



IGRTC
INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE

Presentation on County Asset Management

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OUTLINE

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- Findings on Liabilities
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- Conclusion

INTRODUCTION

- Article 187 (2) CoK 2010 envisages that resources follow functions.
- Transfer of assets and liabilities was critical for smooth transition to the devolved system of governance and proper service delivery.

RATIONALE FOR ASSETS INVENTORY FOR COUNTIES

- i. The assets register will be useful tool to Auditor General for standardized audit
- ii. It forms the opening balances of financial statements for the counties as per International Accounting Standards
- iii. Proper management and accountability of public resources- useful for the oversight bodies
- iv. Help establish net worth of a county

Role of the Transition Authority

- The TDGA), 2012 mandated the Transition Authority (TA) to carry out an audit and transfer of all public assets and liabilities. Section 7 (2) in the repealed TDGA, 2012 stated as follows:
 - i. Prepare and validate an inventory of all the existing assets and liabilities of Government, other public entities and local authorities ;
 - ii. Make recommendations for effective management of the assets of national and county Governments;

Role of the Transition Authority

- iii. Provide mechanism for transfer of assets which may include vetting the transfer of assets during the transitional period and
- iv. Develop the criteria to determine the transfer of previously shared assets and liabilities of Government and local authorities.
- *TA had managed to prepare an unaudited inventory of assets and liabilities of the DLAs. However, process of verification and validation was not completed.*

Mandate of the IGRTC

- Section 12 (b) of the Intergovernmental Relations Act, 2012, mandates IGRTC to take over the residual functions of TA upon its dissolution.
- IGRTC took over the **finalization of identification, verification and validation of all assets and liabilities of government, local authorities and other public entities.** TA inventory served as the baseline data

METHODOLOGY

- 1. Establishment of institutional framework vide Gazette Notices No. 2701 of 24 March, 2017 and 4730 of 11 May 2018 anchoring the process in law.**
- 2. The exercise was to be completed by 31 July, 2017 which was later extended vide Gazette Notice No. 4730 dated 11 May 2018 (Annex 2) to 31 August 2018.**

Institutional structure

- National and County Government Co-ordinating Summit
- Inter Governmental Budget and Economic Council
- Intergovernmental Relations Technical Committee
- Inter-Agency Technical Team
- County Assets and Liabilities Committees

Data Collection Methods

- Interviews
- Document review
- Physical inspection
- Public participation

FINDINGS ON ASSETS

1. Land

The total identified and verified parcels of land were **62,342**.

2. BUILDINGS

The total number of buildings identified, verified and validated were 8,461

FINDINGS ON ASSETS

3. MOTOR VEHICLES

A total **2,617** vehicles were identified.

4. COMPUTERS AND COMPUTER ACCESSORIES

A total of **5276** computers and **5,100** computer accessories and other electronic devices were identified.

FINDINGS ON ASSETS

5. FURNITURE AND FITTINGS

There were **36,761** furniture and fittings items verified of which **22,304** had value of KES **211,017,099.54** and **14,457** had no attached values.

6. EQUIPMENT

There were **9,715** pieces of equipment verified of which **4,586** items had values of KES **318,727,272.77** and **5,129** had no values attached.

FINDINGS ON ASSETS

7. BIOLOGICAL ASSETS

CALCs identified biological assets valued at **KES 292,615,253** in 12 counties. However, five (5) counties did not attach value to their biological assets.

8. CURRENT ASSETS

The total current assets for all the defunct local authorities was **KES. 110,833,187,756.11.**

FINDINGS ON ASSETS

- **INVESTMENTS**

The DLAs mainly invested in water & sewerage companies and fixed deposits in banks and other financial institutions.

PROJECTS

- These were ongoing construction of schools, polytechnics, hospitals, dispensaries, water storage facilities, roads, bridges, markets, slaughterhouses among others.
- findings reveal the following;
- Number of Projects per county
- Status-Complete, Incomplete projects, non-existent and amounts paid/unpaid as at as at March 27th 2013

FINDINGS ON LIABILITIES

- Categories of the liabilities include; loans from the financial institutions, National Housing Corporation, Local Government Loans Authority (liquidated), unremitted statutory deductions, unremitted staff deductions, unpaid staff emoluments, legal fees and other creditors.

FINDINGS ON LIABILITIES

- The data collected by County Assets and Liabilities Committees (CALCs) from records of the defunct local authorities indicated that the total liabilities as at 27th March, 2013 was **KES. 53,756,398,754.25**

RECOMMENDED LIQUIDATION OPTIONS FOR LIABILITIES

- i. County Governments to budget and offset the liabilities from their own respective equitable share of revenues.
- ii. National Government to consider allocating conditional grants as a strategic intervention mechanism.
- iii. National and County Governments to consider offsetting the liabilities jointly thro' an agreed percentage.

RECOMMENDED LIQUIDATION OPTIONS FOR LIABILITIES

- vi. Government institutions like the Office of the Auditor General (OAG) to consider writing off the liabilities since the OAG is currently financed annually from the consolidated fund.
- v. The liabilities arising from investments in income generating projects (water, housing etc), the revenues from such investment be settled with the liabilities.

OUTPUT

1. 47 registers of assets and liabilities of the DLAs
2. A consolidated report of the assets and liabilities of the DLAs
3. Liquidation options for settlement of the liabilities

CONCLUSION

- The reports of assets and liabilities of the DLAs will be tabled in the next Summit meeting for adoption and implementation
- IGRTC started the identification, verification, validation and transfer of assets and liabilities attendant to the devolved functions.