



**KARATINA UNIVERSITY**

**ACCOUNTING MANUAL**

**OCTOBER, 2016**

## **CONTACTS**


Karatina University  
P. O. Box 1957 - 10101 Karatina, Kenya  
Telephone: 020-2176713/+254729721200  
Email: [vc@karu.ac.ke](mailto:vc@karu.ac.ke)  
Website: <http://www.karu.ac.ke>

**First version: October 2016**  
**Date of approval by Council: 28<sup>th</sup> October 2016**

**SIGNATURE PAGE**

This Accounting Manual was approved by Karatina University Council on 28<sup>th</sup> October 2016.

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**Prof. Mucai Muchiri**  
**Vice Chancellor**

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## **VISION**

To be a University of global excellence, meeting the dynamic needs and development of society.

## **MISSION**

To conserve, create and disseminate knowledge through training, research, innovation and community outreach.

## **CORE VALUES**

Equity  
Teamwork  
Meritocracy  
Academic Freedom  
Accountability  
Excellence  
Probity

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## INTRODUCTION

The Karatina University Charter and Statutes requires that the Accounting Officer, through the University Council, should devise and maintain a comprehensive accounting system in conformity with Public Finance Management Act 2012, International Public Sector Accounting Standards, International Auditing Guidelines, the State Corporations Act 2012, Public Procurement and Disposal Act (2005), Public Procurement and Disposal Regulations (2006) and amendments thereafter, and the requirements of the Public Audit Act (2003).

The basic purpose of this Accounting Manual is to provide the University Accounting Officers with direction and guidance in connection with those Accounting transactions, Procedures and Reports that should be uniform throughout the University.

The Manual will be a useful guide to all Finance staff, University Management, heads of departments and other interested stakeholders in maintaining proper accounting records that may be relied on in the preparation of financial statements.

The manual aims at enhancing efficiency and effectiveness in operation as well as increasing accuracy, consistency and timeliness in producing financial reports.

The manual has been prepared by the Finance Officer as part of his general responsibility for developing and maintaining the University Accounting Policy.

While every effort has been made to produce a fully Comprehensive Guide, it must be appreciated that supplementary references can be sought from relevant documents and authorities.

Users are encouraged to contact the Finance Officer with any suggestions for revising or improving the Manual in future.

## **ROLE OF THE FINANCE DEPARTMENT**

The Finance Department is under the Deputy Vice Chancellor (P,F&A) and acts on behalf of the Vice-Chancellor in managing the financial resources of the University.

The department implements the policies, procedures and directives issued by the University authorities (Council and Management) from time to time. These policies are binding and impact on all the University activities.

The Finance department performs the following key roles:

- It maintains a comprehensive accounting system for the University that ensures that all revenues, expenditures, assets and liabilities of the University are properly accounted for
- It prescribes specific accounting procedures that shall be followed by the University in accounting for its finances
- It advises and assists the University in handling accounting and reporting problems and recommends system revisions in tandem with changes that occur from time to time. These system changes are designed to improve reporting and provide the University Management with accurate and timely information for efficient and effective decision-making
- It prepares and submits the University Annual Report and Financial Statements to the Kenya National Audit Office within three months of the end of the financial year
- It prepares and submits the University Budget to the relevant authorities by 31<sup>st</sup> January every financial year
- It administers the approved Budget and prescribes budgetary procedures for effective budgetary control
- It causes corrective action(s) to be taken by the University on specific recommendations or exceptions contained in the reports of the Auditors on financial matters

