REPUBLIC OF KENYA

THE NATIONAL TREASURY
STATE DEPARTMENT FOR PUBLIC INVESTMENTS AND ASSETS MANAGEMENT

ASSET MANAGEMENT INDICATOR GUIDELINES IN THE PUBLIC SECTOR PERFORMANCE CONTRACTING FOR THE FY 2026/2027

(23RD 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.

Contents

1. INTRODUCTION

These guidelines are intended to provide guidance on the implementation of the asset management indicator for FY2026-2027 Performance Contract (23rd Cycle) and facilitate Ministries, Departments and Agencies (MDAs) in undertaking and reporting on asset management activities for the fiscal year 2026-2027.

Asset Management Sub-indicators for FY2026-2027 Performance Contract (23rd Cycle)

In the 23rd Cycle Performance Contract, MDAs are required to ensure the following:

a) Verified and updated Asset Register maintained using the prescribed reporting templates issued by the National Treasury;
b) Assets ownership documents maintained 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 to support ownership.
c) Idle Assets disposed. Ensure disposal of idle, unserviceable, obsolete and surplus assets by way of either sale, transfer to other public institutions, destruction, donation or any other authorized methods of assets disposal, and in all cases, in full compliance with the existing legal requirements.

2. EVALUATION

All Principal Secretaries/Accounting Officers of MDAs are required to submit quarterly and annual performance reports to the National Treasury using the prescribed reporting format on or before the 15th day after the end of the preceding quarter. The State Department for Public Investments and Assets Management will evaluate the quarterly and annual performance of MDAs and issue an evaluation report together with a performance score at the end of each quarter. An aggregate annual performance score will be issued at the end of the contract period.

3. GUIDELINES TO THE ACTIVITIES TO ASSIST IN ACHIEVING THE INDICATOR

a. Establishment of Asset Management Structures

Public sector entities are expected to establish and maintain adequate asset management structures and systems to ensure the prudent management of public assets. To this end, Principal Secretaries/Accounting Officers of MDAs shall establish Asset and Liability Management Committees and Asset and Liability Management Units to support Accounting Officers in the preparation and maintenance of accurate, verifiable, and complete asset registers for their respective entities. Performance of the Committee and the unit shall be assessed through submission of quarterly minutes and scored under sub-indicator (a) above.

b. Verified and updated Asset Register maintained (30%)

All Principal Secretaries/Accounting Officers of MDAs are required to submit quarterly asset management reports to the National Treasury using the prescribed reporting format on or before the 15th day, after the end of the preceding quarter. In addition, all MDAs shall undertake an annual asset verification exercise to confirm the existence of assets and validate the accuracy and completeness of information captured in the asset registers. Principal Secretaries/Accounting Officers of MDAs shall be required to submit an Asset Verification Report in the fourth quarter of FY 2026/27. The report shall be assessed as part of the evaluation of compliance with the asset management performance indicator.

The prescribed reporting templates, asset verification tool and other guidance materials to support MDAs in the implementation of this performance indicator can be accessed through the National Treasury website or via the link: **https://www.treasury.go.ke/nalm**

c. Asset's ownership documents maintained (30%)

There has been remarkable progress towards acquisition of ownership documents by Principal Secretaries/Accounting Officers of MDAs. However, several public entities still lack adequate proof of ownership for their assets, particularly land, buildings, and motor vehicles, due to the absence of the requisite ownership documents. This issue has been highlighted in various statutory and management reports.

Accordingly, all Principal Secretaries/Accounting Officers are required to ensure that entities under their jurisdiction possess valid ownership documents for all assets under their custody. For new acquisitions, title documents for land and buildings shall be registered in the name of the Cabinet Secretary to the National Treasury, Republic of Kenya and such documents shall be held in the custody of the National Treasury, unless otherwise exempted by an Act of Parliament.

Public entities are required to comply with the provisions of National Treasury Circular No. 5 of 2024 on the acquisition of title deeds for public institution land and National Treasury Circular No. 6 of 2025 on the acquisition of logbooks for Government motor vehicles and other transport assets.

The status of ownership documents for all assets shall be clearly indicated in the respective asset register reporting templates. In addition, soft copies of ownership documents for land, buildings, and motor vehicles shall be submitted together with the asset register reporting templates through the official email address: nalm@treasury.go.ke.

Where Principal Secretaries/Accounting Officers of MDAs do not possess ownership documents for land, buildings, or motor vehicles, they shall be required to provide documentary evidence demonstrating that the process of acquiring the requisite ownership documents has been initiated.

The requirement on ownership documents will be considered when assessing the completeness of the asset registers reporting templates.

d. Idle Assets disposed. (40%)

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.

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.

Principal Secretaries/Accounting Officers of MDAs shall submit their Asset Disposal Plans in the first quarter of the reporting period, by 15 October 2026. Subsequently, they shall provide quarterly evidence of the implementation of the disposal plans. At the end of the fourth quarter, MDAs shall submit an Asset Disposal Closure Report outlining the completion status and results of the disposal activities undertaken during the reporting period.

The assessment of this indicator will aim to establish whether a public sector entity fulfills its asset disposal obligations under the Public Procurement and Assets Disposal Act, CAP 412C and its Regulations, 2020 and whether the procedures there-in were adhered to and that the entity has fully implemented its asset disposal plan.

e. Reporting Timelines

1. MDAs contracted in FY2026-2027 PC must submit their approved Annual Disposal Plans by October 15, 2026.
2. Quarterly submissions including; Minutes of asset management committee, asset registers, assets' ownership documents as well as disposal implementation status reports must be submitted by the 15th day of the subsequent month after every quarter.
3. MDAs shall submit the Asset Verification Report in the prescribed format and the Asset Disposal Closure Report in the fourth quarter of the reporting period.
4. NO score shall be awarded for late submission.
5. The State Department for Public Investments & Assets Management of the National Treasury shall provide feedback on the reports submitted within 15 days after the submission deadline.

4. EVALUATION CRITERIA

	Sub-Activity	Evidence of Achievement	Weight
I	Verified and updated Asset Register maintained 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. **https://www.treasury.go.ke/nalm**	Completed asset registers of all asset categories Asset Management Structures Asset verification reports. All asset categories properly reported. All templates' columns properly and completely filled. All relevant columns are properly reconciled and tallied. EXCEL format.	30
2	Assets ownership documents maintained. Submit soft copies of ownership documents for ALL assets under the categories of Land, Building and Motor vehicles.	Evidence of receipt /submission of soft copies of assets ownership documents to the PI&AM. (Please note, as part of digitizing government assets, submission via soft copy will attract additional marks.)	30
	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. If an entity does not have ownership documents for land, building and motor vehicle, status report on documents' acquisition process should be provided.		

3.	Idle Assets disposed. Preparation and submission of Annual Asset Disposal Plan to nalm@treasury.go.ke	Submission of approved Annual Disposal Plan in line with PPAD Act and PPAD Regulations 2020 by 15th October 2026.	10
	Disposal Status Report to be submitted to nalm@treasurv.go.ke	Disposal implementation process (Evidence will include establishment of disposal committee, request to departments for identification of items for disposal)	5
		Disposal Report-(Evidence will include tender notice, bid invitation, letter of award)	10
		Disposal process closure report. (Disposal proceeds, destruction certificate, offer/acceptance letters, payment receipts, asset release letter, asset transfer documents etc.)	15
	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. Actual documents will be verified during sampled verification exercises.		

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

ASSET VERIFICATION TOOL

Comprehensive Guide & Reporting Framework

1. Purpose of the Annual Asset Verification Exercise

The annual asset verification exercise is conducted to:

- Confirm the existence, ownership, location, condition, and unique identification of all organizational assets.
- Ensure the accuracy and completeness of the asset register.
- Identify missing, obsolete, or unserviceable assets.
- Strengthen asset accountability, control, and financial reporting.
- Support compliance with the National Treasury guidelines and internal governance requirements.

2. Scope of the Exercise

The exercise shall cover all assets recorded in the asset register.

