



MAASAI MARA UNIVERSITY

QUALITY MANAGEMENT SYSTEM BASED ON ISO 9001:2008

FINANCE PROCEDURE MANUAL

MMU/FPM/FIN/2013

VERSION: A

REVISION: 0


Authorized by: <u>Prof. David K. Serem</u> V.C.	Sign: 	Date: 4 th June 3, 2013
Issued by: <u>Prof. Gerald N. Kimani</u> MR	Sign: 	Date: 4 th June 3, 2013

TABLE OF CONTENTS

PROCEDURE NUMBER 1: BUDGETING..... 3

PROCEDURE NUMBER 2: BUDGETARY CONTROL 5

PROCEDURE NUMBER 3: REVENUE COLLECTION 7

PROCEDURE NUMBER 4: PAYMENTS..... 10

PROCEDURE NUMBER 5: IMPREST MANAGEMENT 15

PROCEDURE NUMBER 6: PETTY CASH MANAGEMENT 18

PROCEDURE NUMBER 7: INVESTMENT..... 21

PROCEDURE NUMBER 8: PREPARATION OF FINAL ACCOUNTS 23

PROCEDURE NUMBER 9: MANAGEMENT OF EXTERNAL AUDITS 25

PROCEDURE NUMBER 1: BUDGETING**1.0 GENERAL****1.1 PURPOSE**

The purpose of this procedure is to ensure timely and effective preparation of MMU annual financial budget.

1.2 SCOPE

This procedure applies to budgeting of all activities for MMU within a defined financial year.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) PARENT MINISTRY regulations on budgeting.

1.4 TERMS AND DEFINITIONS

- a) DVC A & F – Deputy Vice Chancellor, Administration and Finance.

1.5 PRINCIPAL RESPONSIBILITY

The Chief Accountant shall ensure this procedure is adhered to and maintained.

2.0 METHOD

- 2.1 This procedure shall start in the month of October every year with the Accountant in-charge of the budgeting and expenditure section requesting heads of departments and sections to submit their budget requirement for the next financial year.
- 2.2 Upon receipt of the request, the Heads of departments and sections shall in consultation with the staff in their areas prepare budgetary estimates guided by their performance objectives as per the current strategic plan and forward them to the Accountant within the given timeframe.
- 2.3 Upon receipt of the estimates, the Accountant shall compile them into a draft summarized budget and forward it to the CA for review and input.
- 2.4 After the review and input, the CA shall in liaison with the DVC A & F convene a budget committee meeting to discuss and amend as appropriate the draft budget.
- 2.5 After the budget committee meeting, the CA shall then table the draft budget in a University Management Board meeting for discussion, input and recommendation to the University Council for approval. This shall be done before the end of December every year.

- 2.6 The CA shall make necessary amendments if any guided by the recommendations of the University Management Board.
- 2.7 If recommended for approval, the DVC A & F shall table it in a University Council meeting for approval by the end of January every year.
- 2.8 In approving the draft budget, the Council shall consider the following:-
 - a) Adherence to government policies,
 - b) Adherence to the University's Strategic Plan, and
 - c) Availability of resources to finance the budget.
- 2.9 In the event there any changes, the Council shall make recommendations and revert it to the University Management Board for amendment and resubmission.
- 2.10 Upon approval, the VC shall forward the budget to Treasury for final approval via the Parent Ministry, not later than 31st of January each year.
- 2.11 Upon receipt of the approved budget from Treasury, the Chief Accountant shall align the budget to the approved allocation and table it in the budget committee meeting and subsequently in the University Management Board meeting for discussion and input before recommending the budget for approval by the University Council.
- 2.12 The DVC A & F shall then table the final budget in a University Council meeting for final approval before the end of the financial year.
- 2.13 In approving the final budget, the Council shall consider whether the budget is within the approved allocation.
- 2.14 In the event that the budget requires amendment, the University Council shall make recommendations and revert it to the University Management Board for amendment and resubmission.
- 2.15 Upon approval, the CA shall prepare budget extracts for the various departments and sections and circulate them to the respective heads of departments and sections.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Evidence of Communication.
- 3.2 Evidence of Meetings.
- 3.3 Approved estimates.
- 3.4 Budget extracts.