## **THE STRUCTURE OF THE FINANCE DEPARTMENT**

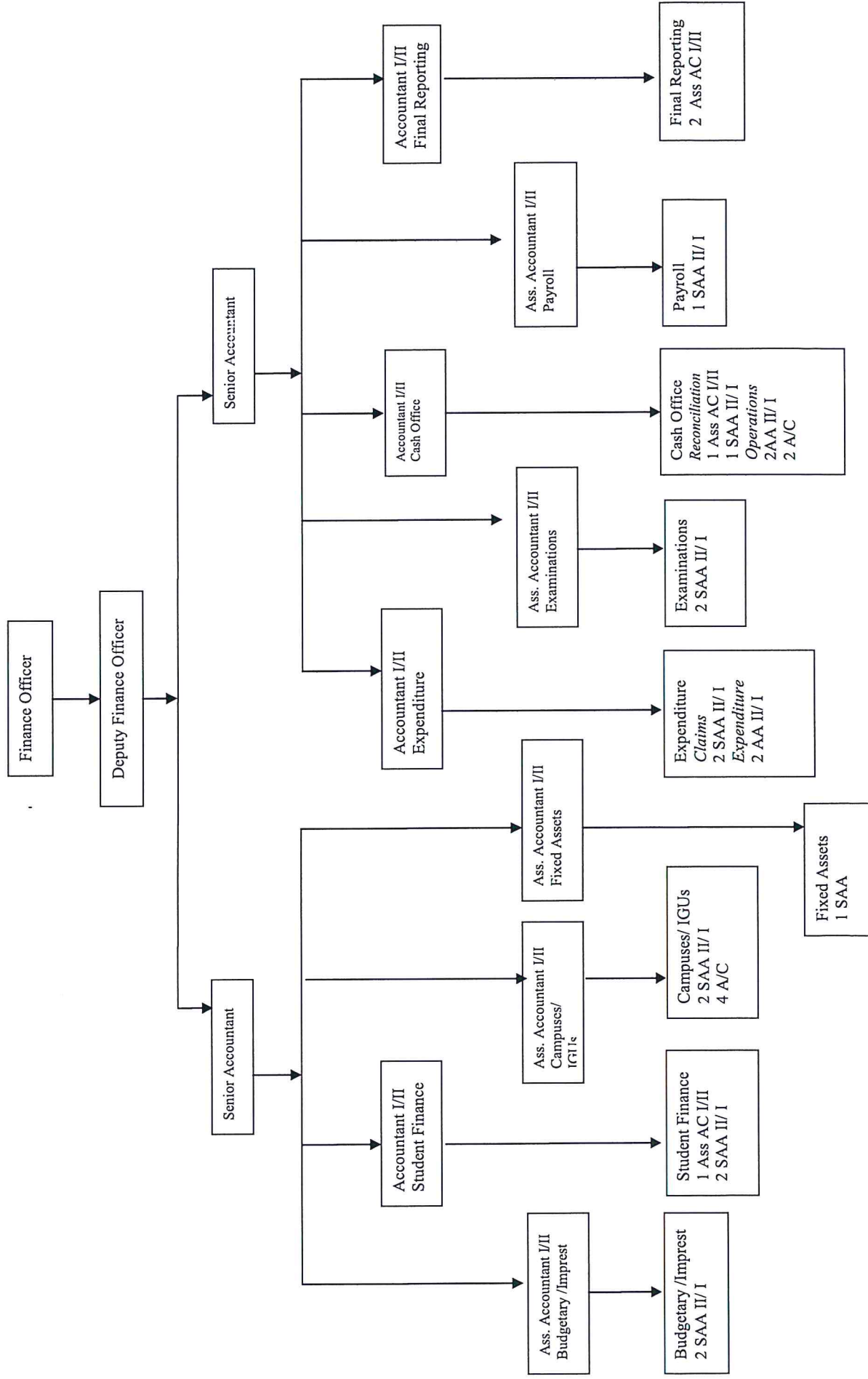
The Finance Department is divided into different sections namely:-

1. Students Finance
2. Cash Office
3. Expenditure Section
4. Personal Claims Section
5. Salaries Section
6. General Ledger and Final Accounts Sections
7. Fixed Assets Section
8. Budgetary Control Section
9. Projects Office
10. Bank Reconciliations Section
11. Examinations Section

Each of these sections will be described in detail in the ensuing sections. Diagrammatically, the structure of the Department is as shown on the next page. The section heads report to the Finance Officer through the respective Senior Accountants.



# FINANCE DEPARTMENT ORGANOGRAM



## **1: BUDGETING**

### **1.1 SCOPE**

This procedure applies to the preparation of the University's annual budget.

### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor.
- b) DVC (PFA) – Deputy Vice Chancellor (Planning Finance and Administration).
- c) FO – Finance Officer.
- d) A.I.A – Appropriation In Aid.
- e) CBA – Collective Bargaining Agreement.
- f) PBHRDC - Planning, Budgeting, Human Resource and Development Committee.
- g) HoD – Head of Department
- h) HoS – Head of Section.

### **1.3 PRINCIPAL RESPONSIBILITY**

The DVC (PFA) shall ensure that this procedure is implemented and maintained.

### **2.0 PROCEDURE**

- 2.1 This procedure shall start eight (8) months before the beginning of next financial year with DVC (PFA) requesting all HODs and HOSs to submit their financial estimates for the subsequent financial year.
- 2.2 Upon receipt of the request, the HoDs and HoSs shall in consultation with the departmental/sectional staff in line with department procurement plan prepare their financial projections guided by the following:-
  - a) Projected growth,
  - b) Previous year's actual expenditure, and
  - c) The current University's Strategic Plan.
- 2.3 After preparing the estimates, the HoDs and HoSs shall forward them to the DVC (PFA) within two weeks.
- 2.4 Upon receipt of the departmental/sectional budgetary estimates, the DVC (PFA) shall forward them to the PBHRDC to consolidate the departmental/sectional financial estimates into a single University budget.

