

REPUBLIC OF KENYA



THE NATIONAL TREASURY AND ECONOMIC PLANNING

ASSET MANAGEMENT INDICATOR GUIDELINES IN THE  
PUBLIC SECTOR PERFORMANCE CONTRACTING FOR THE FY  
**2024/2025**  
(21ST CYCLE)

## **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.

## Table of Contents

<b>DEFINITIONS OF TERMS .....</b>	<b>2</b>
<b>INTRODUCTION.....</b>	<b>4</b>
<b>1. Asset Management Sub-indicators for the 21<sup>st</sup> Performance Contracting (PC) Cycle.....</b>	<b>4</b>
<b>2. Evaluation.....</b>	<b>4</b>
<b>GUIDELINES TO THE ACTIVITIES TO ASSIST IN ACHIEVING THE INDICATOR.....</b>	<b>5</b>
<b>1. Establishment of Asset Management Structures .....</b>	<b>5</b>
<b>2. Maintain an updated Inventory of Assets using the prescribed reporting templates issued by the National Treasury (30%) .....</b>	<b>5</b>
<b>3. Ownership documents (30%).....</b>	<b>6</b>
<b>4. Disposal of Idle Assets (40%).....</b>	<b>6</b>
<b>5. Reporting Timelines.....</b>	<b>6</b>
<b>EVALUATION CRITERIA .....</b>	<b>8</b>

## INTRODUCTION

These guidelines are intended to provide guidance on the implementation of the asset management indicator for the 21st Cycle and facilitate Ministries, Departments and Agencies (MDAs) in undertaking and reporting on the activities for the Fiscal Year (FY) 2024/25.

### **1. Asset Management Sub-indicators for the 21<sup>st</sup> Performance Contracting (PC) Cycle.**

In the 21st Cycle Performance Contract, MDAs are required to undertake the following:

- a) Maintain an updated Inventory of Assets using the prescribed reporting templates issued by the National Treasury;
- b) Acquire and Maintain Assets Ownership documents for **ALL** assets and submit soft copies of ownership documents for Land, Buildings and Motor Vehicles to The National Treasury via email [nalm@treasury.go.ke](mailto:nalm@treasury.go.ke) to support ownership.
- c) Disposal of Idle Assets - Ensure disposal of unserviceable, obsolete and surplus assets by way of sale, transfer to other public institutions, destruction, donation or any other authorized methods of disposal and in all cases in full conformity to the existing legal requirements.

### **2. 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 quarterly and annual performance of MDAs and issue a score at the end of each quarter and an aggregate annual score at the end of the contract period.

## **GUIDELINES TO THE ACTIVITIES TO ASSIST 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 Asset and Liability Management Committees and Asset and Liability Management Units. The performance 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 Asset Management Structures can be accessed at <https://www.treasury.go.ke/wp-content/uploads/2021/03/Asset-Liability-Mgt-Policy.-doc-Final.pdf>.

#### **Report format for establishment and operationalization of Asset Management Structures**

<b>Structure</b>	<b>Date established</b>	<b>Composition/designations</b>	<b>Number of Officers</b>	<b>letters of appointment/ deployment (attach a copy)</b>	<b>No of meetings held (Minutes)</b>
<b>Asset management committee</b>					
<b>Asset management unit</b>					

### **2. Maintain an updated Inventory of Assets using the prescribed reporting templates issued by the National Treasury (30%)**

All MDAs are required to submit quarterly 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/wp-content/uploads/2021/03/General-Guidelines-on-asset-and-liability-management-2020-Final.pdf> .

### 3. Ownership documents (30%)

Over the years, some public entities have lacked proof of ownership for their assets, particularly land and buildings, due to the absence of ownership documents. This has been highlighted in various audit reports and other Assets management 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, Treasury of Kenya and be under the custody of the National Treasury as guided vide National Treasury Circular No. 5 of 2024.

The status of ownership documents for the assets should be clearly indicated in their respective asset register reporting template and soft copies of land, buildings and motor vehicle documents be sent to [nalm@treasury.go.ke](mailto: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.

### 4. Disposal of Idle Assets (40%)

*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.*

There are many idle and unserviceable assets that are not disposed 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 e.g. storage costs.

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

### 5. Reporting Timelines

- a. Quarterly reports for asset management structures, ownership documents and asset registers should be submitted quarterly by 15th of the subsequent month after every quarter.
- b. Public Sector entities will be required to submit their annual disposal plans by **15th of October** of the financial year.

- c. 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.
- d. **NO** score shall be awarded for late submission.
- e. The National Treasury shall provide feedback on the reports submitted within 30 days after the submission deadline.

## EVALUATION CRITERIA

	Sub-Activity	Evidence of Achievement	Weight %
1	Maintain an updated <i>Inventory of assets</i> in the format prescribed by the National Treasury in separate asset registers for each category of asset, such as land, buildings, motor vehicle, investment property, lease, intangible assets among others. <a href="https://www.treasury.go.ke/reporting/templates">https://www.treasury.go.ke/reporting/templates</a>	Completed asset registers of all asset categories <ul style="list-style-type: none"> <li>✓ All asset categories reported.</li> <li>✓ All templates' columns filled.</li> <li>✓ All relevant column totals tallied.</li> <li>✓ <i>EXCEL format</i></li> </ul>	<b>30</b>
2	Submit soft copies of ownership documents for <b>ALL</b> assets under the categories of Land, Building and Motor Vehicle.	Evidence of receipt /submission of soft copies of assets ownership documents to National Treasury	<b>30</b>
	<p><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></p> <p><i>In case an MDA does not have any asset in a category, it should be indicated NONE in that particular reporting template.</i></p> <p><i>If an entity does not have ownership documents for land, building and motor vehicle, status report on documents' acquisition process should be provided.</i></p>		
3.	Preparation and submission of Annual Asset Disposal Plan to <a href="mailto:nalm@treasury.go.ke">nalm@treasury.go.ke</a>	Submission of approved Disposal Plan in line with PPAD Act and PPAD Regulations 2020 by <b>15<sup>th</sup> of October 2024.</b>	<b>10</b>
4	Disposal Status Report to be submitted to <a href="mailto:nalm@treasury.go.ke">nalm@treasury.go.ke</a>	<ul style="list-style-type: none"> <li>• Disposal implementation process (<i>Evidence will include establishment of disposal committee, request to departments for</i></li> </ul>	<b>5</b>



		<p><i>identification of items for disposal)</i></p> <ul style="list-style-type: none"> <li>• Disposal Report- (<i>Evidence will include tender notice, bids invitation, letter of award)</i>)</li> <li>• Disposal process closure report. (<i>Disposal proceeds, destruction Certificate transferring documents)</i>)</li> </ul>	<p><b>10</b></p> <p><b>15</b></p>
5	<p><b><i>If an entity fails to submit the annual asset disposal reports no score will be awarded for this activity</i></b></p> <p><b><i>For the documentation in this activity, entities should send soft copy extracts with key information. Actual documents will be verified during sampled verification exercises.</i></b></p>		

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