



**UFAA Finance Manager talking points during the ICPAK 35<sup>th</sup> annual Seminar in Mombasa on  
May 23, 2019**

**Speech theme:** *'The Role of Accountants in reporting and surrender of Unclaimed Financial Assets'*

**Ladies and Gentlemen  
Hamjambo!**

- We are delighted to join you for the **35<sup>th</sup> Annual Seminar**. I am accompanied by a delegation of members of staff – most of whom are members of ICPAK - from the Authority. We bring greetings from all of us. May I also acknowledge the presence of FCPA Hon. Thomas Mwadeghu who sits in our Board. Mheshimiwa Mwadeghu asante.
- May I register apologies from our CEO John Mwangi whom was meant to attend and deliver his speech on *'The Role of Accountants in reporting and surrender of Unclaimed Financial Assets'*.
- I am most honoured to speak to my professional colleagues on his behalf. As your colleague, I know we are not made to make speeches – but to work out numbers on financial performance of our institutions. That is why the subject of unclaimed financial assets would be of interest to all of us.
- I will therefore share insights into the Unclaimed Financial Assets Authority (UFAA) and our mandate and why it matters to you.

**Ladies and Gentlemen,**

- Briefly, UFAA was created following the enactment of the Unclaimed Financial Assets Act no. 40 of 2011 with a mandate to “Receive unclaimed financial assets from the holders of such assets, Safeguard and Re-unite the assets with their rightful owners”.
- What are the unclaimed financial assets? Financial assets become unclaimed when no enquiries are filed, followed by transactions or even instructions given pertaining to the assets within a certain period of time. Some of the reasons leading to unclaimed assets

include unforeseen and unfortunate circumstances of death, changes of addresses and even human frailties of forgetfulness.

- Unclaimed financial assets traverse the entire regime of cash in a bank, shares, insurance policies, money order, court refund, assets held in a fiduciary capacity, unpaid wages, safe deposit boxes, cheques, drafts or similar instruments. They also include deposits for utility services or contributions to retirement benefit schemes. A look at Sections 4 to section 18 of the Unclaimed Financial Assets Act will provide details on all the categories;
- As alluded by their very nature, holders of unclaimed financial assets are in both private and public sector institutions. And for emphasis sake, any legally incorporated entity is a potential holder of unclaimed financial assets.

### **Ladies and Gentlemen,**

- In the last five years, we have made significant strides, which I will briefly highlight.
- First, we have now laid the necessary foundation to facilitate the *'receive, safeguard and reunite'* functions of the unclaimed financial assets with their rightful owners.
- Secondly, as some of you may be aware, we have also been on the forefront to ensure compliance by the holders of unclaimed financial assets through issuance of surrender notices and instituting the necessary structures, systems and procedures to guide the process.
- To ensure completeness and correctness of the reports we receive from holding institutions, we have instituted compliance audits in a number of institutions. This too will ensure sound regulatory framework amongst the holding institutions as envisaged in the Act.
- Thirdly, records indicate that holders have surrendered and reported assets worth Ksh.13 billion in cash, 564 million units of shares and 1,454 Safe deposit boxes. We have noted the efforts made to comply and submit these assets to the Authority and we do commend all these institutions that have made efforts and surrendered unclaimed assets in their custody. While we commend institutions - some of whom are represented here – for reporting and surrendering, our study shows more of these assets are still being held by holders; as mentioned earlier, these are represented here by members present.
- In a recent baseline study we commissioned in October 2018, data shows that the total estimated unclaimed financial assets in the market is in the region of Ksh 241 billion and being held by nearly 480,000 holders.

- I urge the so many institutions that have not complied with the Act to emulate those who have complied and submit the unclaimed assets to the Authority to enable us to re-unite them with their rightful owners.
- On the other hand, we are equally reuniting these assets with their rightful owners. So far 7,000 claimants have lodged claims totalling about Ksh 421 million and 1.3 million units of shares.
- Those numbers tell a story – one that shows that there remains so much of assets yet to be surrendered by holders and so few rightful owners coming forth to claim their assets.
- This is the reason why we address you today –to make you appreciate the enormity of the task ahead and seek your support to ensure holders surrender and report and also help us to reunite these “lost and found’ assets with their rightful owners.
- I am sure there are those who could be languishing somewhere, yet some millions are lying somewhere because either the holder has not remitted or if so, the rightful owner has not come forth to claim.

#### **Ladies and Gentlemen,**

- May I turn to the place of accountants in this value chain of unclaimed financial assets. Unclaimed financial assets, by their very nature, are assets accountants interact with in the course of their practice.
- We acknowledge that you are intimate to the volume of ‘abandoned investments’ in the books of accounts and are able to flag out these assets *vis a vis* the prescribed abandonment period as per the Unclaimed Financial Assets Act.
- Our desired engagement with you – and your institutions, envisages a situation where you understand the requirements of reporting and surrender as per the Act and facilitate holders to comply.
- We also envisage a situation where holding institutions will take the primary initiative to locate the owners of the assets identified and avoid situations where reporting assets whose owners and their addresses are known;
- Furthermore, our collaboration with ICPAK shall ultimately yield – and through other relevant bodies - obligatory disclosure in the financial statements of all unclaimed financial assets held by holders
- In addition, this collaboration with members of the Accountancy profession should ensure better mechanisms to enhance reunification; and effective measures to safeguard the assets during temporary separation phase.

**Ladies and Gentlemen,**

- Finally - through our parent Ministry, the National Treasury, we are in the process of developing a comprehensive national policy on unclaimed financial assets. The proposed policy seeks to address existing gaps and challenges in the regime, and to create an enabling environment for a robust unclaimed financial assets management for our nation's posterity.
- I know that Accountants are not very active in the development of various laws in this country. But I challenge you all to take up your rightful place in addressing the role of Accountancy in Management of the country's affairs. One such instance is the present opportunity to participate in this participatory policy development process to enrich governance of the unclaimed financial assets in our country.
- We seek your partnership in taking collective responsibility to deepen the unclaimed financial asset regime in your sphere of influence. And by partnering with UFAA, we are investing in the future of our great nation of Kenya.

**Thank you and God bless you all.**