REPUBLIC OF KENYA

Centre for Mathematics, Science and Technology Education in Africa (CEMASTEA)

General Operating Procedures

FINANCE & ACCOUNTS PROCEDURES MANUAL

	Signature√	Date
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GENERAL

1.0 Purpose

The purpose of this procedure is to provide guidelines to facilitate prudent financial management of CEMASTEA financial resources in accordance with CEMASTEA Quality Manual, ISO 9001:2015 Standard and Public Financial Management Act 2015, its regulations and other applicable policies and statutory regulations.

2.0 Scope

This procedure applies to all processes in the Finance & Accounts Department which include; Budgeting, Payments, Accounts payable, Accounts receivable, Cash and Bank, Financial Reporting and Accounting for Assets.

3.0 References

a) CEMASTEA Quality Manual
b) ISO 9001:2015 Standard
c) Public Finance Management Act 2015 and its regulations
d) IPSAS Accrual
e) CEMASTEA strategic plan

4.0 Definition of Terms, Acronyms and Abbreviations

In addition to the common definitions of terms given in ISO 9001:2015, the following definitions shall apply;

AFS&R Annual Financial Statements&Reports
ADFA Assistant Director,Finance&Accounts
BOG Board of Governors
BIC Budget Implementation Committee.
CEO Chief Executive Officer
DOS Dean of Studies

FC	Finance Committee
FGPC	Finance and General Purpose Committee
GIMIS	Government Investment Management Information System
HODs	Head of Departments
HOSs	Heads of sections
IFMIS	Integrated Financial Management InformationSystem
IPSAS	International Public Sector Accounting Standards
MoE	Ministry of Education
PCos	Program Coordinators
EFT	Electronic Funds Transfers
ERP	Enterprise Resource
Planning **FS**	Financial Statements
FA	Finance & Accounts
OAG	Office of the Auditor General
LPOs	Local Purchase Orders
LSOs	Local Service Orders
PFMA	Public Finance Management Act
PI	Payment Initiator
PA	Payment Authorizer
QFS&R	Quarterly Financial Statements &Reports
S13	Stores Counter Receipt Voucher

Supporting Documents means all relevant records that form a basis of payment e.g. approved i.e Imprest forms, approved proposals , receipts ,invoices , contracts , delivery notes, job cards, S13, tender records, LPOs ,LSOs, inspection reports ,minutes, attendance registers, work tickets , air tickets, work plans, work programmes, approved memos & Requests , county budgets , receipts and returns , bank statements , bank certificate of balances , for activities among others

Financial statements means statement of income, statement of financial position, statement of changes in equity, statement of cash flows and statement of comparison between budget and actual expenditure and notes to the FS for a reporting period.

Requisition means any application for payment i.e. procurement requisition, activity proposals, Imprest requisition and petty cash claims.

Imprest means cash advance.

Imprest Surrender is a financial document that shows all money advanced has been fully accounted for as per the requirements of PFMA 2015.

5.0 Principal Responsibility

The **ADFA** has the principal responsibility for ensuring that this procedure remains adequate for its intended purpose and implementation. The **ADFA** has the responsibility to ensure that staff in the Finance & Accounts department implement and adhere to this procedure.

6.0 Method

6.1 Budgeting

6.1.1 The **ADFA** notifies the DOS, HOS and PCo on submission of their annual budget estimates by 1st January of each year.

6.1.2 The **ADFA** receives annual budget estimates from DOS, HOS and PCos and prepares a proposed master budget derived from the estimates submitted.

6.1.3 The **ADFA** presents the proposed master budget to the BOG for ratification and approval by 25th January of each year.

6.1.4 The **ADFA** ensures the approved master budget by BOG is submitted to MoE and National Treasury and posted to GIMIS by 31st January each year or as communicated by National Treasury.

6.1.5 The **ADFA** receives printed estimates from MoE showing funds allocated for the financial year by 20th July of each year or earlier and prepares a revised master budget where applicable and is presented to the BOG for ratification and approval within a month.

6.1.6 If funds are not received within the quarter, the CEO writes to MoE for follow up on disbursement of funds.

6.1.7 Upon receipt of funds, the **ADFA** acknowledges receipt by writing an acknowledgement letter and a receipt which is forwarded to the CEO for signing and submission to MoE within 24 hours.

6.2 Payment

6.2.1 The **ADFA** receives Procurement requests, LPOs/LSOs, proposals and petty cash and checks for availability of funds

6.2.2 If the funds are available, the **ADFA** commits the expenditure in the vote book or advises way forward and where necessary it is discussed with the CEO or escalated to BOG for further guidance

6.2.3 The **ADFA** ensures authenticity, accuracy and completeness of supporting documents or records required for payment. If incomplete, the users are advised and/or documents are returned within 24 hours.

6.2.4 The **ADFA** prepares payment vouchers within two weeks after receipt of all supporting documents.

6.2.5 For payment of suppliers for amounts below Ksh. 1 million, the **ADFA** ensures that cheques are written and details of the cheque are recorded in the cheque signing register. Amounts above Ksh. 1 million, the **ADFA** ensures EFT schedules are prepared for approval.

6.2.6 For the payment of all staff allowanc**es**/petty cash/airtime claims and salaries/wages, *EFT schedules* are prepared for approval. Salaries/wages are paid by the 25th of every month.

6.2.7 For the EFTs, **ADFA** ensures that the PI converts the excel schedules to text and uploads them to the Quick-pay system which are then authorized by the PA as per authorization levels within two days otherwise returned to PI for correction. The reports after the authorization are maintained as evidence of payments.

6.2.8 After the cheque is signed, the **ADFA** ensures that the cheque (s) is recorded in the cheque dispatch register within a day

6.2.9 **ADFA** ensures that notifications are done within a day to the payee (s) via phone calls, SMS or email where applicable for collection. For staff allowances/petty cash/airtime claims and salaries/wages, the communication is made to staff within a day after the approval.

6.2.10 For Imprest, the **ADFA** receives surrender issued within seven (7) days after completion of the activity.

6.2.11 If there is unutilized cash/imprest,the **ADFA** receives and banks the amount in the relevant CEMASTEA Bank account within a day of receipt

6.2.12 Unaccounted cash imprest is recovered from salary or benefits of the user as required in PFMA.

6.3 Accounts Payable.

Refer to procedure 6.2 above.

6.4 Accounts Receivable

6.4.1 The **ADFA** ensures a quotation of proposed services/products is prepared and issued within a day upon receipt of details of the services.

6.4.2 The **ADFA** ensures that an invoice is generated through e-times and issued within two (2) working days after completion of the activity, receipt of actual details of service rendered by the Centre and supporting documents.

6.4.3 Upon issuance, the invoice is then recorded in the invoice register within 24 hours for the follow up process.

6.4.4 Upon payment by customer through E-citizen, the **ADFA** ensures that a receipt is issued within 24hours, if payment is made through bank; the customer submits a deposit slip and a receipt is issued within a day.

6.4.5 If the invoice is not paid within a month, the **ADFA** ensures that a follow up is either made through phone calls, emails, SMS or letters within a month and subsequent months.

6.4.6 If not paid within six months a debt is recognized as a bad and doubtful debt and if more than two years the debt is written off.

6.4.7 The **ADFA** ensures appropriate action is taken to recover any bad debt.

6.5 Cash and Bank

6.5.1 The **ADFA** ensures that a receipt is issued to customers that pay by E-citizen or through bank within 24 hours. For both cases the customer should submit the appropriate proof of payment.

6.5.2 The **ADFA** ensures any transactions done in cash, total cash collections shall be deposited within 24 hours.

6.5.3 The **ADFA** ensures that daily transactions are posted within a day to Cash books and the respective ledger accounts in the General Ledger.

6.5.4 The **ADFA** ensures that Monthly Bank reconciliation reports are done by the 15th of the subsequent month as required by PFMA.