3. Roles and Responsibilities

3.1 Asset Verification Team/ Asset Management Unit

- Conduct physical inspections
- Validate asset data against the register
- Document findings and exceptions

3.2 Asset Custodians / Departments

- Provide access to assets
- Avail relevant ownership and supporting documents
- Confirm asset usage and location

3.3 Asset Management Committee

- Review verification findings
- Adopt the updated asset register
- Recommend corrective actions

3.4 Accounting Officer

- Review and approve the updated asset register

4. Key Areas of Focus

4.1 Physical Verification of Assets

- Physically inspect each asset listed in the asset register.
- Confirm the existence of the asset.
- Record verification status as:
    - Found
    - Not Found

- Found but with discrepancies
- Document observations for each asset.

4.2 Verification of Asset Location

- Confirm that the actual physical location matches the location recorded in the asset register.
- Capture:
  - Correct location
  - Changed location (with new details)
- Note all discrepancies for reconciliation and update.

4.3 Ownership Documentation

Verify availability and completeness of ownership documents, including:

- Motor Vehicles: Logbooks
- Land & Buildings: Title deeds or lease agreements
- Other Assets: Purchase invoices, delivery notes, donation certificates, or contracts

Actions:

- Match documents to asset records.
- List missing or incomplete documentation as exceptions.
- Assign responsibility and timelines for follow-up.

4.4 Asset Condition Assessment

Assess the current condition of each asset and classify as:

- Serviceable
- Unserviceable
- Obsolete

Include brief explanatory notes where applicable, e.g.:

- "Operational – good condition"
- "Broken – requires repair"
- "Technologically obsolete"

This assessment informs maintenance planning, disposal decisions, and impairment reviews.

4.5 Asset Tagging Status

- Confirm that each asset is properly tagged.
- Record tagging status as:
  - Tagged
  - Tag missing
  - Tag damaged
  - Not tagged

5. Output & Reporting Requirements

A. ASSET VERIFICATION REPORT

5.1 Report Objective

To present the results of the annual asset verification exercise, highlight exceptions, and recommend corrective actions.

5.2 Report Structure

1. Cover Page
   - Organization name
   - Report title
   - Financial year
   - Date of verification
2. Executive Summary
   - Overall verification results
   - Key issues identified
   - Summary of major exceptions
   - High-level recommendations
3. Verification Methodology
   - Scope of assets verified
   - Verification approach
   - Tools and documents reviewed
   - Limitations encountered (if any)
4. Detailed Verification Findings

For each asset category:
   - Asset description
   - Asset ID / tag number
   - Physical verification status
   - Location verification status
   - Ownership documentation status
   - Condition assessment
   - Tagging status
5. Exceptions and Irregularities
   - Assets not found
   - Assets found but not in the register
   - Location discrepancies
   - Missing ownership documents
   - Condition concerns
   - Untagged or wrongly tagged assets
6. Recommended Corrective Actions
   - Register updates

- Tagging and retagging
- Document recovery
- Repairs, write-offs, or disposals
- Responsibility and timelines

7. Conclusion
    - Overall control environment assessment
    - Next steps

B. ASSET RECONCILIATION REPORT

The reconciliation report shall clearly present:

1. Assets Physically Present but Missing from the Register
    - Description
    - Location
    - Estimated value
    - Recommended action (capitalize and register)
2. Assets in the Register but Not Found Physically
    - Description
    - Asset ID
    - Last known location
    - Recommended action (investigation, write-off, or recovery)
3. Assets with Location or Description Discrepancies
    - Recorded details vs actual details
    - Corrective action required
4. Valuation or Categorization Adjustments
    - Reclassification
    - Impairment or revaluation indicators
    - Obsolete assets identified

C. UPDATED ASSET REGISTER

1. Updating Process
    - Incorporate all approved changes:
        - Additions
        - Deletions
        - Location changes
        - Condition updates
        - Tag numbers
    - Ensure consistency with reconciliation findings.

2. Review and Adoption

- Present the updated asset register to the Asset Management Committee during the quarterly meeting for adoption.
- Submit the adopted register to the Accounting Officer for concurrence and approval.

6. Record Keeping

All verification working papers, reports, and approvals shall be securely maintained in accordance with the organization's records management policy.