- 2.5 The Chairperson of the PBHRDC shall convene a meeting to analyze the estimates and consolidate them into a draft University budget.
- 2.6 After the meeting, the Chairperson to the Committee shall distribute the draft budget to the respective HoDs/HoSs for verification and input.
- 2.7 After inclusion of the HoDs'/HoSs' input, the PBHRDC shall forward the draft budget to the DVC (PFA) who shall in turn present the budget to the University Management Board and Senate for review and input.
- 2.8 Upon inclusion of the input from Management and Senate, the VC shall present the draft budget to the University Council for approval.
- 2.9 In approving the draft budget, the University Council shall establish whether it adheres to the Government regulations.
- 2.10 In the event that the budget is not approved, the VC shall implement the recommendations of the University Council.
- 2.11 After approval of the draft budget, the VC shall forward the draft budget to the Parent Ministry and National Treasury for approval.
- 2.12 Upon receipt of the Printed Budget Estimates from the National Treasury
- 2.13 The DVC (PF&A) shall communicate the approved budget to the HoDs/HoSs for implementation.
- 2.14 In the course of implementation, the FO shall upon receipt of any proposals for revision of the Budget revise and update it before forwarding the same to University Management Board for consideration.
- 2.15 In considering the revisions, the University Management Board shall consider the following:-
  - a) Availability of resources to implement the revisions, and
  - b) Justification for the revision.
- 2.16 Upon consideration, the VC shall table the proposals in a University Council for approval.
- 2.17 In approving the proposals, the University Council shall consider the criteria in 2.15.
- 2.18 In the event of disapproval, the VC shall implement the recommendations of the University Council.

- 2.19 Upon approval, the DVC (PF&A) shall communicate the revised budget to the relevant HODs/HOSs for implementation

**LIST OF APPLICABLE RECORDS**

- 3.1 Evidence of communication.
- 3.2 Evidence of meetings.
- 3.3 Approved University annual budget.

## **2: REVENUE COLLECTION**

### **1.1 SCOPE**

This procedure applies to collection of all revenues in the University.

### **1.2 TERMS AND DEFINITIONS**

- a) FO – Finance Officer
- b) Registrar (ARSA) – Registrar (Academic, Research and Students Affairs)
- c) HELB – Higher Education Loans Board.

### **1.3 PRINCIPAL RESPONSIBILITY**

The FO is responsible for effective implementation of this procedure

## **2.0 PROCEDURE**

### **2.1 Sources of revenue**

2.1.1 The sources of revenue shall include:-

- a) Tuition and related charges
- b) Government grants
- c) Income Generating Activities, i.e. food sales, student application, farm income, laundry services and conference etc.
- d) Sundry income i.e. sale of tender documents, fines etc.

### **2.2 Tuition and Related charges**

- 2.2.1 This shall start with the FO receiving the list of admitted students from the Registrar (ARSA).
- 2.2.2 On receipt, the FO shall forward the list to the Accountant (Student Finance) for action.
- 2.2.3 Upon receiving the list, the Accountant (Student Finance) shall update the accounts and process the fees statements for the students.
- 2.2.4 In case of any discrepancies, the Accountant (Student Finance) shall ensure rectification, adjustment of the student accounts and issuance of a revised fee statement.
- 2.2.5 In the case the discrepancies involve external bodies, the FO shall address them and liaise with the respective bodies.
- 2.2.6 Upon receipt of a fees payment document by mode of money order, debit and visa cards or bankers cheque from a student, the Cashier shall upon verification of the documents issue the student with an official receipt. For direct deposits, clause 2.6.5 shall apply.

2.2.7 The FO shall ensure:-

- a) Preparation of student accounts reconciliation
- b) Preparation of returns to HELB to facilitate disbursement of student funds.
- c) Preparation of student fees payment reports
- d) Tabling of the report in the University Management Board Meeting for deliberation.

### **2.3 Government Grants**

2.3.1 This shall start with the FO identifying receipt of grants by reviewing the bank statements or receiving notification of grants from the Parent Ministry.

2.3.2 Upon receipt of notification, the FO shall confirm crediting of the funds in the University's Account through reviewing the bank statements.

2.3.3 Upon confirmation of the crediting of grants, the FO shall ensure an official receipt and acknowledgement letter is submitted to the Ministry.