6.6 Financial Reporting

6.6.1 The **ADFA** checks the accuracy of transactions posted in the general ledger and extracts a trial balance after the end of the quarter and financial year.

6.6.2 The **ADFA** prepares quarterly financial statements by the 15th day after the end of every quarter and the annual financial statements by 31st August after the end of every financial year.

6.6.3 The **ADFA** presents the complete set of accounts to the FGPC by 31st July then to BOG for approval by 25th August of each year.

6.6.4 The **ADFA** submits the approved Annual report and Financial Statements to the Auditor General and The National Treasury by 31st August of every year.

6.6.5 After the Audit by the auditor general, the **ADFA** submits the audited Financial statements to parliament and posts to CEMASTEA website

6.7 Accounting for Assets

6.7.1 The **ADFA** receives the newly acquired assets from the Principal Supply Chain Management Officer and posting is done as per clause 6.5.3.

6.7.2 The **ADFA** ensures that the quarterly or annual PPE Schedule is prepared.

6.7.3 The **ADFA** ensures Disposal, Depreciation, Revaluation and Impairment are done at the end of reporting period and as per regulations of PPADA and IPSAS 17.

FRS 15 states that, as a minimum, assets should be revalued **every five years**.

6.7.4 The **ADFA** ensures Property, Plant and Equipment report is done after the end of the reporting period.

7.0 Key Performance Indicators

Key performance indicator	Target	Frequency of Monitoring & evaluation	Responsibility
Resolve customer complaints	Reduce complaints by 100%	Quarterly	**ADFA**
Control of expenditure	100%	Annually	**ADFA**
Prevention of loss of cash/revenue.	100%	Quarterly	**ADFA**
Submit financial reports by 31st August of every year	100%	Annually	**ADFA**
Timely payment of suppliers	Pay suppliers within 14 days upon full receipt of approved records	Quarterly	**ADFA** Accounts Staff
Timely payment of staff	Pay staff within 14 days upon receipt of approved proposals/petty cash request and salaries by 25th of every Month.	Quarterly	**ADFA**

8.0 Process Risks

Refer to risk register

9.0 Retained Documented Information

i. Audited financial statements
ii. Receipt books duplicates
iii. Cheque signing registers
iv. Cheque dispatch registers
v. Quick pay register
vi. Payment vouchers
vii. Vote books
viii. PPE schedule
ix. Budgets
x. Bank Statements
xi. Deposit slips
xii. Cashbooks
xiii. Minutes of Meeting
xiv. Attendance lists
xv. Bank reconciliation reports
xvi. Imprest register
xvii. Telephone register
xviii. Cheque book counter foils
xix. Bank reconciliation reports
xx. E-citizen sim card and phone
xxi. County documents and records

10.0 Annexes

10.1 Process interaction Matrix

Suppliers	Inputs	Activities	Outputs	Customer
Process owners Government	Departmental and sections budgets Circulars	Preparation of annual budgets	Approved annual budget	All staffs
Supply chain office, External providers, Internal customers	Budget Invoice Inspection reports LPO & LSO Delivery note Signed contracts, S13,filled and signed Imprest forms, signed petty cash forms ,job cards, ETR	Payments	Cheques EFT	All staff External Providers

	and cheque leaf lets			
Tenants Staff (lunch collections) Government entities ,external providers, members of public	Cash Cheques from customers	Bank and Cash	Deposit slips Cash in hand Receipts EFTs	Staff External providers government
External customers, staff	Profoma Invoice , quotation , requests	Accounts receivable	Invoice(s) cash Receipts , deposit slips, bank statement	External providers, government ,staff, tenants and members of public
External providers ,staff , government ,	Payment vouchers, stock take report, , property plant and equipment schedule, IPSAS accrual,	Accounting for Assets	PPE Schedule	Staff Government Auditors
Finance staff	Cashbooks Receipts Bank statements Trail balance	Financial reporting	Audited Financial statements	Staff Government Auditors Stakeholders

	General ledger Unaudited financial statements PFM act and IPSAS accrual			

10.1 Process Maps

1. Budgeting Process

