



# **ASSET MANAGEMENT SEMINAR**

## **PUBLIC SECTOR ASSET MANAGEMENT PRACTICE**

**BY**

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# DEFINITION



**Public Assets are**  
**“resources controlled by a**  
**nation from which future**  
**economic benefits or**  
**services are expected to**  
**flow”**

# The Practice



**General misunderstanding on definition and proper classification**

**Modified Accrual Accounting**

**Inadequate valuation principles and standards**

**Incomplete public asset register**

# The Practice



- **Limited avenues for commercial management**
- **Mixed authorization on ownership, management and use of public assets**
- **Qualification in public asset management**



# **EFFECTIVE PUBLIC ASSET MANAGEMENT**

# **A. Public Asset**



**Centralized Vs decentralized  
Transparency**

**Calculation of Balance sheet and Net Worth of  
Government**

**Reduce possibility of public asset disappearing**

**Impute capital charges to public organizations to  
ensure efficiency**

**Important building block in accrual accounting**



## **B. Public Asset**

**Tangible vs Intangible Assets**

**Vacant, Occupied, Public Use**

**Current vs Non- Current Assets**

**Cash generating vs Non-Cash generating assets**

**Identifying corresponding liability**

**Liability arising when assets are unused or sub optimal use**

## C. Public Asset

### Recognition and Measurement

- Determination of Book /Economic Value
- Absence of Market Value - Infrastructure
- Difficult to place meaningful and reliable value on specific asset e.g. heritage assets, natural resources etc.
- Whether or not to account for those assets in the Financial Statements

# **D. Public Asset**



## **Portfolio Construction**

**Improve efficiency and maximize returns on resources owned by Government**

**Disorder in public asset records**

**Active vs Incomplete portfolio**

**Manageable vs Unmanageable portfolio**

**Valuation of Public Assets**

**Pool assets collectively**

**Large revenue generating assets separately**

**Assets of national importance separately**

## **E. Institutionalization**



**Establish special institution(s) by Law to manage public assets**

**Manage with some of accountability and independence**

**Accountable to the public- real owners**

**Train and Capacity Build on;**

**Cost-Benefit Analysis**

**Sale and Divestment**

**Insurance and Risk Management**

# Way Forward



**Complete Asset Register**

**Unified and standard procedure and processes**

**Development of Internationally Comparable Government Reports**

**Harmonized Statistical, Accounting and Financial Systems**

# Way Forward



- Individualization of accountability
- Understand that public assets are extraordinary and valuable especially to the public and sovereignty of the country



# THANK YOU

**Credibility**

**Professionalism**

**Accountability**