### **2.4 Income Generating Activity**

2.4.1 This shall start with the Accountant in charge of Revenue Section receiving revenue from the various Cashiers.

2.4.2 On receipt, the Accountant in charge of Revenue Section shall verify the sales against the receipting documents.

2.4.3 In case there any discrepancies, the Accountant in charge of Revenue Section shall ensure the Cashier addresses it.

2.4.4 Upon verification, the Accountant in charge of Revenue Section shall issue an official receipt to the Cashier.

2.4.5 Thereafter, the Accountant in charge of Revenue Section shall update the cash book.

### **2.5 Sundry Income**

2.5.1 This shall start with the Accountant in charge of Revenue Section receiving payment in respect to the various sundry sources.

2.5.2 Upon receipt, the Accountant in charge of Revenue Section shall verify whether the requisite payments have been made and issue relevant official receipt.

### **2.6 Banking**

2.6.1 At the close of the each working day, the Accountant in charge of Revenue Section shall tally the receipts and the cash/cheques received for banking and present the same to the Accountant in charge of Cash Office for verification.

- 2.6.2 Upon receipt, the Accountant in charge of cash office shall verify the daily cash summary and the cash received.
- 2.6.3 In the event of any discrepancy, the Accountant in charge of Cash Office shall seek explanation from the Accountant in charge of Revenue Section who shall address it.
- 2.6.4 Upon verification, the Accountant in charge of Cash Office shall bank the amounts intact.
- 2.6.5 In case of direct deposits and credit advices, the Accountant in charge of Cash Office shall issue the relevant official receipts against bank statements and communicate to the respective depositors as per the communication 1 in the Administration Procedure Manual.
- 2.6.6 Upon receipting, the Accountant in charge of Cash Office shall update the cash book.

#### **LIST OF APPLICABLE RECORDS**

- 3.1 List of admitted students
- 3.2 Fees statement
- 3.3 Fees Structures
- 3.4 Fees payment Reports
- 3.5 Bank statements
- 3.6 Bank in slips
- 3.7 Cash summary
- 3.8 Copies of Official receipt

### **3: PAYMENTS**

#### **1.1 SCOPE**

This procedure applies to all payments made by the University.

#### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor
- b) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- c) FO – Finance Officer
- d) PO – Procurement Officer
- e) PV – Payment Voucher
- f) GRN – Goods Received Note
- g) LPO – Local Purchase Order
- h) LSO – Local Service Order

#### **1.3 PRINCIPAL RESPONSIBILITY**

The FO is responsible for effective implementation of this procedure

#### **2.0 PROCEDURE**

##### **2.1 Payments of internal claims**

- 2.1.1 This shall start with the FO receiving a duly approved request from the VC or DVC (PFA).
- 2.1.2 Upon receipt of the request, the FO shall determine whether an Imprest or payment voucher shall apply based on the nature of the claim.
- 2.1.3 In case of an Imprest, the Imprest management Procedure in this Manual shall apply.
- 2.1.4 In case of payment voucher, the Accountant in charge of expenditure shall raise a PV as per the approved request and forward it to the Accountant in charge of vote book for committing the expenditure and forward it to the Accountant in charge of examination.
- 2.1.5 Upon receiving the payment voucher, the Accountant in charge of examination shall examine the PV to see whether it is in line with stated financial regulation.



- 2.1.6 In the event of any discrepancy, the Accountant in charge of examination shall advise the applicant accordingly or revert the document to the Accountant in charge of expenditure for amendment and resubmission.
- 2.1.7 Upon examination, the Accountant in charge of examination shall forward the PV to the FO for authorization of payment.
- 2.1.8 In approving the PV, the FO shall be guided by the cash flow statement.
- 2.1.9 Upon approval, the FO shall forward the PV to the Accountant in charge of cash office for action.
- 2.1.10 After receiving the duly authorized PV, the Accountant in charge of cash office shall make a decision based on the following;
- a) If the amount to be paid is Ksh. 3,000 and below, it shall be paid from the petty cash as per procedure on petty cash management number 4 in this manual.
- b) If the amount is more than ksh. 3,000, he/she shall draw cheques from the specified bank accounts to the payees named in the payment vouchers.
- 2.1.11 The Accountant in charge of cash office shall forward all drawn cheques in a cheque register for signing to the authorized signatories.
- 2.1.12 The Accountant in charge of cash office shall post all cheques drawn to the cash book and issue the cheques to the respective payee who acknowledges receipt by signing in the cheque dispatch register.
- 2.1.13 The Accountant in charge of cash office shall prepare a cash flow statement on a weekly basis and forward it to the FO for information and action.
- 2.1.14 The Accountant in charge of cash office shall ensure that the paid PVs are stamped "paid" and filed.
- 2.1.15 The Accountant in charge of cash office shall notify the FO of all unrepresented cheques within 6 months, cancel and update the respective cash books.