PROCEDURE NUMBER 2: BUDGETARY CONTROL

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure effectiveness in budgetary control.

1.2 SCOPE

This procedure applies to the monitoring of the implementation of the approved annual budget at MMU.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) The Public Finance Management Act.
- c) The State Corporation Act, 2009.
- d) Current Finance Bill.

1.4 TERMS AND DEFINITIONS

- a) DVC, A & F – Deputy Vice Chancellor, Administration and Finance.
- b) CA – Chief Accountant
- c) Virement – Transfer of funds between votes.
- d) AIE – Authority to Incur Expenditure.
- e) AIE holder - These include the VC, DVCs, Registrars, CA, Deans and CoDs.

1.5 PRINCIPAL RESPONSIBILITY

The CA shall ensure this procedure is adhered to and maintained.

2.0 METHOD

- 2.1 This procedure shall start after approval of the University's annual budget with the Vote Book Controller opening votes for all the departments.
- 2.2 After opening the votes, the Vote Book Controller shall post the approved departmental estimates to the respective vote heads.
- 2.3 Upon receipt of requisitions and Payment Vouchers, the Vote Book Controller shall determine whether the expenditure is within the approved estimates.
- 2.4 If the expenditure is within the approved estimates, the Vote Book Controller shall commit it in the vote book.
- 2.5 In the event that the expenditure is not within the approved estimates, the Vote Book Controller shall inform the Accountant in charge of Budget and Expenditure who

shall in turn revert the requisition or Payment voucher to the AIE holder for adjustment downwards or apply for virement.

- 2.6 In the event that the AIE applies for virement, he/she shall forward it to the DVC A&F for approval in consultation with the CA.
- 2.7 In approving the request, the DVC A & F shall consider the following:-
- a) Availability of funds in other votes,
 - b) Period before expiry of the financial year, and
 - c) Sensitivity of the expenditure.
- 2.8 In the event of disapproval, the DVC, A&F shall make recommendations and/or reasons to the AIE holder.
- 2.9 In case of approval, the CA shall instruct the Accountant in Charge of Budget and Expenditure to vire the vote and the Vote Book Controller to commit the expenditure in the respective vote.
- 2.10 On a quarterly basis, the DVC A&F shall present all the virements approved to the Finance Committee of the Council for noting and necessary action.
- 2.11 On a quarterly basis, the Accountant in charge of Budget and Expenditure shall compile a report showing the allocation and expenditure of the quarter and forward it to the various AIE holders through the CA for information and necessary action.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Evidence of Communication
- 3.2 Evidence of Meetings
- 3.3 Evidence of Budget document together with physical Vote Book
- 3.4 Letter advising AIE holders of budget allocation

PROCEDURE NUMBER 3: REVENUE COLLECTION

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure effective and efficient collection and reporting of all revenues at MMU.

1.2 SCOPE

This procedure applies to receipt of all revenue from all sources at MMU.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) MMU Financial Regulations, 2009.
- c) Public Financial Regulation Act.

1.4 TERMS AND DEFINITIONS

- a) CA – Chief Accountant
- b) DVC, A&F – Deputy Vice Chancellor (Administration and Finance)
- c) HELB – Higher Education Loans Board.
- d) Fees payment document - Bankers cheques, deposit slips, Institutional cheques and Money Orders.

1.5 PRINCIPAL RESPONSIBILITY

The CA shall ensure this procedure is adhered to and maintained.

2.0 METHOD

2.1 The University collects its revenue from the following sources:-

- a) Students’ fees,
- b) Grants,
- c) Income Generating Activities,
- d) Sale of documents,
- e) Sale of assets,

2.2 Each of the sources shall be handled as follows:-

2.3 Students revenue.

- 2.3.1 Upon receipt of a fees payment document from a student, the Receipt Cashier shall upon verification of the documents issue the student with an official receipt.
- 2.3.2 Upon receipt of loans and bursaries schedules from sponsors, the Accountant in charge of Students Finance shall update Students’ ledgers accordingly.
- 2.3.3 At the end of the day, the Accountant in charge of Students Finance shall prepare end of day sales closure reports reconciled with the banking slips and schedules.

