REPUBLIC OF KENYA



THE NATIONAL TREASURY AND PLANNING

ASSET MANAGEMENT INDICATOR GUIDELINES IN THE PUBLIC SECTOR PERFORMANCE CONTRACTING FOR THE FY 2023/2024

(20TH CYCLE)

**JULY 2023**

# 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.

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# **INTRODUCTION**

These guidelines are intended to provide guidance on the implementation of the asset management indicator for the 20th Cycle and facilitate Ministries, Departments and Agencies (MDAs) in undertaking and reporting on the activities for the Financial Year (FY) 2023/24.

MDAs are required to undertake the following:

1. Maintain and update Assets Registers using the prescribed reporting templates issued by the National Treasury; and
2. 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 indictor. 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](https://www.treasury.go.ke/wp-content/uploads/2021/03/Asset-Liability-Mgt-Policy.-doc-Final.pdf%20) .

## Report for establishment and operationalization of asset management structures

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Structure | Date established | Composition/  designations | Number of Officers | letters of appointment/  deployment  (attach a copy) | No of meeting held (Minutes) |
| Assets management committee |  |  |  |  |  |
| Asset management unit |  |  |  |  |  |

1. **Ownership documents**

Over the years, some public entities have not had proof of ownership of their assets, specifically land and buildings. 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.

The status of ownership document for the 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 asset registers reporting templates under activity on activity 3.

1. **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 and guidelines which can be accessed from the National Treasury website at [***https://www.treasury.go.ke/reporting***](https://www.treasury.go.ke/reporting) ***templates;***

<https://www.treasury.go.ke/wp-content/uploads/2021/03/General-Guidelines-on-asset-and-liability-management-2020-Final.pdf>

## Evaluation criteria

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Sub-Activity** | **Evidence of Achievement** | **Weight %** |
|  | Maintain a ***register of assets*** in the format prescribed by the National Treasury in separate asset registers for each category of asset, such as land, buildings, investment property, lease, intangible assets among others. [***https://www.treasury.go.ke/reporting***](https://www.treasury.go.ke/reporting) ***templates*** | Completed asset registers in Excel format of all asset in categories   * All relevant templates’ columns filled. * All relevant column totals tallied. | 50 |
|  | ***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)*** *nalm@treasury.go.ke*.  The reporting templates should be submitted quarterly by **15th** of the subsequent month after every quarter | Evidence of receipt /submission of copies of assets registers to National Treasury. | 10 |
|  | *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.*  *In case an MDA* ***does not have any asset in a category****, it should be indicated* ***NONE*** *in that particular reporting template.* | |  |

1. **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 to [*nalm@treasury.go.ke*](mailto:nalm@treasury.go.ke) | Submission of **Approved Disposal Plan** in line with PPAD Act and PPAD Regulations 2020 by **15th of October** 2023 | 10 |
| 2. | Disposal Implementation Status Report  to be submitted to [*nalm@treasury.go.ke*](mailto:nalm@treasury.go.ke) | * Disposal implementation process (*Evidence will include establishment of disposal committee, request to departments for identification of items for disposal, tender notice, bids invitation, letter of award among others)* * *Disposal closure Report- Disposal proceeds (AIA receipts), destruction Certificate, transferring documents)* | 5  25 |
| * *If an entity* ***fails*** *to submit the* ***annual asset disposal*** *reports* ***no score*** *will be awarded for this activity* * *For the documentation in this activity, entities should send* ***soft copy*** *extracts with* ***key information*** *to* [*nalm@treasury.go.ke*](mailto:nalm@treasury.go.ke)*. Actual documents will be verified during sampled verification exercises.* | | | |

# **5. Reporting Timelines**

* + - 1. Quarterly reports for asset management structures, ownership documents, asset registers and Disposal Implementation Status Report 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. 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.
      4. The National Treasury **shall provide feedback** on the reports submitted within 15 days from the date of receipt.

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