## **2.2 Payments of suppliers**

- 2.2.1 This shall start with the FO receiving invoices and authorized requisite attachments from the PO.

- 2.2.2 Upon receipt, the FO shall forward the invoices to the Accountant in charge of Expenditure who shall update the creditors' ledger.
- 2.2.3 The Accountant in charge of Expenditure shall raise the PVs, and forward them with attachments (GRN and LPO/LSO) to Accountant in charge of vote book for commitment of funds.
- 2.2.4 Upon receipt, the Accountant in charge of vote book shall de-commit the LPOs/LSOs and commit the payments in the vote book and forward the documents to Accountant in charge of examination. In case of payment for utilities, the Accountant in charge of vote book shall commit the PV.
- 2.2.5 On receipt, the Accountant in charge of Examination, shall examine and verify whether the GRN, LPO/LSO and Invoice tally.
- 2.2.6 In the event of any discrepancy, the Accountant in charge of Examination shall return the document with comments to the Accountant in charge of Expenditure for correction/cancellation or liaise with the PO and/or user department for clarification.
- 2.2.7 Upon 2.2.5, the Accountant in charge of Examination shall forward the PV to the FO for authorization of payment and the procedure shall proceed as per clause 2.1.11 to 2.1.15 above.

#### **LIST OF APPLICABLE RECORDS**

- 3.1 Creditors ledger
- 3.2 Cheque dispatch register
- 3.3 PV
- 3.4 Payment Schedule
- 3.5 Cash flow statement
- 3.6 Updated cash Book
- 3.7 LPOs/LSOs
- 3.8 GRNs

#### **4: PETTY CASH MANAGEMENT**

##### **1.1 SCOPE**

This procedure applies to petty cash management in the University.

##### **1.2 TERMS AND DEFINITIONS**

- a) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- b) FO – Finance Officer
- c) HoD – Head of Department.
- d) PV – Payment Voucher.

##### **1.3 PRINCIPAL RESPONSIBILITY**

The FO is responsible for effective implementation of this procedure

#### **2.0 PROCEDURE**

##### **2.1 Review of petty cash amounts and Recouping of Petty Cash**

2.1.1 This shall start with the FO/HoD at the beginning of every financial year writing a request to the VC/DVC (PFA) for approval of petty cash.

2.1.2 In approving the request, the VC/DVC (PFA) shall consider:-

- a) Current Approved Budget
- b) University Growth and expansion

2.1.3 In the event of disapproval, the VC/DVC (PFA) shall advise the FO/HoD accordingly.

2.1.4 Upon approval, the FO shall instruct the Accountant in charge of Expenditure to process the request as per Payment Procedure 3 in this Manual (Clause 2.1.4 – 2.1.14).

2.1.5 Upon exhaustion of the float, the Accountant in charge of Cash office/HoD shall prepare a schedule of the payments attaching the relevant supporting documents and forward to the Internal Auditor for auditing purposes.

2.1.6 The Internal Auditor shall upon auditing forward the documents to the FO for action.

2.1.7 Upon receipt, the FO shall request for approval from the DVC (PFA).

2.1.8 In approving the request, the DVC (PFA) shall consider:-

a) Accuracy of the recoupment

b) Availability of funds

2.1.9 Upon approval, the FO shall proceed as per payment Procedure 3 in this manual clause 2.1.4 - 2.1.14.

## **2.2 Petty Cash Payment**

2.2.1 This shall be undertaken as per payment Procedure 3 in this manual (clauses 2.1.1 - 2.1.10 a).

2.2.2 The Cashier/HoD shall ensure the recipient signs the PV or submits Receipts as acknowledgement of receipt/expenditure.

### **LIST OF APPLICABLE RECORDS**

3.1 Petty cash register

3.2 Schedule of the payments

3.3 Payment Vouchers

3.4 Receipts

## **5: IMPREST MANAGEMENT**

### **1.1 SCOPE**

This procedure applies to requisition, disbursement and accounting for Imprest in the University.

### **1.2 TERMS AND DEFINITIONS**

- a) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- b) FO – Finance Officer

### **1.3 PRINCIPAL RESPONSIBILITY**

The FO shall ensure that this procedure is implemented and maintained.