- 2.3.4 In the event of cheques, the Receipts Cashier shall prepare a banking schedule and bank them into the relevant bank account the following working day.
- 2.3.5 After banking, the Accountant in charge of Students Finance shall verify the banking schedule against the banking slips and receipts.
- 2.3.6 In the event of disparity, the Accountant in charge of Students Finance shall seek clarification from the Revenue Cashier to address the disparity.
- 2.3.7 If the banking slips values and the banking schedule tally, the Accountant in charge of Students Finance shall forward the banking schedule and receipts to the Accountant in charge of final accounts section for posting to cashbook and ledger.
- 2.4 Revenue from Incoming Generating Activities (IGAs)**
- 2.4.1 Upon receipt of revenue from IGAs, the Revenue Cashier shall issue an official receipt to the IGA cashiers.
- 2.4.2 The Revenue Cashier shall bank the cash into the relevant bank account the following working day.
- 2.4.3 After banking, the Chief Cashier shall verify the receipts against the banking slips.
- 2.4.4 In the event of disparity, the Chief Cashier shall seek clarification from the Revenue Cashier to address the disparity.
- 2.4.5 If the banking slips values and receipt values tally, the Chief cashier shall forward the receipts and banking slips to the Accountant in charge of final accounts section for posting to cashbook and ledger.
- 2.5 Receipt of Grants**
- 2.5.1 Upon receipt of information of a grant to the University, the CA shall as per the communication procedure number 1 in the Administration Procedure Manual inform the relevant officers and acknowledge receipt of the same.
- 2.5.2 At the same time, the CA shall instruct the Accountant in charge of final accounts section to pass a Journal Voucher crediting the respective grant account.
- 2.6 Sale of documents and assets**
- 2.6.1 Upon confirmation of the relevant documents for the purchase of assets and documents by individuals, the Revenue Cashier shall receipt the amount received upon confirmation that it is the required amount.
- 2.6.2 The Revenue Cashier shall bank the cash/cheques into the relevant bank account the following working day.
- 2.6.3 After banking, the Chief Cashier shall verify the receipts against the banking slips.

2.6.4 In the event of disparity, the Chief Cashier shall seek clarification from the Revenue Cashier to address the disparity.

2.6.5 If the banking slips values and receipts values tally, the Chief cashier shall forward the receipts and banking slips to the Accountant in charge of final accounts section for posting to cashbook and ledger.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Copies of receipts issued
- 3.2 Updated Student Fee ledger
- 3.3 Record of Banking slips
- 3.4 Record of Bank and Cash reconciliations

PROCEDURE NUMBER 4: PAYMENTS

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure accountability and transparency in processing of payments.

1.2 SCOPE

This procedure applies to the payments of all claims and invoices at MMU.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) Human Resource Policy, 2009.
- c) MMU Financial Regulations, 2009.
- d) Public Financial Management Act, 2009.
- e) Current Finance Bill.

1.4 TERMS AND DEFINITIONS

- a) DVC – Deputy Vice Chancellor.
- b) CA – Chief Accountant.
- c) HoD – Head of Department.
- d) SIA – Senior Internal Auditor.
- e) CV – Claim Voucher.
- f) PV – Payment Voucher.

1.5 PRINCIPAL RESPONSIBILITY

The CA shall ensure this procedure is adhered to and maintained.

2.0 METHOD

2.1 Payment of Suppliers

- 2.1.1 This shall start with the Credit Accountant receiving an invoice with supporting documents from the SPO.
- 2.1.2 Upon receipt of the documents, the Credit Accountant shall enter the details of the creditor in the subsidiary creditors' ledger.
- 2.1.3 Within thirty days after receipt of the documents, the Credit Accountant shall raise a PV for the payment, attach the documents in 2.1.1 above and forward them to the CA for approval.

- 2.1.4 In approving the payment, the CA shall confirm whether the LPO/LSO, the GRN and the invoice match with the payment voucher raised.
- 2.1.5 In the event of any discrepancies, the CA shall make recommendations to the Credit Accountant for amendment and resubmission.
- 2.1.6 If the documents are adequate, the CA shall forward them to the SIA for examination.
- 2.1.7 The CA shall ensure that all issues raised by the SIA are addressed.
- 2.1.8 After examination, the CA shall forward the documents to the Chief Cashier for payment.
- 2.1.9 Upon receipt of the documents, the Chief Cashier shall instruct the Payment Cashier to draw a cheque.
- 2.1.10 After drawing the cheque, the Payment Cashier shall record it in the cheque register and forward it to the Chief Accountant for signature by the signatories.
- 2.1.11 Upon receipt of the signed cheque, the Chief Cashier shall record the cheque in the cheque release register awaiting dispatch to the supplier.
- 2.1.12 The Chief Cashier shall ensure the recipient of the cheque signs the payment voucher to acknowledge receipt of the cheque.
- 2.2 Payment of Part time Lecturers**
- 2.2.1 This shall start with the CA receiving a duly approved claim form accompanied with the supporting documents from a part time lecturer.
- 2.2.2 Upon receipt of the claim form, the CA shall confirm whether:-
- a) The claim conforms to the lecturer's letter of appointment, and
 - b) The claimed hours are within the approved limits.
- 2.2.3 In the event of any disparities, the CA shall make recommendations and return the documents to the respective Dean of School for amendment and resubmission.
- 2.2.4 If the documents are adequate, the CA shall approve it for payment and forward it to the Credit Accountant for payment.
- 2.2.5 Upon receipt of the instruction to pay the part time lecturer, the Credit Accountant shall prepare a pay slip indicating the gross and net amounts to be paid before preparing a PV.
- 2.2.6 Upon preparing the PV, the Credit Accountant shall forward it to the CA for approval.
- 2.2.7 In approving the PV, the CA shall confirm whether the amounts in the PV and the claim form tally and the procedure shall continue as from 2.1.5 above.

Note: Part time lecturers shall be paid on the 7th week and after submission of examination results at the end of the semester. Each disbursement shall comprise of 50% of the total entitlement.

2.3 Payment of Staff Salaries

2.3.1 This shall start with the CA receiving a staff movement advice from the Registrar Administration.

2.3.2 Upon receipt of the advice, the CA shall forward the same to the Payroll Accountant for processing.

2.3.3 Upon receipt of the staff movement advice, the Payroll Accountant shall post the details of the advice into the payroll system.

2.3.4 On the 20th of every month, the Payroll Accountant shall generate the payroll and forward it to SAR (HR) for verification.

2.3.5 In event of any discrepancies, the Payroll shall make the necessary changes before forwarding it to the CA for approval.

2.3.6 In approving the payroll, the CA shall establish the following:-

- a) All members of staff are included in the payroll,
- b) Whether the amounts paid tally with the staff movement advice, and
- c) Whether the schedule of deductions tallies with the approved deduction advice received.

2.3.7 In the event of any discrepancies, the CA shall make recommendations and return the payroll to the Payroll Accountant for amendment and resubmission.

2.3.8 Upon approval, the Payroll Accountant shall prepare a PV and forward it to the CA for approval.

2.3.9 In approving the payment, the CA shall confirm whether the payroll amount match with the amount in the PV

2.3.10 In the event of any discrepancies, the CA shall make recommendations to the Payroll Accountant for amendment and resubmission.

2.3.11 If the amounts tally, the CA shall forward them to the SIA for examination.

2.3.12 The CA shall ensure that all issues raised by the SIA are addressed.

2.3.13 After examination, the CA shall forward the documents to the Chief Cashier for payment.

- 2.3.14 Upon receipt of the documents, the Chief Cashier shall instruct the Payment Cashier to draw a cheque and an EFT advice.
- 2.3.15 After drawing the cheque and the EFT advice, the Payment Cashier shall record it in the cheque register and the EFT advice register before forwarding them to the CA for signature by the signatories.
- 2.3.16 Upon receipt of the signed cheque and the EFT advice, the Chief Cashier shall record the cheque in the cheque release register and forward it to the Payroll Accountant who shall dispatch the documents to the bank for salaries processing.
- 2.3.17 The Payroll Accountant shall then print all pay slips and forward them to the HR registry for dispatch to members of staff.

Note: Payment of salaries shall be done by the last working day of each month.

2.4 Payment of casuals

- 2.4.1 This shall start with the CA receiving a casual's master roll from the Human Resource department.
- 2.4.2 Upon receipt of the master roll, the CA shall confirm whether:-
- a) The master roll conforms to the casuals' letters of engagement, and
 - b) The claimed hours are within the approved limits.
- 2.4.3 In the event of any disparities, the CA shall make recommendations and return the documents to the respective HoDs for amendment and resubmission.
- 2.4.4 If the documents are adequate, the CA shall approve it for payment and forward it to the Credit Accountant for payment.
- 2.4.5 Upon receipt of the instruction to pay the casuals, the Credit Accountant shall prepare a pay slip indicating the gross and net amounts to be paid before preparing a PV.
- 2.4.6 Upon preparing the PV, the Credit Accountant shall forward it to the CA for approval.
- 2.4.7 In approving the PV, the CA shall confirm whether the amounts in the PV and the claim form tally and the procedure shall continue as from 2.1.5 above.

Note: Casuals shall be paid as per their terms of engagement.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Payroll.
- 3.2 Part time Lecturer's Claim forms.
- 3.3 Casuals master roll.
- 3.4 Payment vouchers.

- 3.5 Payslips.
- 3.6 Signed Cheque Movement register.
- 3.7 Counter foil cheques.
- 3.8 Cheque Dispatch registers.
- 3.9 Updated Creditors Ledger.

PROCEDURE NUMBER 5: IMPREST MANAGEMENT

1.0 GENERAL

1.1 PURPOSE

To ensure accountability and transparency in the utilization of funds disbursed through the imprest system.

1.2 SCOPE

This procedure applies to all imprest requirements by full time members of staff for MMU.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current MMU Service delivery Charter.
- c) MMU Financial Regulations.
- d) Public Finance Regulations Act.

1.4 TERMS AND DEFINITIONS

- a) CA – Chief Accountant.
- b) HOD – Head of Department.
- c) AB&E – Accountant in charge of budgeting and expenditure.
- d) DVC (A&F) – Deputy Vice Chancellor Administration and Finance.
- e) AIE – Authority to Incur Expenditure.

1.5 PRINCIPAL RESPONSIBILITY

The Chief Accountant shall ensure this procedure is adhered to and maintained.

2.0 METHOD

2.1 This procedure shall start with any member of staff making a request for an imprest from the respective AIE holder by filling an imprest warrant and attaching the applicable supporting documents, except imprests covered under the procurement.

2.2 Upon receipt of the request, the AIE holder shall, within the same day, approve it based on the following:-

- a) Purpose of the imprest, and
- b) Approved departmental budget.
- c) Availability of funds

2.3 In the event of disapproval, the AIE holder shall, within the same day, advise the applicant accordingly.

- 2.4 Upon approval, the AIE holder shall forward the imprest warrant and applicable supporting documents to the respective DVC or the VC for approval.
- 2.5 Upon receipt of the imprest warrant, the VC/DVC shall within one day approve the imprest considering the following:-
 - a) Adherence to the approved budget,
 - b) Availability of funds in the respective vote, and
 - c) Recommendation from the AIE holder.
- 2.6 In the event that the imprest warrant is not approved, the VC/DVC shall return the imprest warrant to the applicant within the same day with reasons thereof and/or recommendations.
- 2.7 In case of delay of approval because of inadequate funds, the VC/DVC shall retain the imprest warrant and advise the applicant to wait for a specified period.
- 2.8 Upon approval, the VC/DVC shall send the imprest warrant to the CA for processing of the payment by the following working day.
- 2.9 Upon receipt of the approved imprest warrant, the CA shall confirm whether the applicant has any outstanding imprest.
- 2.10 In the event that the applicant has outstanding imprest, the CA shall advise the AIE holder accordingly.
- 2.11 If the applicant has no outstanding imprest, the CA shall authorize the Payment Accountant to make the payment.
- 2.12 The Payment Accountant shall then record the request in the imprest register, prepare a PV and forward it to the CA for approval.
- 2.13 In approving the payment, the CA shall confirm whether the imprest warrant amount matches with the amount in the PV.
- 2.14 In the event of any discrepancies, the CA shall make recommendations to the Payment Accountant for amendment and resubmission.
- 2.15 If the amounts tally, the CA shall forward the documents to the SIA for examination.
- 2.16 The CA shall ensure that all issues raised by the SIA are addressed.
- 2.17 After examination, the CA shall forward the documents to the Chief Cashier for payment.
- 2.18 Upon receipt of the documents, the Chief Cashier shall instruct the Payment Cashier to either pay from the petty cash or draw a cheque based on the requested amount.

Payment from petty cash shall be as per the procedure on petty cash management number 6 in this Procedure Manual.

- 2.19 After drawing the cheque, the Payment Cashier shall record it in the cheque register before forwarding them to the CA for signature by the signatories.
- 2.20 Upon receipt of the signed cheque, the Chief Cashier shall record the cheque in the cheque release register, withdraw the requested monies and notify the applicant to collect the funds.
- 2.21 The Chief Cashier shall then pay the imprest and ensure that applicants sign the imprest warrants as proof of receipt of the requested monies.
- 2.22 In the event of cancellation of intended purpose after obtaining the money, the applicant shall return the money immediately to the cash office and get an official receipt failure to which clause 2.26 shall apply.
- 2.23 Within 48 hours after the expenditure, the applicant shall account for the imprest by filling the imprest accounting form, attaching all the relevant documents and submitting them to the Payment Accountant for verification and clearance.
- 2.24 Upon receipt of the documents, the Payment Accountant shall verify the authenticity of the attached documents before either:-
 - a) Receiving any cash from the applicant in case of under expenditure, or
 - b) Initiating the refund process by raising a PV of the difference in case of over spending.
- 2.25 Upon 2.24, or in case the officer spent all the monies requested, the Payment Accountant shall sign the imprest accounting form and the imprest register as evidence of clearance and file the documents.
- 2.26 In the event that an applicant does not surrender imprest within 48 hours, the Payment Accountant shall advise the CA to recover the imprest from the imprest holder's salary.
- 2.27 In case of journeys, the applicant shall upon return submit a report to the AIE holder.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Imprest Warrants.
- 3.2 Updated Imprest Register.
- 3.3 Complete Accounting documents.

PROCEDURE NUMBER 6: PETTY CASH MANAGEMENT**1.0 GENERAL****1.1 PURPOSE**

The purpose of this procedure is to ensure timeliness, effectiveness and accountability in the management of petty cash.

1.2 SCOPE

This procedure applies to the use and recoupment of the University's main petty cash.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) MMU Current Service Delivery Charter.
- c) Current MMU Financial Regulations.

1.4 TERMS AND DEFINITIONS

- a) CA – Chief Accountant
- b) A B&E- Accountant Budgeting and Expenditure
- c) FY- Financial Year

1.5 PRINCIPAL RESPONSIBILITY

The A B&E shall ensure this procedure is adhered to and maintained.

2.0 METHOD**2.1 Making payments from the petty cash**

2.1.1 This shall start with the Petty Cash Cashier receiving instructions from the Chief Cashier to make payment from the petty cash for any expenditure below 15,000.00 shillings.

2.1.2 Upon receipt of the instructions, the Petty Cash Cashier shall serialize the requesting documents, make the payments guided by the approved requesting documents and ensure that the applicant signs on the documents as evidence of receiving the payment.

2.1.3 The Petty Cash Cashier shall then register the payment in petty cash ledger, stamp the documents "PAID" and file them.

2.2 Recoupment of petty cash

2.2.1 This shall start with the Petty Cash Cashier preparing a schedule of the payments made and attaching the original paid documents once the petty cash reaches the recoupment limit.

- 2.2.2 The Petty Cash Cashier shall then forward the schedule to the Payment Accountant for verification.
- 2.2.3 In the event of any discrepancies between the attached documents and the schedule, the Payment Accountant shall advise the Petty Cash Cashier accordingly.
- 2.2.4 If the documents are satisfactory, the Payment Accountant shall append his/her signature and forward the same to the CA for approval.
- 2.2.5 In approving the recoument, the CA shall establish whether the attached documents are authentic and whether the amounts tally.
- 2.2.6 In the event of any discrepancies, the CA shall advice the Payment Accountant accordingly.
- 2.2.7 Upon approval, the CA shall instruct the Payment Accountant to make the payment.
- 2.2.8 The Payment Accountant shall then raise a PV and forward it to the CA for approval.
- 2.2.9 In approving the payment, the CA shall confirm whether the schedule amount matches with the amount in the PV.
- 2.2.10 In the event of any discrepancies, the CA shall make recommendations to the Payment Accountant for amendment and resubmission.
- 2.2.11 If the amounts tally, the CA shall forward them to the SIA for examination.
- 2.2.12 The CA shall ensure that all issues raised by the SIA are addressed.
- 2.2.13 After examination, the CA shall forward the documents to the Chief Cashier for payment.
- 2.2.14 Upon receipt of the documents, the Chief Cashier shall instruct the Payment Cashier to draw a cheque based on the requested amount.
- 2.2.15 After drawing the cheque, the Payment Cashier shall record it in the cheque register before forwarding them to the CA for signature by the signatories.
- 2.2.16 Upon receipt of the signed cheque, the Payment Cashier shall record the cheque in the cheque release register and request the Petty Cash Cashier to withdraw the requested amount.
- 2.2.17 After the withdrawal, the Petty Cash Cashier shall forward the withdrawal documents to the Accountant, Final Accounts for posting and filing.

Note: Payment of petty cash shall be on a first in, first out basis.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Petty cash register.
- 3.2 Petty cash schedules.
- 3.3 Withdrawal documents.

PROCEDURE NUMBER 7: INVESTMENT

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure effectiveness in the investment of surplus funds.

1.2 SCOPE

This procedure applies to the investment of surplus funds of the University.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current MMU Service delivery charter.
- c) Relevant Financial Regulations.
- d) Public Financial Management Act.

1.4 TERMS AND DEFINITIONS

- a) CA – Chief Accountant
- b) DVC, A & F- Deputy Vice Chancellor (Administration and Finance)
- c) MB – Management Board

1.5 PRINCIPAL RESPONSIBILITY

The CA shall ensure this procedure is adhered to and maintained.

2.0 METHOD

2.1 This procedure shall start with the CA identifying surplus funds for investment after considering the financial position of the University.

2.2 Upon determining the surplus funds, the CA shall prepare and submit a proposal on the intent to invest the funds to the Senate and University Management Board for determination of possible investment avenues guided by the following:-

- a) Projected return on the investment,
- b) Cash flow projections,
- c) Amount to be invested, and
- d) Legal requirements.

2.3 The VC shall then table the intention in a University Council meeting for approval.

2.4 In approving the intention and the investment options, the University Council shall consider the criteria in 2.2 above.

- 2.5 In the event of disapproval, the CA shall act as per the recommendations of the University Council.
- 2.6 Upon approval, the CA shall invest the surplus funds in the approved project and submit quarterly progress reports with recommendations to the University Council.
- 2.7 The CA shall act on any decisions arrived at by the University Council.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Investment proposal.
- 3.2 Quarterly project progress reports.

PROCEDURE NUMBER 8: PREPARATION OF FINAL ACCOUNTS

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure effectiveness and efficiency in the preparation of final accounts.

1.2 SCOPE

This procedure applies to the preparation of all final accounts at MMU.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current MMU Service delivery charter.
- c) Current International Accounting Standards.
- d) Current International Standards on Auditing.
- e) Public Audit Act.

1.4 TERMS AND DEFINITIONS

- a) CA – Chief Accountant.
- b) KNAO – Kenya National Audit Office.

1.5 PRINCIPAL RESPONSIBILITY

The CA shall ensure effective implementation of this procedure.

2.0 METHOD

- 2.1 The accountant in charge of final Accounts shall receive all accounting documents from the various sections of Finance and post the data into the accounting system.
- 2.2 The posted documents shall be marked as posted and dispatch to the Accounts Clerk for filling and safe custody.
- 2.3 The Accountant in charge of final Accounts shall produce quarterly trial balances and organize to prepare Bank reconciliation statements for all the bank accounts.
- 2.4 The Accountant in charge of final Accounts shall prepare quarterly accounts, management accounts and any required financial statement from the trial balance.
- 2.5 The accountant shall prepare draft final accounts, i.e. Balance Sheet, Statement of Comprehensive Income and Cash flow statements at the end of the financial year and also prepare notes to the accounts to show accounting policies and basis used in the preparation of the financial statements.

- 2.6 The CA shall forward the draft accounts to the Vice Chancellor, University Management Board for review.
- 2.7 Upon review the VC shall table the accounts in a University Council meeting for approval, before transmission to the National Audit Office by 30th September every year, for external audit purposes.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Trial balances.
- 3.2 Final Accounts.

PROCEDURE NUMBER 9: MANAGEMENT OF EXTERNAL AUDITS**1.0 GENERAL****1.1 PURPOSE**

The purpose of this procedure is to ensure effectiveness and efficiency in the management of external financial audits.

1.2 SCOPE

This procedure shall apply to all external financial audits carried out at MMU.

1.3 REFERENCES

- a) Quality Manual – MMU/QM/MR/2013.
- b) MMU Service delivery charter.
- c) International Accounting Standards.
- d) International Standards on Auditing.
- e) Public Audit Act.
- f) Public Finance Management Act.

1.4 TERMS AND DEFINITIONS

- a) MMU – Masai Mara University.
- b) CA – Chief Accountant.
- c) KNAO- Kenya National Audit office.
- d) System Audit – Involves a series of activities in which an external auditor performs overall inspection and evaluation of processes in an organization to identify any weaknesses in the system; issues recommendations and provides necessary follow-up. The External auditor does this by using documents such as procedure manuals, work instructions, training manual, terms of services, etc.
- e) Management Letter – This is a document or documents whereby the external auditor formally reports issues arising from audit, in accordance with the requirement of the Internal Standards on Auditing. In other words it is the communication of audit matters of those charged with governance.

1.5 PRINCIPAL RESPONSIBILITY

The CA shall ensure implementation of this procedure.

2.0 METHOD

- 2.1 After the end of each financial year and before 30th September, the Chief Accountant shall submit the draft Report and Accounts for the particular year to the Kenya National Audit Office for auditing.
- 2.2 After receiving the draft accounts, the external auditor shall visit the University to carry out a Systems Audit.
- 2.3 After the Systems Audit is concluded, the external auditor shall write a management letter to the Vice Chancellor, sighting areas of weaknesses, which need urgent attention and adjustments
- 2.4 The Vice Chancellor shall respond to the management letter immediately and may consult with the external auditor whenever necessary.
- 2.5 In October each year, the external auditor shall visit the University once again to conduct the final audit based on the submitted Draft Report and Accounts.
- 2.6 After the conclusion of the final audit, the external auditor shall write a management letter to the Vice Chancellor, sighting areas which need to be adjusted before the final accounts are prepared.
- 2.7 The final set of Report and Accounts for the year shall be prepared after the necessary adjustments, for the external auditor's approval.
- 2.8 Once approved, copies of the accounts are produced and remitted to parliament via Parent Ministry, for discussion.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Evidence of Communication
- 3.2 Evidence of Meetings
- 3.3 Final Audited Accounts