

REPUBLIC OF KENYA



THE NATIONAL TREASURY AND PLANNING

ASSETS MANAGEMENT INDICATOR GUIDELINES IN THE PUBLIC
SECTOR PERFORMANCE CONTRACTING FOR THE FY 2022/2023
(19TH CYCLE)

JULY 2022

DEFINITIONS OF TERMS

“Asset” is a resource owned, or in some cases, controlled, by an individual or organization as a result of past events and from which future economic benefits or social benefits are expected to flow to the entity. Assets may be movable or immovable property, tangible or intangible, and include equipment, land, buildings, animals, inventory, cash and cash equivalents, receivables, investments, natural resources like wildlife and, intellectual rights vested in the state or proprietary rights.

“Asset management” is a systematic process of planning, acquisition, operating, maintaining and disposing of assets in the most cost-effective manner including all costs, risks and performance attributes.

“Accounting officer” has the same meaning assigned to it in section 2 of the Public Finance Management Act, 2012.

“Public Sector Accounting Standards Board” has the same meaning assigned to it in section 2 of the Public Finance Management Act, 2012.

“Cabinet Secretary” has the same meaning assigned to it in section 2 of the Public Finance Management Act, 2012.

“National Treasury” has the same meaning assigned to it in section 2 of the Public Finance Management Act, 2012. The title of the National Treasury to be used at a point in time may take the title as provided for under executive orders issued from time to time.

“Public entity” has the meaning assigned to it in section 2 of the Public Procurement and Asset Disposal Act, 2015.

CONTENTS

DEFINITIONS OF TERMS	ii
INTRODUCTION	1
ASSETS MANAGEMENT SUB-INDICATORS FOR THE 19TH CYCLE PERFORMANCE CONTRACTING (PC)	1
EVALUATION	1
GUIDELINES TO THE ACTIVITIES IN ACHIEVING THE INDICATOR	1
1. ESTABLISHMENT OF ASSET MANAGEMENT STRUCTURES	1
QUARTERLY REPORT FOR ASSET MANAGEMENT STRUCTURES	1
2. OWNERSHIP DOCUMENTS	2
3. MAINTAIN AND UPDATE ASSETS REGISTERS USING THE PRESCRIBED REPORTING TEMPLATES ISSUED BY THE NATIONAL TREASURY (60%)	2
EVALUATION CRITERIA	2
4. DISPOSAL OF IDLE ASSETS -	3
ASSET DISPOSAL EVALUATION CRITERIA	3
5. REPORTING TIMELINES	4

INTRODUCTION

These guidelines are intended to provide guidance on the implementation of the asset management indicator for the 19th Cycle and facilitate Ministries, Departments and Agencies (MDAs) in undertaking and reporting on the activities for the Financial Year (FY) 2022/23.

Assets Management Sub-indicators for the 19th Cycle Performance Contracting (PC)

In the 19th cycle performance contract, MDAs are required to undertake the following:

- a) Maintain and update Assets Registers using the prescribed reporting templates issued by the National Treasury; and
- b) Disposal of Idle Assets - Ensure disposal of unserviceable, obsolete and surplus assets by way of sale, transfer to other public institutions, destruction, donation or other authorized methods of disposal and in all cases in full conformity to the existing legal requirements.

Evaluation

All MDAs are required to submit quarterly and annual reports to the National Treasury using the prescribed format. The National Treasury will assess the annual performance of MDAs and issue a score at the end of the contract period.

GUIDELINES TO THE ACTIVITIES IN ACHIEVING THE INDICATOR

1. Establishment of Asset Management Structures

Public sector entities are expected to ensure adequate asset management structures and systems are in place for prudent management of public assets, towards this end, MDAs shall establish assets management committees and asset management units. The performance in of this requirement will not be scored, but will serve as an enabler towards achieving the asset management performance indicator. Detailed guidelines on establishment of assets management structures can be accessed at <https://www.treasury.go.ke/wp-content/uploads/2021/03/Asset-Liability-Mgt-Policy.-doc-Final.pdf> .

Quarterly report for asset management structures

Structure	Date established	Composition/designations of officers	Number of Officers	Are letters of appointment available (Yes/No) (attach a copy)
Assets management committee				
Asset management unit				

2. Ownership documents

Over the years, some public entities have not had proof of ownership of their assets, specifically land and buildings due to lack of these documents. This has been highlighted in various audit reports. All Accounting officers are supposed to ensure that entities under their jurisdiction have documents of ownership for **ALL** assets. Where an entity is a body corporate, the documents of ownership should be in the name of the entity and under the custody of the Accounting Officer. In all other instances, the documents of ownership on land and building should be in the name of Cabinet Secretary to the Treasury of Kenya and be under the custody of the National Treasury.

Public entities are required to ensure that they have ownership documents for Land, building, equipment and motor vehicles. The status of ownership document for the above assets should be clearly indicated in their respective asset register reporting template and soft copies of land and buildings title documents be sent to nalm@treasury.go.ke when submitting the assets register reporting templates. The requirement on ownership documents will be considered when assessing the completeness of the assets registers reporting templates under activity on activity 3.

3. Maintain and update Assets Registers using the prescribed reporting templates issued by the National Treasury (60%)

All MDAs are required to submit quarterly and annual reports to The National Treasury using the prescribed format. Prescribed reporting templates and guidelines to support MDAs in implementation of this performance indicator can be accessed from the National Treasury website at <https://www.treasury.go.ke/reporting-templates/>

Evaluation criteria

	Sub-Activity	Evidence of Achievement	Weight %
1.	Maintain a <i>register of assets</i> in the format prescribed by the National Treasury and Maintain separate asset registers for all different categories of assets, such as land, buildings, investment property, leased and intangible assets. https://www.treasury.go.ke/reporting-templates	Completed asset registers of all asset categories	40
2.	Conduct <i>Reconciliations</i> of all assets balances at the end of the financial year by ensuring that all additions and disposals are reflected in the register to assess the accuracy of details recorded on the	Completed annual assets reconciliation Report	5

	asset register and any variances should be investigated and resolved.		
3.	<p>Submit all categories of Assets registers as prescribed in the reporting templates issued by the National Treasury and PSASB in an EXCEL format (soft copy) to nalm@treasury.go.ke.</p> <p>The reporting templates should be submitted quarterly by 15th of the subsequent month after every quarter.</p>	<ul style="list-style-type: none"> - Evidence of receipt /submission of copies of assets registers to National Treasury. - All templates columns filled. - All relevant column totals tallied. 	15
	<ul style="list-style-type: none"> • <i>If an entity fails to submit the assets registers or fails to adhere to the prescribed format, no score will be awarded for this activity.</i> • <i>In case an MDA does not have any asset in a category, it should be indicated N/A in that particular reporting template.</i> 		

4. Disposal of Idle Assets - Ensure disposal of unserviceable, obsolete and surplus assets by way of sale, transfer to other public institutions, destruction, donation or other authorized methods of disposal and in all cases in full conformity to the existing legal requirements (40%)

There are many idle and unserviceable assets that are not disposed of by public entities. Failure to dispose of assets leads to wastage due to deterioration of assets value and additional costs being incurred as a result of holding such assets.

The assessment of this indicator will aim to establish whether a public entity fulfills its asset disposal obligations under PART XIV of the Public Procurement and Assets Disposal Regulations 2020 and whether the procedures there-in are adhered to and that the entity has fully implemented its disposal plan.

Asset Disposal Evaluation Criteria

Evaluation will be done after receipt by the National Treasury of the quarterly and annual reports on the implementation of the annual asset disposal plans and graded as follows:

No	Activity	Evidence	Weight %
1	Preparation and submission of Annual Asset Disposal Plan (10%) To be submitted to nalm@treasury.go.ke for PC evaluation	<ul style="list-style-type: none"> • Approved Disposal Plan prepared in line with PP& AD act and attendant regulations 	5
		<ul style="list-style-type: none"> • Submission of the disposal plan to National Treasury by due date 	5
2.	Disposal Plan Implementation To be submitted to nalm@treasury.go.ke for PC evaluation	<ul style="list-style-type: none"> • Disposal implementation process (<i>Evidence will include establishment of disposal committee, request to departments for identification of items for disposal, transferring documents,</i> 	10

		<i>tender notice, bids invitation, letter of award)</i>	
		<ul style="list-style-type: none"> Disposal process closure (Signed contract, Disposal proceeds, destruction Certificate) 	20
<ul style="list-style-type: none"> <i>If an entity fails to submit the annual asset disposal reports or fails to adhere to the prescribed formats, no score will be awarded for this activity</i> <i>For the documentation in this activity, entities may only send soft copy extracts with key information. Actual documents will be verified during sampled verification exercises.</i> 			

5. Reporting Timelines

1. Quarterly reports for asset management structures, ownership documents and asset registers should be submitted quarterly by 15th of the subsequent month after every quarter.
2. Public Sector entities will be required to submit their annual disposal plans by 15th of October of the financial year.
3. Quarterly disposal implementation reports showing the status of implementation by 15th day of the subsequent month after every quarter for the purpose of performance evaluation.
4. Report submitted beyond the due date shall attract a penalty of up to 50% of the total quarterly score for submission. This is restricted to 15 calendar days after the deadline, beyond which the entity will get a **nil** score in the quarterly score for submission.
5. The National Treasury shall provide feedback on the reports submitted within 30 days after the submission deadline.

NB: *All reports to be submitted to the National Treasury through the official email nalm@treasury.go.ke.*