### **2.0 PROCEDURE**

- 2.1 This procedure shall start with a member of staff completing an imprest warrant, attaching the requisite supporting documents and forwarding to the respective Dean of the School/Head of Department for approval.
- 2.2 Upon receipt, the Dean of the School/Head of Department shall approve the request based on:-
  - a) Tallying of the requested amount and approved amount
  - b) Supporting documents
- 2.3 Upon approval the member of staff shall forward the imprest warrant and supporting documents to the FO for processing.
- 2.4 Upon receipt, the FO shall forward the documents to the Accountant in charge of personal claims for processing.
- 2.5 Upon receipt, the Accountant in charge of personal claims shall confirm whether the staff member has any outstanding imprest.
- 2.6 In the event the staff has any outstanding imprest, the FO shall advise the member of staff accordingly.
- 2.7 The Accountant in charge of personal claims shall then record the request in the imprest register and ensure that a Payment Voucher is raised and committed.
- 2.8 Upon commitment, the procedure shall proceed as per payments procedure 3 in this manual (clauses 2.1.4 – 2.1.14).

- 2.9 Upon incurrence of the expenditure, the imprest holder shall, within the required time of use or return, fill the imprest surrender and submit it to the Internal Auditor.
- 2.10 In the case of the imprest holder failing to account as required based on the Internal Auditors recommendations, the FO shall deduct the whole amount from the imprest holder's salary.
- 2.11 Upon receipt of imprest surrender from the Internal Auditor, the Accountant in charge of personal claims shall analyze the imprest according to various expenditure lines, update the imprest register and file it.

**LIST OF APPLICABLE RECORDS**

- 3.1 Imprest warrant form
- 3.2 Imprest register
- 3.3 Imprest surrender

## **6: PAYMENT OF SALARY**

### **1.1 SCOPE**

This procedure applies to payment of salary for University staff.

### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor
- b) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- c) Registrar (PFA) – Registrar (Planning, Finance and Administration).
- d) FO – Finance Officer

### **1.3 PRINCIPAL RESPONSIBILITY**

The FO is responsible for effective implementation of this procedure

### **1.0 METHOD**

- 2.1 This procedure shall with the FO receiving Letters of authority in regard to pay change advice from the Registrar (PFA).
- 2.2 On receipt, the FO shall ensure that the Accountant in charge of Salaries updates the payroll with the details in the authority.
- 2.3 Upon updating the payroll, the Accountant in charge of Salaries shall carry out payroll reconciliation and forward the payroll to the Accountant in charge Examination for verification.
- 2.4 The Accountant in charge of Examination shall verify the payroll based on letters of authority, earnings by members of staff and deductions.
- 2.5 In case of any discrepancies, the Accountant in charge of Examination shall revert the payroll to the Accountant in charge of Salaries for amendment.
- 2.6 Upon examination, the Accountant in charge of Examination shall forward the payroll to the FO for verification based on:-
  - a) completeness
  - b) accuracy
- 2.7 In case of any anomalies, the FO shall return the payroll to the Accountant in charge of Salaries for correction and resubmission for verification.
- 2.8 Upon verification, the FO shall forward the payroll to the DVC (PFA) and VC for approval.

- 2.9 In approving the payroll, the DVC (PFA) and VC shall consider the criteria in 2.6.
- 2.10 In case of any anomalies, the DVC (PFA) and VC shall advise the FO accordingly.
- 2.11 Upon approval, the FO shall ensure that the Accountant in charge of Expenditure raises Payment vouchers in respect of net salaries and all deductions.
- 2.12 Upon step 2.11, the payment procedure 3 in this manual clause 2.1.4 - 2.1.14 shall apply.
- 2.13 The FO shall ensure payments are made to the respective banks and applicable institutions on or before the 5<sup>th</sup> of the subsequent month.
- 2.14 After payment, the Accountant in charge of salaries shall print and dispatch pay slips to various departments.
- 2.15 The Accountant in charge of salaries shall prepare and forward monthly salary reports to the FO for review and onward transmission to the DVC (PFA) and VC for information.

## **2.0 LIST OF APPLICABLE RECORDS**

- 3.1 Approved Letters of Authority.
- 3.2 Copies of payment Vouchers.
- 3.3 Copies of pay slips.
- 3.4 Approved payroll.
- 3.5 Monthly salary reports.



## **7: MANAGEMENT OF RESEARCH PROJECT FUNDS**

### **1.1 SCOPE**

This procedure applies to the management of all externally sourced research project funds in the University.

- a) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- b) FO – Finance Officer

### **1.2 PRINCIPAL RESPONSIBILITY**

The DVC (PFA) shall ensure that this procedure is implemented and maintained.

### **1.0 METHOD**

- 2.1 This procedure shall start with the FO confirming the receipt of research funds in the University account(s).
- 2.2 Upon confirmation, the FO shall acknowledge receipt of the funds to the funding agency and inform the Lead Researcher.
- 2.3 The FO shall then instruct the Accountant in charge of Vote book to create a vote for the research project.
- 2.4 Payments for the Research shall be made as per the terms and conditions in the letter of award, payments or imprest management procedures numbers 3 and 5 respectively in this manual.
- 2.5 In case of any purchases for goods or services for the research projects, Public Procurement Procedures shall apply.
- 2.6 On periodical basis, the FO shall prepare a comprehensive financial report on the research project in line with donor funding guidelines or act as per the procedure on preparation of final accounts number 11 in this manual for submission to the University Management and Funding Agency.

### **2.0 LIST OF APPLICABLE RECORDS**

- 3.1 Receipts.
- 3.2 Comprehensive financial research project reports.
- 3.3 Letter of award.
- 3.4 Procurement quotations.

## **8: BANK RECONCILIATION**

### **1.1 SCOPE**

This procedure applies to bank reconciliation in Karatina University.

### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor.
- b) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- c) FO – Finance Officer

### **1.3 PRINCIPAL RESPONSIBILITY**

The FO is responsible for the effective implementation of this procedure.

### **2.0 PROCEDURE**

- 2.1 The Accountant in charge of Cash Office shall update the cash books with all the disbursements and receipts.
- 2.2 At the end of each month, the Accountant in charge of Reconciliations shall upon receipt of the bank statements verify whether the items in the cash book tally with those in the bank statements and prepare bank reconciliation statements.
- 2.3 Upon preparation, the Accountant in charge of Reconciliations shall forward the bank reconciliation statements to the FO for verification.
- 2.4 In the event that the reconciliation statements are not accurate, the FO shall advise the Accountant in charge of Reconciliations for amendment and resubmission.
- 2.5 In case of unexplained variances and discrepancies, the FO shall investigate them and initiate a corrective action and as applicable inform the DVC (PFA) for appropriate action.
- 2.6 Reports of bank reconciliation shall be forwarded to the DVC (PFA) and VC for review.

### **3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Cash books.
- 3.2 Bank statements.
- 3.3 Bank reconciliation statements.

## **9: INVESTING SURPLUS FUNDS**

### **1.1 SCOPE**

This procedure applies to investing of Karatina University surplus funds.

### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor
- b) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- c) FO – Finance Officer

### **1.3 PRINCIPAL RESPONSIBILITY**

The VC is responsible for effective implementation of this procedure

### **1.0 METHOD**

- 2.1 This procedure shall start with the VC identifying surplus funds based on projected cash flow and actual cash flow.
- 2.2 Upon identification, the VC shall notify the investment proposal of surplus funds to FO through the DVC (PFA) for consideration by the University Management Board.
- 2.3 In considering the proposal, the University Management Board shall consider:-
  - a) Projected cash flow
  - b) Actual cash flow
  - c) Viability of investment
  - d) Legal requirements
- 2.4 In the event of disapproval, the VC shall advise the FO accordingly.
- 2.5 Upon approval, the DVC (PFA) in liaison with the FO shall prepare an investment proposal and submit it to the VC for tabling in the University Council for approval.
- 2.6 In approving the proposal, the University Council shall consider the following:-
  - a) Adherence to legal requirements
  - b) Return on investment
  - c) Surplus amounts
- 2.7 In the event of disapproval, the VC shall ensure implementation of the University Council's recommendation.
- 2.8 Upon approval, the DVC (PFA) shall ensure implementation of the proposal.

2.9 The FO shall update the Register for Investments and prepare quarterly progress reports as per the procedure on final accounts number 11 in this manual.

**2.0 LIST OF APPLICABLE RECORDS**

3.1 Investment Proposal.

3.2 Register for Investments.

3.3 Quarterly reports.

## **10: FIXED ASSET MANAGEMENT**

### **1.1 SCOPE**

This procedure applies to identifying, recording and controlling of fixed assets at Karatina University.

### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor.
- b) DVC (PFA) – Deputy Vice Chancellor (Planning, Finance and Administration)
- c) FO – Finance Officer.
- d) PO – Procurement Officer.

### **1.3 PRINCIPAL RESPONSIBILITY**

The FO is responsible for effective implementation of this procedure.

## **2.0 PROCEDURE**

- 2.1 This procedure shall start with the FO receiving information on a new fixed asset from the PO.
- 2.2 Upon receipt of the information, the FO shall refer it to the Accountant in charge of Fixed Assets.
- 2.3 The Accountant in charge of Fixed Assets shall liaise with the PO and label the asset by indexing as follows:-
  - a) The first part shall be assigned the initials KarU to denote Karatina University followed by a slash (/),
  - b) The second part shall be assigned the initials of the Campus where the asset is located followed (/),
  - c) The third part shall be assigned the initials of the department (/)
  - d) The fourth part shall be assigned the asset class followed by (/),
  - e) The fifth part shall be assigned the asset type followed by a slash (/), and
  - f) The sixth part shall be assigned a serial number starting with 001.
- 2.4 Upon labeling the assets the Accountant in charge of Fixed Assets shall update the fixed asset register.
- 2.5 Upon receipt of disposal reports if any, the FO shall instruct the Accountant in charge of Fixed Assets to update the fixed asset register accordingly.

- 2.6 Annually, the Accountant in charge of Fixed Assets shall depreciate/amortize the assets using the following rates:-
- a) Buildings – 2.5% per annum.
  - b) Furniture, Plant and Equipment – 12.5% per annum.
  - c) Motor vehicles, motor cycles and tractors – 25% per annum.
  - d) Computer hardware and accessories – 30% per annum.
  - e) Computer software – 33% per annum.
  - f) Land and biological assets – 0% per annum.
- 2.7 Upon depreciation/amortization, the Accountant in charge of Fixed Assets shall update the fixed asset register accordingly.
- 2.8 During the month of July each year, the FO shall forward to the PO the list of fixed assets due for insurance.
- 2.9 In case of any need for revaluation of fixed assets, the FO shall in liaison with the DVC (PFA) ensure that the exercise is undertaken by an expert and ensure that the Accountant in charge of Fixed Assets updates the fixed asset register as recommended in the revaluation report.

### **3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Fixed asset register.
- 3.2 Report on disposal and obsolete assets.
- 3.3 Revaluation report.

## **11: PREPARATION OF FINAL ACCOUNTS**

### **1.1 SCOPE**

This procedure applies to the planning, drafting and execution of the University's final accounts.

### **1.2 TERMS AND DEFINITIONS**

- a) VC – Vice Chancellor.
- b) DVC (PFA) – Deputy Vice Chancellor, Planning, Finance and Administration.
- c) IA – Internal Auditor.
- d) FO – Finance Officer
- e) AG – Auditor-General.

### **1.3 PRINCIPAL RESPONSIBILITY**

The FO shall ensure that this procedure is implemented.

### **1.0 METHOD**

- 2.1 This procedure shall start with the Accountants updating the various sub-ledgers and general ledgers from July each year.
- 2.2 At the end of each quarter, FO shall ensure preparation of the following reports:-
  - a) Statement of financial position (Balance Sheet)
  - b) Statement of comprehensive income
  - c) Statement of cash flow
  - d) Statement of funds and reserves
- 2.3 Upon preparing the quarterly reports, FO shall forward them to the IA for auditing.
- 2.4 Upon receipt, the IA shall review the reports based on:-
  - a) Adherence to International Public Sector Accounting Standards
  - b) Adherence to the International Financial Reporting Standards
- 2.5 In the event of any discrepancy, the IA shall make recommendations to the FO for amendment and resubmission.
- 2.6 Upon auditing, the IA shall forward an audit report to the VC for review with a copy to the DVC (PFA) and the FO.
- 2.7 The FO shall table the financial statements in a University Management Board for review where the following shall be considered:-

- a) Financial position and performance of the University
  - b) Audit report
- 2.8 In the event of any queries raised by the University Management Board, the FO shall ensure implementation of recommendations thereof.
- 2.9 Upon review, the VC shall table the reports to the University Council for adoption.
- 2.10 In the event of any queries raised by the University Council, the VC shall ensure the queries are addressed.
- 2.11 The FO shall prepare the end of year financial statements based on the adopted cumulative quarterly reports and forward them to the IA and the procedure shall proceed as per clauses 2.4 – 2.10 in this procedure.
- 2.12 The VC shall submit the financial statements to the Auditor General by 30<sup>th</sup> August of the subsequent financial year.
- 2.13 Upon receipt of the Management Letter from the Auditor General, the VC in liaison with the DVC (PFA) and FO shall address the audit recommendations accordingly.
- 2.14 Upon receipt of signed audited financial statements from the Auditor General, the VC shall ensure filing.
- 2.15 The VC shall table the signed audited financial statements from the AG to the University Council for input and adoption.

#### **LIST OF APPLICABLE RECORDS**

- 3.1 Statement of financial position (Balance Sheet).
- 3.2 Statement of comprehensive income.
- 3.3 Statement of cash flow.
- 3.4 Statement of funds and reserves.
- 3.5 Audit Report.
- 3.6 Management Letter.
- 3.7 Audited financial statements.





