notes (continued)

7 Unclaimed Assets Trust Fund		2022	2021
Institution type		Shs'000	Shs'000
Commercial banks		15,072,405	13,622,146
Listed companies		3,508,720	3,295,377
Insurance companies		1,939,226	1,224,304
Telecommunication companies		1,299,828	2,051,428
SACCOs		88,158	44,340
Pension Funds		28,429	29,359
Others		57,512	44,598
Total		21,994,278	20,311,552

7 a. Assets Identified by Compliance Audits

Over Kshs 9.5 billion in cash and over 165 Million units of shares have been identified by audits and not received as at 30th June 2022. Collection efforts were ongoing as at year end, spearheaded by an enforcement committee set up with a mandate to ensure holders' compliance audits report findings are followed up and enforced

i. Cash Assets (Kshs '000)

Description	2022	2021
Bal b/f	9,531,019	6,068,593
Assets identified	773,957	3,611,550
Payments received	(174,945)	(149,124)
Reunification at Source	(629,000)	0
Amount Pending	9,503,053	9,531,019

ii. Units of Shares
(Units '000)

Description	2022	2021
Bal b/f	119,816	37,085
Assets identified	65,642	103,849
Reports received	(22,654)	(21,118)
Shares reunited at source	0	0
Units Pending	162,804	119,816

7 Unclaimed Assets Trust Fund

a. Unclaimed Financial Assets Reported and held by the holders

i. Shares: Conversion is by NSE prices as at 30th June 2022 (Units '000)

Description	2022	2021
Bal b/f	901,523	802,682
Assets reported	160,641	111,883
Approved releases	(16,584)	(13,042)
Units Reported	1,045,580	901,523

ii Unit Trusts (Kshs '000)

Description	2022	2021
Bal b/f	50,732	24,569
Assets reported	1	31,089

Unclaimed Assets Trust Fund
Financial Statements
For the year ended 30th June 2022

Approved releases	-198	(4,926)
Units Reported	52,557	50,732

iii. **Safe Deposits Reported**

Contents are not known since these have not been opened. They have not therefore been included in the value of the Trust Fund.

Description	2022	2021
Bal b/f	2,844	1,592
Boxes Reported	841	1,281
Boxes Released	(24)	(29)
Boxes Pending	3,661	2,844

b. **Paid Claims**

	2022	2021
	Kshs '000	Kshs '000
Paid Claims		
Bank	599,480	316,464
MPESA	4,083	2,120
USD Converted	1,398	936
Total	604,961	319,520

c. **Total Claims**

	2022		2021	
	Number	Ksh '000	Number	Kshs. '000
Cash Paid	8,111	604,961	5,844	319,520
Shares + units trusts	731	128,562	681	16,380
Claims payable (cash)		9,301		8,228
Total	8,842	742,824		344,128

The Authority receives claims from claimants that are approved in line with the Unclaimed Financial Assets Act, 2011 and Regulations. Only claims that have been reviewed and approved are recognized as payables. Claims Paid are those valid claims lodged and paid during the year.

8. **Transfers Payable**

	2022	2021
	Kshs '000	Kshs '000
Bal b/d	714,100	339,074
Approved by National Treasury	559,600	714,100
Holder's audit fee refunds received	-	-
Total	1,273,700	1,053,174
Less: Amount Transferred	714,300	339,074
Balance	559,400	714,100
Less: Cheque deposited to UFAA	24	-
Transfers payable	559,376	-
Add: Audit Fee Refunds	6,457	-
Grand Total	565,833	714,100

- i. Income Transfers are recognized as payable once approval has been granted by National Treasury in line with Section 44 of the Unclaimed Financial Assets Act
- ii. Holders audit fee relate to reimbursements made to the Trust Fund account.
- iii. Amount Transferred to UFAA relates approved Trust fund income.

9 **Related party transactions**

In the course of its operations, the Fund enters into transactions with related parties.

Unclaimed Financial Assets Authority (UFAA)

The Unclaimed Financial Assets Authority (the "Authority") and its Chief Executive Officer act as Trustee and Managing Trustee of the Fund, respectively. Financing for the activities and operations of the Fund are wholly budgeted for and implemented by the Authority.

Separate financial statements have been prepared for the Authority.

Central Bank of Kenya (CBK)

The Fund is related to the Central Bank of Kenya (the "CBK") through the parent ministry of the Authority; that is, The National Treasury of the Government of Kenya.

The Fund's cash balance with the CBK and the Fund's investment in Government of Kenya Treasury Bills through the CBK are disclosed in Notes 3 to 5.

Appendix I: Progress on follow up of Auditor Recommendations

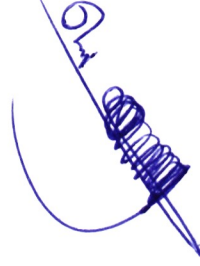
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We nominate responsible Heads of Department to resolve the various issues identified in audits.

Unclaimed Assets Trust Fund
Financial Statements
For the year ended 30th June 2022

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)
		This is due to restrictive regulatory requirements, nature of unclaimed assets and capacity constraints; manual processes especially for non-cash assets	Head of Legal	Proposal to review of Legislation submitted to the National Treasury	June 2023
	<i>Low volume of claims re-unification</i>		Manager HR& Admin	Proposal to enhance staff capacity submitted to The National Treasury	June 2023
FY 2019/20	<i>Variance between Unclaimed Assets Trust fund Records and holders Records</i>	Reconciliation has been done for safe deposit boxes, while it is ongoing for shares reported and not remitted.	Manager UFAL/Manager ICT Manager UFAL	UFAMS Reconciliation Ongoing reconciliation for shares	February 2023 February 2023



FA. John Mwangi, EBS
CEO/Managing Trustee



Hon. Dr Francis K Njenga
Chairman

Date:

Date: