UNIVERSITY Of KIGALI

labor for the future

FINANCIAL POLICY AND PROCEDURES MANUAL

Foreword

These Financial Regulations deal with the management of University of Kigali finances and resources. They have been prepared to serve as a guide to all staff dealing with finances in application of financial regulations, policies and procedures.

While preparing the regulations, reference has been made to GAAP, International Financial Reporting Standards (IFRS), and the University of Kigali Constitution.

It will be the duty of all members of staff dealing with financial matters to familiarize themselves with the document and adhere to the guidelines therein. The Rwanda Government may from time to time issue guidelines in respect of financial management of the University, and in such cases these guidelines shall prevail. The University Council may review sections of these regulations and until a revised financial regulation document is issued, such reviews shall prevail.

All issues relating to interpretation of these financial regulations shall be referred to the Finance Officer.

It should be noted that the use of the term "he" in the document refers to both male and female members of staff.

ACRONYMS

UoK	University of Kigali
VC	Vice Chancellor
DVCAF /UA	Deputy Vice Chancellor Administration and Finance /University Administrator
CFO	Chief Financial Officer
BoD	Board of Directors
JV	Journal Voucher
MINEDUC	Ministry of education
DAHR	Director of Administration and Human Resources
P&L	Profit and Loss

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1 FINANCIAL MANAGEMENT PROCEDURES

1.1 Purpose and Scope

The University of Kigali (UOK) is committed to achieve its objectives through efficient and effective execution of its educational programmes. Its desire is to become the leading Institution. Thus, the Institute seeks to have excellent management systems that enable it to effectively utilize its resources to realize optimal results in every field.

Broadly, the UOK's financial management processes should ensure efficiency, transparency, economy, timely and reliable financial information, appropriate accounting policies, suitable accounting rules, staffing competencies, and appropriate internal control systems without undermining execution of the Institute's activities. More specifically, this manual aims to achieve the following objectives:

- To explain accounting assumptions and policies adopted by the UOK;
- To describe the accounting procedures operated by the UOK;
- To create uniform financial and accounting policies and practices that shall be adopted by the UOK;
- To provide a guide to staff involved in book keeping thereby create sound management and control of the UOK's financial resources;
- To provide high standards of financial reporting and enable management to take effective and timely financial decisions;
- To improve the internal control system of the UOK;
- To document the UOK's work ethics; and
- To provide reference for training new staff.

Financial management and accounting is a cycle entailing three major interdependent and successive elements: financial planning and budgeting; accounting and internal control; and financial reporting – including auditing of financial reports

1.2 Roles and Responsibilities of the Finance Department

1.2.1 Purpose

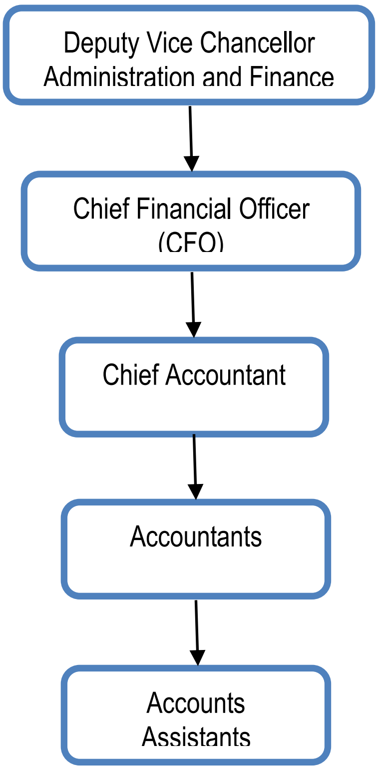
The Deputy Vice Chancellor Administration and Finance (DVCAF /UA) is the Accounting Officer of the UOK. He/she, therefore, has the overall responsibility for an effective and efficient management of all financial resources of the Institute. He/she automatically takes over the challenge of ensuring that the UOK periodically prepares financial statements that objectively and satisfactorily justify the uses of funds .

The DVCAF /UA has the responsibility over the daily operations of the Institute including budgeting, financial records, application, interpretation and implementation of the accounting manual, the internal structures and the receipt and disbursement of funds. He/she may delegate the administrative responsibilities as deemed necessary.

All staff of the UOK (Academic and Non-academic) have the responsibility of being honest while handling all the financial matters of the Institute, and also of complying, in good faith, with all the financial policies and procedures as given in this manual. They shall exercise utmost restraint over the finances and other assets of the Institute, and conduct themselves in a manner befitting their status as members and stakeholders of the UOK.

1.2.2 Organogram of the Finance Function

The organisation structure of the Finance department is presented in the chart below:



The roles and responsibilities of the key functions of the Finance Department are as follows:

Executive Director / Deputy Vice Chancellor Administration and Finance (DVCAF /UA) The Deputy Vice Chancellor Administration and Finance (ED / DVCAF UA) will have the overall responsibility for the Finance Department. He/ she will rely on the Chief Financial Officer as well as the Accountants to assist him / her with the day to day running of the department.

The key areas of responsibility will include people management and development, departmental administration.

1.2.3 Chief Financial Officer (CFO)

The CFO is tasked in overseeing and supervising the work of finance department. He or she is responsible for planning, implementing and Controlling the University's overall financial performance, planning & budgeting, reporting, compliance, and systems administration. The key areas of responsibility are outlined below:

- Supervising Finance Department
- Reporting
- Budgeting
- Costs control
- Procurement
- Internal controls monitoring
- Training & Staffing Finance
- Banks & bank reconciliations
- External relations (suppliers, banks/financiers, students, etc).

1.2.4 Chief Accountant

The Accountant will assist the CFO with day to day running of the department. His / her roles will be:

- Preparing, examining, and analyzing accounting records, financial statements, and other financial reports to assess accuracy, completeness, and conformance to reporting and procedural standards.
- Computing the taxes owed and preparing tax returns, ensuring compliance with payment, reporting and other tax requirements.
- Analyzing business operations, trends, costs, revenues, financial commitments, and obligations, to project future revenues and expenses or to provide advice.
- Establishing tables of accounts, and assigingn entries to proper accounts.
- Developing, maintaining, and analyzing budgets, preparing periodic reports that compare budgeted costs to actual costs.
- Preparing local purchase orders and follow up with suppliers.
- Providing with records needed and assisting in audit process.
- Ensuring filing system is properly maintained and various supporting documents are in place.
- Ensuring fixed assets are safeguarded, insured and maintaining fixed asset register.
- Coordinating training schedules for internees.
- Posting payment and adjusting journals in the system.
- Checking accuracy of posted documents in the statements and approving bank reconciliation.
- Guideing accounting clerical staff by coordinating activities and answering questions.

- Reconciling financial discrepancies by collecting and analyzing account information.
- Complying with statutory reports and local financial legal requirements by studying existing and new legislation, enforcing adherence to requirements, and advising management on needed actions.
- Maintaining customer confidence and protects operations by keeping financial information confidential
- Maintaining professional and technical knowledge by attending educational workshops; reviewing professional publications; establishing personal networks; participating in professional societies.
- Contributing to team effort by accomplishing related results as needed

1.2.5 Accountant

The duties of Accountants will include the following:

- Generating sales invoices and receipting respective payment by students
- Providing daily/ weekly/ monthly reports of sales and received payment by students
- Issuing of exam eligible list to invigilators/ clearance cards to students
- Ensuring only eligible students sits for exam
- Preparing and proving reports of sponsored students e.g. FARG, NGOs, Government, e.t.c
- Preparing allowances report for sponsored students.
- Maintaining filing systems in a systematic manner e.g. Bank payment vouchers, petty cash vouchers, part time contracts, debtors lists, deposit slips/receipts, graduation clearance forms.
- Preparation of part time payroll and ensuring all supporting documents are provided i.e. Contracts, RSSB numbers e.t.c
- Maintaining part time lecturer’s attendance records and sending weekly report to the accountant.
- Overseeing invigilation process and providing invigilation officers report on weekly basis.
- Store management functions i.e. preparation of items/ purchase requisition forms, issuing of items from store, keeping store records, receiving the purchases, posting purchase invoices in the system, preparing weekly report on usage etc.

- Verifying items billed against items ordered and received and reconciling the differences through follow-up with the vendor and/or other employees.
- Petty cash management
- Receiving all financial records, recording them and filling or disseminating them to the respective personnel.
- Posting purchase invoices in the system.
- Preparing statutory returns
- Preparing bank reconciliations for all the bank accounts and submit them to the accountant for approval.
- Sorting out incoming and outgoing daily posts and answering any queries relating to daily financial operations relating to students, other employees, debtors, potential customers, creditors e.t.c
- Preparing cheques and payment vouchers
- Assisting in any other financial duties and responsibilities as may be assigned.

1.2.6 Accounts Assistants

The duties of Accounts Assistants will include the following:

- Overseeing tuition fees processes i.e. Proper recording of sales invoices,
- Preparing statutory returns
- Preparing bank reconciliations for all the bank accounts and submit them to the accountant for approval
- Posting purchase invoices in the system.
- Proving with debtors aging reports and doing daily follow up
- Ensuring only eligible students are allowed to sit for the exams.
- Maintaining filing systems in a systematic manner e.g. Bank payment vouchers, part time contracts, debtors lists/ aging reports,
- Preparation of part time payroll and ensuring all supporting documents are provided
- Checking whether petty cash transactions posted in the system are correct.
- Assisting in audit process
- Generating sales invoices and receipting respective payment by students
- Providing daily/ weekly/ monthly reports of sales and received payment by students

- Issuing exam eligible list to invigilators/ clearance cards to students and ensuring only eligible students sit for exam
- Preparing and providing reports of sponsored students e.g. FARG, NGOs, Government e.t.c
- Maintaining filing systems in a systematic manner e.g. petty cash vouchers, part time contracts, debtor's lists, deposit slips/receipts, graduation clearance forms.
- Handling and controlling invigilators attendance forms and preparing invigilation report on weekly basis.
- Store management functions I.e. preparation of items/ purchase requisition forms, issuing of items from store, keeping store records, receiving the purchases, posting purchase invoices in the system, preparing weekly report on usage
- Verifying items billed against items ordered and received and reconciles differences through follow-up with the vendor and/or other employees.
- Petty cash management
- Receiving all financial records, recording them and filling or disseminating them to the respective personnel.
- Sorting out incoming and outgoing daily posts and answering any queries relating to daily financial operations relating to students, other employees, debtors, potential customers, creditors
- Assisting in any other financial duties and responsibilities as may be assigned

1.3 General Policy Framework

1.3.1 Authority for Financial Decisions

The DVCAF/UA is the Accounting Officer of the UOK. He/she, therefore, has the overall responsibility for the effective and efficient management of all financial resources of the Institute. He/she automatically takes over the challenge of ensuring that the UOK periodically prepares financial statements that objectively and satisfactorily justify the uses to which funds are put.

The CFO has the responsibility over the daily operations of the Institute including budgeting, financial records, application, interpretation and implementation of the accounting manual, the internal structures and the receipt and disbursement of funds. He/she may delegate the administrative responsibilities as deemed necessary.

All staff of the UOK (Academic and Non-academic) has the responsibility of being honest while handling all the financial matters of the Institute, and also of complying, in good faith, with all the financial policies and procedures as given in this manual. They shall exercise utmost restraint over the finances and other assets of the Institute, and conduct themselves in a manner befitting their status as members and stakeholders of the UOK.

1.3.2 Delegation of Authority for Financial Decisions

The authority on financial decisions is delegated on the following principles:

- Delegation of authority promotes efficiency, cost effectiveness, and transparency in the Institute;
- Delegation empowers those employees to whom authority has been delegated, and makes them accountable for their decisions;
- Delegated authority must align with responsibility so that those with accountability for outcomes have the means and commensurate administrative ability to act accordingly;
- Delegated authority must be clarified in writing to prevent administrative holdups which may result from confusion about responsibilities or accountabilities, especially when systems, procedures, and organizational structures are undergoing change;
- Delegation does not absolve the person delegating the responsibility for the use of that authority. This means that the person delegating remains accountable and delegated authority may be withdrawn at any time, if misused;
- If an employee acts outside the scope of, or without delegated authority, he/she may be held personally liable, and such an employee could be required to indemnify the Institute for any loss incurred arising out of his/her actions;
- It is prohibited to split transactions or invoices in an attempt to circumvent prescribed authority limits, and such actions would be treated as actions beyond authority.

2. SCHOOL FEES POLICY

2.1.Introduction

This policy document outlines the University fees management process in relation to student fees along with the debt management procedures to be followed. The policy relates to all fees and charges payable to the University by students as tuition, library services and other miscellaneous services. The Policy applies to all students; full-time, part-time, school/Institution based in both undergraduate, postgraduate and any other person enrolled as a student of the University. All University staff are expected to familiarize themselves with this policy and to contribute to its effective implementation

This policy contains information about: methods for tuition fees payment, payment terms and due dates for tuition fees, refund of tuition fees in the event of withdrawal from the University and the provisions, including sanctions that apply in the event of a failure to adhere to payment terms.

2.2.Purpose

The purpose of this policy is to:

i. Sensitize students and staff about the University policy on the management of fees payment processes and procedures so as to meet the University's financial obligations.

ii. Formalize the management of the University's fees income and to provide specific sanctions for non-payment of fees to students and clear any ambiguity.

2.3.Execution

The Finance Department shall generate class lists consisted in students who have paid fees while teaching staff will ensure that only those on the class lists attend classes and sit for examinations. In this respect, teaching staff will be required to counter-check against the bona fide students' class list obtained from the Schools/ Faculties Administrators and the Finance Department.

2.4.Fees to be Paid by Students

Introduction

All school fees shall be set by the University Executive Council and approved by the Board of Directors.

Proof of fees payable by a sponsor (Companies, Charitable Organisations, Individuals, etc), shall be in writing by the sponsor. Such payments shall be made payable to the UoK bank accounts. However, it remains the responsibility of the student to ensure full payment of fees.

All students, foreign and Rwandan citizens pay the same tuition fees. Evening, day and weekend program also pay same amount of tuition fees. No student will be allowed to sit for examinations without clearing tuition fees.

Registration Fees

Students are required to pay fees and other charges in respect of their programme at the time of registration. No registration is complete until all fees have been paid.

Registration fees are Frw 30,000. This is a one –off fee and includes the Application fees, the Student identity card fees and Library card fees.

Registration fees are paid to the UOK bank accounts by each and every admitted student and during the time of registration each student has to present the registration fees receipt before being registered

Tuition Fees

Undergraduate Students

Undergraduate Students will pay tuition fees of Frw 180,000 (IT) and Frw 170,000 (other programs) per trimester.

The tuition fees are paid at the beginning of every trimester for all undergraduate students. They are however allowed to pay in instalments as follows:

- 1st instalment: Frw 60,000 before the 1st module registration in a trimester.

- 2nd instalment: Frw 60,000 before the 2nd module registration in a trimester.

- 3rd instalment: Frw 60,000 (IT) and Frw 50,000 for other undergraduate programs before the 3rd module registrations in a trimester.

Postgraduate Students

Masters degree students will pay tuition fees of Frw 1,600,000 for the whole program.

Postgraduate Diploma in Education (PGDE) students will pay tuition fees of Frw 432,000 for the whole program.

Postgraduate students are allowed to pay in instalments as follows:

- Master students: Monthly instalment: Frw 133,350 before the start of every module exam during the program (which lasts 1 year). However, they are also allowed to pay in 12 monthly instalments (at the beginning of every month –latest by the 10th day of the month) of Frw 133,350.

- PGDE students: Monthly instalment: Frw 50,000 during the program (which lasts 9 months). However, they are also allowed to pay in 6 monthly instalments (at the beginning of every month –latest by the 10th day of the month) of Frw 72,000.

Other programs

i. CISCO program: Frw 80,000 full program.

ii. Other professional course: CPA /ATC: Frw 60,000 (Level 1) and Frw 70,000 (Level 2).

Other Ffees

Other fees are any fees owed to the University for services other than Tuition and Registration Fees. The table below outlines the various services offered and their charges.

Item	Charges
Academic documents /Loss of student ID	"To whom it may Concern", Transcripts (1st copy is free) and other documents; Frw 5,000 per document.
Re –registration fees	Frw 25,000 annually

Thesis /graduation fees	Undergraduate Frw 150,000 and Postgraduate: Frw 350,000
Transfer /shifting	Transfer of session, Department or Campus: Frw 10,000
Loss of receipt	Frw 1,000
Special exams	Frw 10,000 per exam
Drop out fees	Unofficial drop out fee is Frw 50,000
Library	Access to Library is free using student cards. However, loss of library materials (books) will be charged the cost of the material.
Retake	Frw 45,000
Graduation fees	Frw 30,000 for gown hire and Frw 20,000 upon return of gown to the University within 2 weeks after graduation

2.5.Fees Payment Mode and the UoK Bank Accounts

Fees shall be paid by depositing the specified amount in the bank accounts provided by the University and subsequently presenting the banking /deposit slip for verification and receipting. The University shall also accept bankers' cheques /certified cheques from recognized banks and financial institutions. The University shall not accept cash or personal cheques.

The UoK bank accounts

The official UoK bank accounts are:

Cogebanque

• 001-1390106508-95 for undergraduate, Postgraduate, PGDE and Professional courses students.

Bank of Kigali

• 051-0616692-38 for all undergraduate students

• 051-0616695-35 for fines, gown deposits, special exams, etc

• 049-0676249-03 for postgraduate students

Equity Bank

• 4012200365857 for undergraduate Kigali students

- 4012211285548 for Musanze Campus students

KCB

- 4401597680 /USD for international /internationally sponsored students

2.6.Support to Students

Students facing difficulties will be advised to seek help from potential sponsors at the earliest possible opportunity. However, it is the University's right to recover all outstanding fees debts

2.7. Loss of Banking Slip

In order to encourage the students to be more responsible, the students are reminded that the banking slip is conserved as an accounting document which should be kept for a long time, every student who loses his/her bank slip will have to go back to the bank and get the stamped copy of the banking slip which has been lost

2.8.Refunds Policy

All fees paid (for Registration and all other academic payments) are non refundable except in case of double payment or payment to the UoK accounts by error.

A refund on tuition fees which will be determined by the University can be made to a student who withdraws from the University, where the University is satisfied that the circumstances made it impractical for the student to continue with the studies.

In all cases, the tuition fee for a trimester in progress at the time of request is non refundable,

A student seeking a refund should complete a refund request form and return the form to the Finance Department for processing. Refund cheques will be made payable to the person or institution who paid the fees.

2.9.Debt Recovery and Penalties for Late Payment

Fees and other charges are due for payment at the time of registration (registration fees). Tuition fees are payable on trimester basis and approved instalment plans.

If it is not possible for students to pay the full fees at the time of registration, a suitable payment plan approved by the Deputy Vice Chancellor Administration and Finance (DVCAF /UA) on recommendation from the Finance or other Departments shall be made on how the outstanding fees will be paid. The student will be required to pay fees as per the approved payment plan. Failure to adhere to the plan will result in automatic exclusion of the student from the bona fide students list.

Failures to pay fees by due date will also attract a monthly late payment fee equal to 5% of the amount due until all fees are cleared. In addition;

i. If fees remain unpaid beyond the stipulated period, Students will not be allowed to sit for exams. Access to classes will also be restricted unless outstanding fees are paid in full or a new payment plan is agreed upon with the University Management.

ii. If the fees remain unpaid, the student will subsequently be notified in writing of the University's decision to take legal action to recover outstanding debt, including costs that may be incurred e.g. commission and charges that may be incurred in debt collection.

iii. The University may withhold the conferment of awards to students who have outstanding balances and re-enrolment will be applied.

Note: The University reserves the right to collect fees owed

2.10. Managerial Responsibility

The Deputy Vice Chancellor Administration and Finance (DVCAF /UA) in conjunction with the top management is responsible for the implementation of this policy.

Staff at the Finance Department are responsible for the effective operation of fees collection and accounting procedures.

Others who are responsible include:

i. Deans of Faculties

ii. Dean of students

iii. Head of Departments (HOD's) and Course Lecturers

iv. Other Schools/Faculty Administrators

3. Internal Control Framework

The management of the UOK is obliged to implement suitable internal processes designed to ensure reliability of financial reporting, effectiveness and efficiency of operations, safeguarding the resources/assets of the Institute, and compliance with applicable laws and regulations. The fundamental component of an internal control system is the overall control framework because it sets the character at the top of the Institute, consequently influencing control consciousness and discipline among employees. The minimum guidelines for the UOK's desired control framework include:

3.1.Organizational Structure

As a minimum, the UOK's organizational structure should ensure that the following responsibilities are performed by different individuals, and there is independent hierarchical internal check over the actions of those individuals.

3.2.Authorization of Transactions

- Execution of those transactions (including direct dealing with the suppliers, price negotiations, confirmation of delivery, etc.);
- Record keeping for those transactions; and
- Payments for those transactions.

3.3.Assignment of Authority and Responsibility:

- Delegated authority must align with responsibility;
- Job descriptions and responsibilities must be well defined in writing and communicated to the respective employees who must acknowledge receipt in writing;
- Assigned authority limits as well as the consequences of non-compliance must be communicated to the respective employees and acknowledged in writing; and
- The responsibility for the operation of key internal financial controls such as bank account signatories and reconciliation must be clearly defined and communicated.

3.4.Integrity and Ethical Values

- The effectiveness of internal financial controls depends directly on the integrity and ethical values of the employees who are responsible for creating and administering those controls. Therefore,
- The background of the prospective employees should be cross-checked prior to delegating to them responsibility for financial transactions;
- There should be written Codes of Conduct and personnel regulations regarding such aspects as prevention of conflicts of interest, expected standards of ethical and moral behaviour, and respect for authority; and
- Management should visibly take appropriate disciplinary action when an employee's conduct fails to meet the specifications in the Codes of Conduct.

3.5.Commitment to Competence and Efficiency

Employees should possess the knowledge and skills essential to the performance of assigned jobs. Therefore, the UOK should be committed to hiring employees with appropriate levels of education, experience and skills matching with assigned jobs, and to provide the employees with adequate supervision and training.

3.6.Management Philosophy and Operating Style

Management philosophy and operating style affects the way how the UOK's activities are managed. Management must take the lead in compliance with the provisions of the Manual or any other regulations of the Institute.

4. ACCOUNTING POLICIES

4.1.Purpose

International Financial Reporting Standards (IFRS) require organisations to set and disclose accounting policies used in the preparation of financial statements. This section describes the main accounting policies adopted by UOK in accounting for income, expenditure, assets and liabilities.

4.2.Fundamental Accounting Assumptions

It is generally assumed that financial statements are based on the following assumptions:

- Going concern
- Consistency
- Accruals
- Matching principal

Each of the above assumptions is defined below.

Going Concern

The going concern rule makes the assumption that the Organisation "has neither the intention nor the need to liquidate or curtail the scale of its operations drastically in the foreseeable future". If there are indications that the going concern assumption is inappropriate, the financial statements are likely to need preparation using an alternative basis

Consistency

Accounting policies should be applied consistently to all transactions:

- During the accounting period; and
- From period to period.

Accruals

Under the accrual concept, revenue is recognised when earned and expenditure when incurred. Therefore, the transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. This principle will be applied as follows:

Revenue Recognition

Revenues from school fees are recognised when the services are rendered. (School registration; student commits by paying school fees)

Expenditure Recognition

Expenses will be recognised when incurred even though payment may not have been made.

Matching Principle

It is important to record expenses in the period to which associated revenue is generated.

4.3.Accounting Policies

Financial statements shall be prepared under the historical cost convention as modified to include valuation of fixed assets.

The accounting policies on preparation of financial statements are provided below, and they specifically include policies on accounting for revenue, expenditure, depreciation, foreign currency transactions, and bad debt provisions.

Revenue from School Fees

Revenues comprise tuition fees and other income during an accounting period. There may also be sundry income arising from the sale of assets, etc.

All revenues will be accrued and accounted for in the financial period to which they relate.

Bad Debt Expense

A bad and doubtful debt provision shall be made for specific debts.

Employee Costs

The full costs of employees will be charged to the accounts during the period in which employees work. Material amounts earned but unpaid at the end of the financial period will be accrued. These include, but are not limited to, accruals for annual leave and leave passages not yet taken.

Other Expenses

The cost of other supplies and services will be accrued and accounted for in the period during which they are consumed or received. Material sums unpaid at the end of a period for goods or services received or works completed shall be accrued.

Similarly, expenses paid for in advance of the period to which they relate shall be recorded as prepayments in the balance sheet, and released gradually to the profit and loss account in accordance with their appropriate timing.

Fixed Assets

Direct expenditure for the acquisition, creation or enhancement of fixed assets will be capitalised on an accruals basis. Expenditure on the acquisition of a tangible asset will be capitalised and classified as a fixed asset, provided it yields benefits to the organisation and the services it provides for a period of more than one year.

Post Balance Sheet Events

The occurrence of a material post balance sheet event relating to conditions which did not exist at the balance sheet date will be disclosed in the financial statements. The disclosure will state the nature of the event and, where possible, an estimate of the financial effects.

Foreign Currencies

All transactions must be recorded in the accounting system with a base currency (local currency) value. If a transaction originates in a foreign currency, then the foreign currency equivalent should also be recorded.

The accounting policy in relation to exchange rates is that profit and loss account Items are converted at the average rate for the period, while balance sheet items are converted at the closing rate for the period. The rates to be used are the mid-rate from the organisation's primary bankers in Rwanda.

Other Receivables

Trade receivables are carried at anticipated realisable value. Specific provision shall be made for all known doubtful receivables.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

Provision for Liabilities

The UOK will make proper provision for any liabilities or loss likely (or certain) to be incurred, where there is uncertainty as to the amounts or the dates on which they might arise. Provisions, or changes in provisions, will be charged to operating costs. Subsequent related costs will be charged directly against the provision to the extent that the remaining provision is in excess of the cost. Where the provision is exhausted, subsequent costs will be charged directly to the P&L (or relevant balance sheet account where applicable.)

Provisions

Provisions are recognised when the UOK has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the organisation expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Summary

In summary, accounting policies which must be included in the financial statements should:-

- reflect the methods of applying the fundamental accounting concepts of "accruals", "going concern", "consistency" and "prudence";
- enable users of the financial statements to understand the basis on which they have been prepared.

Stocks and Stores (inventories)

Stocks will be valued on a weighted average basis. Fixed assets items in the stores will be recorded in the stock records and their usage controlled through the use of store movement cards.

Responsibility

It is the responsibility of the CFO to:

- develop, amend and recommend to the management group and BoD accounting principles, policies and procedures in the light of changed circumstances (both internal and external);
- ensure that the accounting policies and principles are observed by accounting staff; and
- continuously scrutinise all books so as to ensure that all accounting instructions in force are observed, no portion of the system at any time is allowed to fall behind, and abstract transcripts and other records are clean and neat.

5. GENERAL PRACTICES AND PROCEDURES

5.1. Basis of Preparation of Financial Statements

The financial statements will be prepared in compliance with the accounting standards adopted by the UOK.

5.2. Departures from Fundamental Accounting Assumptions

Any departures from these fundamental accounting assumptions should be disclosed in the financial statements.

5.3. Accounting Concepts

In setting accounting policies, the Finance Department should be governed by the following criteria:

Prudence:

Expenses, liabilities, assets and revenue shall not be overstated or understated.
In addition, losses shall be recognised as soon as possible, and gains included in the financial statements when certain;

Substance Over Form:

The substance over form principle must be considered in cases where the legal form of a transaction does not mirror its economic substance. Accounting should always reflect economic substance over legal form;

Relevance and Materiality:

Information is relevant if it influences users on economic decisions and material if it affects the evaluation of financial statements

5.4. Approvals

All accounting transactions must be approved. An approval mandate must be in place to govern the approval requirements and limits on different types of transactions.

The general principals on approvals are as follows:

- The approvals process is a key internal control in the organisation's operations, ensuring that only valid, properly ordered and approved transactions are posted into the system;
- The claimant must sign the form (particularly in cases of staff claims, requests for advance, or payment vouchers that specifically relate to individuals such as subscriptions, leave passages etc);
- The appropriate manager (departmental manager, staff manager, training manager, HR manager etc) will authorise as the first approver;
- The appropriate section head will authorise as second approver;
- Expenses must be signed by the DVCAF /UA (as the claimant) and approved by the Board.
- An approver who is also a bank signatory may not sign a cheque for settlement of his / her own claim, unless such a claim has also been approved by a (different) Head of department;
- The Accountant will typically do a preliminary review of all payment vouchers, principally checking for accuracy (casting), correct accounting for VAT and withholding tax, matching to Local Purchase Order (LPO), and Goods Received Note (GRN). Where the coding can be readily determined from the above information, the Accountant will also verify the account code. In other cases coding can only be verified once the approver has indicated the exact nature and purpose of the expense;
- The DVCAF /UA will approve all transactions before final posting is made to the system. In addition to areas reviewed by the Accountant, the DVCAF /UA will check for correct approvals and final transaction coding;
- All other purchases require that a Local Purchase Order (LPO) be raised to the supplier. In circumstances such as purchasing of computer or office equipment, a minimum of three quotations should be received from reputable suppliers to ensure that the organisation gets the best possible price.
- Only DVCAF /UA and Chairman of the Board can commit the organisation (i.e. create an obligation to a supplier) therefore all LPOs must be approved by DVCAF /UA before they are issued to the supplier. This is a key internal control to ensure that only duly authorised purchase orders are placed.

5.5.Journal Entry Process

A journal entry (also known as a journal voucher / JV) is an entry or transaction used in the Accounting System general ledger to book amounts for assets, liabilities, expenses, and revenues for a company or entity. Journal entries are initiated and completed by the Accountant with the proper security access to create journal entries in Accounting System.

Journal Entry documents should be initiated and completed on a timely basis to ensure that those reviewing have time to take action. If possible, the accountant should not wait until the fiscal month closing week to initiate documents. Access to reverse journals is restricted to the CFO and DVCAF /UA.

The JV will be prepared by the accountant who will forward to the CFO for approval and then recorded in the accounting system.

JV documents will need approvals and will directly post to the General Ledger. The accountant will review and approve every document initiated, regardless of amount or cost centre.

All journal entries made must be sequentially pre-numbered and filed sequentially. A list of all JVs raised and recorded should be entered in a Journal Entry Listing Form.

Approval

All correcting journal entries proposed by an entity must be approved by the CFO. When instructed by the CFO, the Accountant may approve the correcting journal entries in his or her absence.

Recording Transactions

The following procedures should be followed to initiate a journal entry:

- Generate supporting documentation for the proposed journal entry.
- Send the correcting journal entry form and any supporting documentation to the Director Finance for approval and signature.
- File copy of the correcting journal entry form and the supporting documentation.

- Post the journal entry recorded in the general ledger immediately.
- Confirm to the Director Finance that all correcting journal entries have been posted in the respective general ledger.
- File documents as appropriate.

5.6.Accounting Periods

The Financial Year

The Organisation's financial year runs from 1 January to 31 December. For example the financial year 2018 runs from 1 January 2018 to 31 December 20186.

The Accounting Period (month)

The financial year is split into twelve accounting periods, with January being period 1 and December being period 12. The accounting period runs from the 1st to the 30th/ 31st of the following month. For example period 1, which is January, will run from 1st to 31st January.

5.7. Accounting Documents

5.7.1. Purpose

This section describes the type and nature of key accountable documents maintained by the UOK, their control, custody, and security. The main objectives of these documents include:

- To provide third party evidence, which is more reliable than evidence provided by internally generated documents;
- Provide authority for effecting an accounting transaction;
- Provide reliable references to books of Accounts and Management records.

5.7.2. Examples of Important Accounting Documents

- Receipt Vouchers;
- Bank Payment Vouchers;
- Petty Cash Payment Vouchers;
- Local Purchase Orders;
- Sales Invoices;
- Suppliers/Purchases Invoices;

- Goods Received Notes;
- Delivery Notes;
- Store Issue Vouchers;
- Journal Voucher;

Note: All accounting documents shall be pre-numbered either directly by an Accounting system or in a printer.

5.7.3. Accounting Documents Register

A separate register known as "Accounting Documents Register" shall be maintained for the specified accountable documents. All documents received and issued shall be recorded in the register. Each issue shall be signed for by the drawer/recipient. At no time shall a person hold more than one active accounting document of the same nature. The Accountant shall maintain the register.

5.7.4. Custody of Accounting Documents

The documents above shall be kept in the custody of the CFO, and access to these documents shall be restricted to the key holder or with his/her authority. The CFO shall check these books on regular basis to ensure the documents are correctly recorded and properly stored.

5.7.5. Completed Accounting Documents

The users shall account for all completed accounting documents. The Accounting Documents Register shall show when such books were completed. Completed books shall be kept for purposes of maintaining an audit trail.

5.7.6. Retention of Accounts and Supporting Documents

All financial records shall be retained for 10 (ten) years after the end of the financial year to which they relate or for 7 (seven) years after the External Auditors have completed the audit of the accounts for the relevant year, whichever is later.

They shall only be destroyed subject to approval from the BoD and in conformity with the guidelines issued by MINEDUC.

5.7.7. Loss of Accounting Documents

The CFO shall frequently take stock of accounting documents. Loss of these documents or part thereof shall be immediately investigated. The Accountant shall inform the DVCAF /UA, who will make a decision as to whether to report the matter to police, publish the loss in the press, or any other action in the circumstances, in the best interest of the Institute.

5.7.8. Change of Officers

- Personnel responsible for financial records, funds, or other property shall be relieved of their responsibility only after their accountability and hand over procedures have been cleared and assumed by a designated successor.
- Clearance shall be obtained after a physical count of assets to ensure records agree with existence. Financial records shall be verified or reconciled for accuracy. The physical count and reconciliation to the records shall be done by both parties (incoming and outgoing officers), who will append their signatures on the approval documents as a show of acceptance of the accountability report.
- The outgoing officer shall remain responsible for any discrepancies noted in the certificate for the period he/she held office.
- For temporary change of officers, the same verification shall be followed except that there shall be no need to complete a certificate.

5.7.9. Specific Purpose of Each Accounting Document

The specific purpose of each of the above-mentioned Accounting documents is given below.

Receipt Voucher

Whenever UOK receives money either directly on its bank Accounts or physically by a bankers cheque, a receipt voucher with UOK’s logo and address shall be given. The voucher may be generated by software or be raised manually from printed material. The voucher shall be prepared by the Accountants and be approved by the CFO /DVCAF /UA. The Receipts column of the Cash book shall make reference to the receipt voucher. Appendix 1 shows the specimen of a receipt voucher.

Bank Payment Voucher

Pre-numbered bank payment vouchers shall support all bank payments. All payments entered in the bank cash book shall make reference of the relevant bank payment voucher number; in fact the cash book will have a column specifically reserved for the bank payment voucher numbers. Appendix 2 shows the specimen of a bank payment voucher.

Petty Cash Payment Voucher

All cash payments shall be supported by pre-numbered petty cash payment vouchers. All payments entered in the petty cash book shall make reference of the relevant petty cash payment voucher number. The petty cash book shall have a column specifically reserved for the petty cash book payment voucher numbers. Appendix 3 shows the specimen of a Petty cash payment voucher.

Local Purchase Order

Local Purchase order is a document issued by Management authorizing purchase of goods or acquisition of services for the UOK. After approval, and delivery to the supplier of goods or services, it becomes a legally binding document and seals a contract between the supplier and the UOK. Local purchase orders shall be pre-numbered on the UOK's printed material and shall always be approved by the CFO and DVCAF /UA and be attached to all suppliers' invoices, except as may be specified in the UOK's procurement policy. Appendix 4 shows a specimen of the Local Purchase Order. A local purchase order is used to award contracts for the supply of goods and for supply of services a service contract suffices. In all cases, a local purchase order may be issued following the laid UoK down procurement policy and procedures.

Invoices

A pre-numbered invoice, printed with the UOK's address, shall be issued to students as required and receipt vouchers shall be raised to acknowledge collection from the student. Reference shall be made to the relevant student's invoice.

Suppliers/Purchases Invoice

The UOK shall be given invoices for all goods and services it procures from suppliers. All payments for such goods and services shall be supported by the relevant suppliers' invoices.

Goods Received Note

All goods purchased by the UOK shall be delivered into stores before they are used. The storekeeper shall raise a Goods Received Note for all goods received into the stores. The goods received note shall be pre-numbered and be printed with the UOK's name and address. A copy of the goods received note signed by the storekeeper, to acknowledge the receipt of the goods, shall be presented with the supplier's invoice when demanding for payment. The goods received note number becomes a reference document for the storekeeper when updating the stock bin card. The quantity of each type of stock received and recorded on the stock bin card shall be matched with the appropriate goods received note. The goods received note shows the type of goods received and the quantity. The storekeeper shall make note on the goods received of short deliveries or defective goods. Highly technical goods shall only be received in the presence of an expert. Appendix 5 shows a specimen of a goods received note.

Delivery Note/book

A delivery note shall be used when the UOK is delivering goods to others. The recipient of the goods signs the delivery note to acknowledge receipt of the goods. The delivery note can also be used in a form of a book when delivering reports and other external correspondences to others. The delivery book can also be used internally for exchange of reports and other correspondences between staff and departments.

Stock Issue Voucher /Material requisition note

Stock issue voucher shall be pre-numbered and be printed with the UOK's address and name. Stock issue voucher gives authority to the storekeeper to release materials from the stores and shall be approved by the Accountant or the Heads of the user Departments. The stock issue voucher is a reference document for updating the stock bin card particularly the issues.

Journal Voucher

Journal voucher shall be pre-numbered and be printed with the address and name of the UOK and shall be used for correction of errors or making any other adjustments to the Accounts. Appendix 6 shows the specimen of a journal voucher.

6. BUDGETING AND FINANCIAL PLANNING

6.1.Purpose

A budget may be described as an itemised summary of estimated or intended revenues and expenditures for a given period along with proposals for financing them.

Financial planning and budgeting set out a financial blueprint for the ensuing year's activities and guides the accounting and reporting of the financial implications of those activities. The UOK's annual budget shall mean the budget for the activities of the Institute for the period between 1st January and 31st December of each year. It shall be presented in Rwf. The format and components of the annual budget shall be stipulated by the BoD and adhered to in the budget preparation process. It is fundamental that each budget holder gets involved in the planning/budgeting process to ensure ownership. A budget holder is an employee with delegated authority for financial decisions.

At a minimum, the annual financial planning/budgeting process should entail predetermining the following:

a) The Institute's goals and objectives to be achieved over the coming year;
b) The detailed activities to be carried out during the year in order to achieve the set goals;
c) Assigned responsibility for each of those goals i.e. who does what;
d) Assigned deadlines for completion of each of those activities;
e) Yardsticks for measuring the performance of those activities – Key Performance Indicators (KPI). For example target income, budgetary expenditure limits, etc.;
    - Agreeing on the KPI between the assigned employee and his/her immediate supervisor who would be responsible for appraising the performance of that employee;
    - Establishing the periodic intervals for appraising performance – it is recommended that appraisal should be carried out in intervals not later than six months;
    - Identifying necessary resources for the performance of the planned activities e.g. vehicles, equipment, human capital, etc;
    - Putting a cost to those activities and resources, and making cash flow projections for the ensuing year – budget. A budget reflects a "translation" of the several plans of action for the ensuing year into financial implications; and

- Agreeing corrective measures to be taken to address deviations from the plans.

In addition to the budget for the specific financial year, it is required that financial projection shall be made annually for three to five years.

6.2.The Budgeting Process – Who does what?

The budgeting process shall follow a "bottom-up" approach to ensure full participation and ownership by the budget holders. This approach shall ensure motivation of those involved and smooth implementation of the budget. The allocation of responsibilities under the bottom-up approach shall be as follows:

- Determining the strategic objectives and goals for the year being budgeted. This shall be the responsibility of the VC in consultation with the BoD, Deans and heads of department. The task is best accomplished in a specific "pre-budget meeting".
- Determining the various activities to be performed as to achieve the objectives and goals. This is the micro level of the budgeting process and it is the responsibility of each departmental head, in consultation with the respective employees under their supervision. The activities shall be translated into monetary terms so as to determine the financial resources involved – budget.
- With the support of the Accountant, the CFO coordinates the budgeting process and the other managers are required to provide the necessary underlying data, especially the non-financial data. Essentially, there shall be sub-budgets for each cost centre of UOK.
- The CFO shall consolidate the sub-budgets (departmental budgets) into a draft budget (Master Budget) for the University. It is important that departmental budgets are discussed and agreed between the respective budget holders and the CFO before consolidation.
- A specific budget preparation committee meeting constituting the DVCAF /UA, CFO, Deans, DHR, etc to draft the budget. The review and approval of the draft consolidated budget lien in the responsibility of Executive Commitee. At such a meeting, chaired by the VC, the CFO shall present and explain the draft budget in detail.
- There should be a comparison of the budget to the previous year budget and actual performance. Particular attention should be drawn to any budget overruns (i.e. where total expenditure exceeded funds available).
- It is the responsibility of the DVCAF /UA to ensure that the draft budget is presented to the management in the right form and at the right time for discussion and approval. The

VC executes this task in collaboration with the DVCAF /UA who ultimately presents the detailed explanations thereof.

- After the management's approval, the draft budget shall be presented to the BoD
- The approved budget is an authority to the DVCAF /UA to spend the funds in carrying out the activities detailed in the budget.
- The approved budget shall be fed into the Accounting software in use so that it becomes an integral part of the Accounting system. A budget integrated into the Accounting system shall be automatically monitored, in the sense that it shall be able to generate budgetary control reports any time management requires them.
- The budget implementation shall be subject to monthly monitoring of the budget variances. This monitoring facilitates remedial measures and financial forecasts of the remaining months of the financial year.
- It shall be the responsibility of the Accountant to prepare budget performance reports on monthly basis.
- Management by exception shall be exercised i.e. taking action on unusually big variances, whether favourable or unfavourable.
- Transfer of budgets from one category to another shall not be allowed unless prior written approval is given by the Rector.
- The DVCAF /UA shall ensure that all expenditure is within the budget before a commitment is undertaken. If the expenditure was not provided for or exceeds the budget, prior approval shall be obtained from BoD.
- In case of emergency, and where the Board is unable to meet, the VC may take an urgent decision in order to fulfil the obligations of the Institute and such decision must be brought to the knowledge of the Chairperson of the Board within 15 days. The decision must be brought to the attention of the subsequent Board meeting for examination.

6.3.Budget Calendar

The date of budget submission to the BoD is a more critical factor in the UOK's budget calendar.

Consequently, the following deadlines apply for each financial year.

Mid-year review of budget variances for the prior year and projections for the remaining months 30th August. Pre-budget meeting to determine strategic objectives and goals for the year being budgeted 31st September

Detailed costing of micro activities necessary to achieve the objectives and goals for the budget year 15th October

Departmental budgets agreed between the Accountant and budget holders 15th October

Budget committee meeting to discuss and agree draft consolidated budget 30th October

Presentation of the draft budget to the Board 15th November

Submission of the final draft budget to the Board 31st November

Top-down explanation of the final budget to budget holders 15th \December

Inputting the approved budget in financial accounting system 31st December

6.4.The Content and Format of the Annual Budget

The budget is a statement of financial plans presented in form of projected financial statements comprising of Income Statements, Balance Sheet, and Statements of Cash flows. These statements shall show monthly trends as well as the comparative actual financial statements for the year running. Therefore, the budgeted financial statements must be in the format of actual financial statements. It is important to prepare detailed supporting schedules to explain the workings for the amounts in the financial statements. Thus, the schedules would show the correlations between the several variables and the underlying amounts in the financial statements.

The presentation of the budget to the Board and shall be supported by a narrative budget commentary containing, at least, the underlying planned operational activities and the budget drivers such as projected patient numbers, charges, target KPIs, analysis of the economic environment, identified constraints, and envisaged mitigation measures.

6.5.Budgetary Control Measures

For proper control and monitoring of budget execution, variances between actual financial performance and the corresponding budgets shall be identified, analyzed, and explained on a monthly basis. This frequency will facilitate putting in place remedial measures at the right time.

In practice, the significance of specific budget variances vary with the underlying activity; e.g. a 10% variance on income target could be significant, while a 20% on stationary expenditure may be immaterial due to the values involved. Nonetheless, in principle, variances beyond 10% shall be explained and remedial measures taken.

The respective budget holders shall be involved in the budget variance analysis process because they are the persons possessed with the primary reasons for the variances under their jurisdictions. If this approach is not used, there may be disagreements between the accountants (who analyze the variances) and the budget holders over the reasons and remedial actions to be taken.

7. CHART OF ACCOUNTS

7.1.Introduction

The Chart of Accounts facilitates the objective and consistent classification of the UOK's expenditure and income into specific account heads, with codes that allow easy identification. Transactions shall be identified and allocated account codes as detailed in the Institute's Chart of Accounts.

7.2.Key Principles of Transaction Coding

- All transactions entered into the financial systems will require coding. To ensure that all relevant information is captured, the relevant accounting form must be attached to each transaction. The form has appropriate input spaces for the required codes.
- Get it right first time: All the management and financial reports are driven by account coding.
- Incorrect coding will lead to inaccurate reporting, and also to delays because time will have to be spent to make corrections to the accounts. It is the responsibility of the Accountant to ensure that all transactions are correctly coded. It is the responsibility of the Accountant and the DVCAF /UA to review and approve coding before the Accountants posts the transaction to the system.
- Coding is by the reason for, rather than the nature of, the expenditure. This means that an expense will be coded to the budget line relating to the reason why (purpose) it has been incurred. For example an air fare may be incurred for training, regional meetings, leave passages, recruitment etc. The cost will not be charged to the account code for air fares (nature of the cost), but rather to the code for training, or leave passages etc (reason for the cost).
- Costs that are incurred by or relate to an individual (such as medical, air fares) should have the staff's initials as part of the analysis code to facilitate drill down analysis and reporting.
- Description should be adequate in order to provide sufficient information about the transaction without the need to revert to the original document. The DVCAF /UA should agree with the Accountants on standard abbreviations and formats to be used for narrative and description in the various systems.

7.3.Approval of the Chart of Accounts

Once the Chart of Accounts has been agreed on at the departmental levels, then it shall be forwarded to the BoD for approval. Changes involving new account heads or erasing of the old account heads shall be approved by the BoD and be communicated to all departmental Heads.

7.4.Controls on the Chart of Accounts

The chart of accounts acts as reference data for transaction analysis and reporting. Access to it must be controlled and monitored by the DVCAF /UA to avert risks to the integrity of the data.

The DVCAF /UA must ensure that:

- Access to amend the chart of accounts (add, delete, activate or deactivate codes) is restricted only to authorised personnel; and
- Approval procedures (e.g. for setting up a new accounts code, client or staff member) are properly followed and the right paperwork is in place

8. ACCOUNTING SYSTEMS

8.1.Purpose

This section introduces the accounting systems used by the department, describes their core functionality, outlines the key work plan for each system, and describes the inter-relation between the systems.

8.1.1. Introduction

The operations of the Finance Department are computerised and there is an accounting system in place in the UOK. All management and statutory information should be produced from these system, though some further analysis may be required using Microsoft Excel as a front end.

Departments that use the accounting system must use the system in a consistent manner to ensure uniformity of working practices across the Organisation.

Complete training courses on the core systems, together with related manuals are provided by supplier of the Accounting System. Systems‟ training is part of the induction programme and is a combination of formal training sessions as well as on-the-job training. Staff of Accountant grade and above must be trained on systems administration, report writing and import/export routines.

The DVCAF /UA is responsible for the administration, maintenance, security and integrity of the financial system. He/she may delegate certain tasks in this respect to the Accountant. The DVCAF /UA is also responsible for training all new staff on the systems, and carrying out periodic refresher training as may be required.

8.2.Key Concepts of Accounting Systems

This section describes the key concepts of any accounting system, in order to provide a background framework for users.

8.3.Basic Structure of Any System

All systems consist of three key components:

- Inputs,
- Processing and
- Outputs.

8.4.Inputs to Financial Systems

Inputs comprise all the data entered into the system. Following the principle of Garbage-In-Garbage- Out (GIGO), the DVCAF /UA must ensure that there are adequate controls over all inputs in order to secure the integrity of the system. All transactions must be properly authorized and supported, and a full audit trail maintained.

The aim is to get inputs into the system "right first time" in order to maximize the department's efficiency, as well as the reliability of the outputs. The key is therefore proper and complete transaction coding per the chart of accounts, relevant description, approval / authorization of entries, controlled access to the system, and an audit trail.

Inputs may be manual (paper) entries such as a supplier invoice, or an electronic file from another system or spreadsheet. All manual inputs should be supported by the originating document, attached to the relevant accounting form. The form contains all coding information as well as approvals.

The Accounts Assistants are responsible for the bulk of data capture, while the Accountant and DVCAF /UA are responsible for reviewing and validating the data. This may be done through reconciliations and exceptions reports, many of which can be automated.

Types of input data:

- Journal Entries
- Supplier Invoices Bills
- Payroll Entries
- Payments
- Disbursements

Controls over inputs include:

- restricted access to systems
- restricted access within systems

- signing of input documentation to ensure conformity with principles and policies
- batch controls where systems are being interfaced

8.5.Processing

Processing is the core functionality of the system, and is the primary responsibility of the supplier. However the DVCAF /UA has an important role to play in systems administration, (including but not limited to backups, installing upgrades as provided by the supplier, controlling user access). The DVCAF /UA must have a good understanding of the process controls and business rules of the system.

Any change in requirements to processing must be channelled to the supplier (for common systems) or directly to the supplier (for local systems such as payroll). The DVCAF /UA should not attempt to make processing changes himself / herself.

System processing may be instantaneous on posting or uploading the transaction data, or may require manual intervention – for instance to approve a held journal, or initiate an export routine.

The DVCAF /UA can monitor the correct functionality of the system in a number of ways, including exception reports, audit trail reports, reconciliations etc. In most systems, an error message appears at the time of transaction processing if there is a problem. Such errors must be resolved quickly to maintain the integrity of the system.

8.6.Outputs

Outputs consist of reports (printed or soft copy) and export files. This is the area where the user has most room for manoeuvre with most systems, since reports do not have any impact on the underlying data or processing.

Export files can easily be integrated with other applications like Microsoft Excel or Access for further analysis or formatting/presentation.

Output files are more easily tailored to suit user requirements. In systems with powerful report writers, the user has a lot of flexibility to customise reports to meet specific requirements. Output files are also a key tool in exception reporting, enabling the user only to look at information which falls outside of certain criteria, thereby focusing on areas that require further investigation.

DVCAF /UA should therefore have adequate controls in place to ensure that transactions are thoroughly reviewed and approved before they are entered into any of the financial systems.

8.7.Responsibility for Financial Systems

The DVCAF /UA is primarily responsible for the integrity, security and proper operations of the organisation's financial system, and plays the role of the systems administrator. The DVCAF /UA may enlist the help of management information system (MIS) in certain areas, such as network backups and setups on new machines.

The DVCAF /UA's responsibility includes, but is not limited to:

- Setting up of new users and deleting/restricting access for staff that have left employment with the organisation.
- Daily and periodic backups and offsite storage as required.
- Installation of upgrades and patches
- Training of new users on the system, and periodic/refresher training of all users
- Day to day systems administration including troubleshooting and problem solving
- Liaising with MIS to ensure sufficient server space and server speed.
- Controlling and reviewing all inputs to ensure data integrity.
- Customising of locally required reports to ensure full but efficient utilisation of the system
- Maintaining and updating of reference data.
- Import and export routines, closing and opening of periods and other month-end routines.

9. BOOKS OF ACCOUNTS AND CASH MANAGEMENT

9.1.Purpose

The purpose of the cash management system is to ensure that:

- All receipts are accurately accounted for and banked intact;
- All payments are properly verified and approved before payment is made;
- All vouchers and supporting documentation are properly stamped “paid” immediately after payment is done;
- There is adequate segregation of responsibilities;
- All cash transactions are properly recorded in the General Ledger system;
- Bank and cash reconciliations are done on a timely basis; and

9.2.Responsibilities

The DVCAF /UA has the overall responsibility for safeguarding the organization’s financial resources. He / she must ensure that:

- The Assistant updates the collections register promptly and posts and allocates the receipt to the general ledger, with proper matching against debtors.
- The officers in charge of petty cash imprest floats maintain proper records, retain all expense vouchers and submit a properly supported and approved retirement prior to replenishment of the imprest.
- The UOK’s cash resources are managed and controlled effectively to eliminate wastage or misuse, and to minimize bank overdraft charges.
- All bank accounts are regularly reconciled and all outstanding items rigorously followed up.
- Bank reconciliations must be completed at least monthly, but most are likely to require weekly reconciliations on the busier accounts.
- Bank charges are carefully monitored to ensure that they are in line with agreed tariffs.
- Overdraft and loan terms and conditions are monitored and respected, and the organisation fulfils its obligations to lenders.
- A periodic cash position and rolling cash forecast will be in place to facilitate cash management and reporting.

- Cash-in-transit and cash kept on the premises, particularly overnight and at weekends, is within the limits of the organization's insured interest.
- Cash reporting requirements are complied with and
- Maintaining a positive relationship with the organization's bankers and other financial institutions.

9.3.Summary of the Cash Management System

The main features of the system are:

- The organisation operates a number of bank accounts
- Pre-numbered revenue receipt books will be adopted. A receipt must be issued for any cash, cheque, bank draft or telegraphic transfer (TT) received by the organisation.
- Receipts are prepared in duplicate, following the sequential numbering. The original receipt is given to the customer, while a copy is retained in the receipt book and is used as the source document to post the transaction to the Accounting System. All relevant information pertaining to the receipt must be recorded – e.g. invoice number, part payment, if the payment is net of VAT or Withholding tax etc.
- In the event that a receipt is spoiled or otherwise rendered invalid, it must be cancelled and retained securely in the receipt book.
- The bank deposit slips must be completed in duplicate. Receipt numbers should be endorsed at the back of the duplicate copy of the respective bank pay in slip.
- All receipts must be posted in the accounting system on the same working day.
- The collections register must be updated immediately a receipt is issued. The DVCAF /UA must have access to the collections register on a daily basis.
- All cheque payments are made on the basis of properly approved and fully supported payment vouchers. The payment voucher must be stamped and dated with the PAID stamp, and the cheque number recorded on the voucher. (All payment forms contain an entry field for the cheque number). Payment vouchers must be filed in sequential order by cheque number. Cheque payments must be posted into the accounting system by the morning of the following working day.
- Receipts must be obtained from suppliers and other third parties for all payments made. The receipts should be attached to the relevant payment voucher.

- Where cash payments are made, the recipient must sign for the cash received in a permanent book, in indelible ink.
- Petty cash payments are made on approved petty cash vouchers, which must be supported by receipts and/or other relevant documents.
- Bank reconciliation statements must be prepared frequently. The active bank accounts should be reconciled at least once a week and the less active ones monthly. As a minimum, all accounts must be reconciled by the 5th of the subsequent month for balance sheet reporting purposes.
- As part of the bank reconciliation process, it is also necessary to track the difference between cleared and un-cleared balances and establish the dates when un-cleared funds are expected to clear. Any undue delay in clearing of deposits must be followed up with the bank.
- At periodic intervals, but at least quarterly, foreign exchange valuations on the bank balances must be carried out for both management and statutory reporting.

9.4.Security of Cash and Accountable Documents

The DVCAF /UA is responsible for ensuring the safe custody of cash and all supporting documents. All cash value documents should be controlled effectively as regards printing, storage and issuing. Persons to whom such documents are issued must sign for them in the register maintained by the Cashier / Accounts Assistant for this purpose. Pre-numbered documents must be issued and used in strict numerical sequence. Accountable documents include:

- cheques;
- payment vouchers;
- purchase orders;
- cash vouchers;
- materials requisition and issue note.

It is the responsibility of the DVCAF /UA to ensure that:

- imprest floats in issue at any one time do not exceed the limits agreed
- safes utilized for the purposes of storing cash are secure;
- he / she holds all duplicate keys to safes and maintains a register of all key holders;
- all receipts are paid into the correct bank account; and

- any losses of keys or receipts (cash or cheque) are reported to the DVCAF /UA and to the police immediately.

9.5.Receipts

Main sources of revenue for UOK are tuition fees.
Students make payments in either of the following ways:

- banking into the UOK's bank accounts
- direct transfers into UOK bank accounts: In the case of direct bank transfers, UOK will receive a deposit advice from the bank to confirm receipt of the funds. The bank advice will be used to raise a receipt.

10. PETTY CASH POLICY

10.1. Purpose

The purpose of the petty cash system is to ensure:

- the maintenance of sufficient amount of float to meet small cash needs
- safe custody of petty cash funds
- adequate controls over petty cash held and petty cash payments made
- prompt and accurate processing, issuance, recording and accounting for petty cash.

10.2. Introduction

A petty cash float is to be maintained on an imprest basis. The imprest float is set at an amount specified by the DVCAF /UA. The purpose of the petty cash float is to provide quick access to cash for payment of small office expenses that may be required on a day to day basis, such as taxi fares, postage, snacks for meetings, petrol for pool cars etc. The UOK petty cash float is set at RwF 300,000.

The Assistant in charge of the imprest is responsible for ensuring that adequate funds are provided at all times by transfers from the bank account. An imprest float must be fully accounted for and approved by the appropriate Section Head before it can be replenished.

Petty cash payments are made on approved, pre-numbered petty cash vouchers, which must be supported by receipts and/or other relevant documents.

The petty cash retirement must contain all coding information (as for a receipt) to enable proper coding in the accounting system. Where petty cash expenses are incurred on behalf of clients (i.e. disbursements) the customer code must be recorded on the voucher.

10.3. Policy

A petty cash float will be maintained to meet office expenses. UOK management has agreed the float amount of RwF 300,000 which will be monitored and revised, with approval of the DVCAF /UA, when considered necessary. Any payments in excess of RwF 50,000 will be made by Cheque.

Petty cash will be securely locked up in a safe. Adequate security measures should be put in place while transporting petty cash from the bank.

The DVCAF /UA will conduct surprise petty cash counts to ensure petty cash is safe, used as intended and accounted for correctly. The count sheet will be counter signed by both the Cashier and the person conducting the count and dated. Any discrepancies noted will be reported immediately to the CFO and the Deputy Vice Chancellor Administration and Finance.

10.4. Responsibility

The DVCAF /UA will have the following responsibilities:

- ensure that there are sufficient funds to meet operational requirements;
- ensure that all petty cash payments are proper and duly authorised in accordance with the approval mandate
- ensure that the amount of petty cash in hand agrees with book balances;
- stamp all paid vouchers and supporting documents with a "PAID" stamp immediately after payment is made;
- submit an authorised and fully supported accountability to the Finance Department for reimbursement on a timely basis
- ensure safe custody of the petty cash at all times

The CFO will have the following responsibilities over petty cash:

- check petty cash vouchers and ensure that amounts shown are correctly cast and agreed with supporting documentation and have been duly authorised;
- ensure that the petty cash balance in the balance sheet is in accordance with the imprest limit set.

10.5. Petty Cash Procedure

The Cashier in charge will prepare a request for advance, attach the previous retirement with all supporting documents such as receipts, invoices and vouchers, and obtain DVCAF /UA's approval. (Ideally this should be before the float is exhausted, for instance when the balance falls below Rwf 50,000). The approved retirement and request for reimbursement will then be submitted to the DVCAF /UA.

In the Finance Department, the assistant responsible for payments will process the Advance. A payment voucher will be made on the same day and withdraw cash from the bank.

The payment voucher will be posted to Accounting system on the same day.
A payment voucher will be raised for the replenishment. The petty cash replenishment cheque should be reconciled to the petty cash expenditure. Any discrepancies noted should be investigated immediately and corrective action taken.

Cash Reconciliation Procedures
This will be conducted on a daily basis by the cashier supervised by the Accountant who will ensure that it agrees to the daily balances.

10.6. Payment Procedures

10.6.1. Cheque Payments

Cheque payments are used to settle obligations such as those to suppliers, statutory authorities and staff.
Cheque payments are initiated by a payment voucher such as Supplier invoice.

The key principles relating to cheque payments are:

- Cheque payments are made on the basis of duly authorised payment vouchers accompanied with respective supporting documents.
- In order to smooth the workflow of the Finance Department, the DVCAF /UA may schedule cheque payments only to be done on specific days, for example suppliers and staff may be paid at bi- monthly intervals.
- Cheques must be signed by authorised signatories in accordance with the bank mandate.
- Cheque signatories are responsible for reviewing all the supporting documents to satisfy themselves that the payment is lawful and that it has been processed properly.
- Cheque signatories will not sign blank cheques under any circumstances.
- Cash cheques must be opened when signing the cheques.
- Most cheques will be delivered to or collected by suppliers and/or staff. The person receiving the cheque will sign for it in the register. Where possible and practicable the cheques will be deposited directly on the payee’s accounts. In the event that cheques

are dispatched by post, the particulars of the cheque will be recorded in the dispatch register and dispatched to the payee by registered post.

- Receipts must be obtained for all payments made, and attached to the payment voucher
- The Assistant will date-stamp all documents with a "PAID" stamp on which both the date and cheque number are endorsed.
- Summary information relating to each payment must be recorded in the chequebook register or counterfoil.
- Spoiled or invalidated cheques must be clearly cancelled and the chequebook register updated to show that the cheques have not been used
- The DVCAF /UA must ensure safe custody of chequebooks at all times.
- Used cheque books / stubs must be stored for the statutory period as required by the Rwanda laws
- Paid vouchers, together with supporting documents, are filed serially in paid cheque voucher files by the Assistant.

10.6.2. Cash Payments

The key principles relating to cash payments are largely similar to those governing cheque payments as outlined above.

Cash payments are primarily made to provide staff with funds to cover travel expenses when going on assignments or travelling out of the country. Other cash payments should be kept to an absolute minimum to minimize the inherent risks of having cash on the premises. Staff salaries and supplier payments will not be made in cash. Staffs are expected to have bank accounts to which their salaries are transferred at the end of the month.

The cash held on the premises must be within the limits of the insurance policy governing cash-in- transit and cash on the premises overnight or at weekends. The DVCAF /UA should therefore ensure that cash withdrawn from the bank will be disbursed to the intended recipients on the same day. Any cash held overnight must be locked in a secure safe.

As far as possible, staff expense or reimbursement claims should be settled by cheque or direct bank transfer. Very small claims however may have to be settled in cash for practical purposes. The petty cash float may be used for this purpose.

As with other payments, all vouchers must have supporting documents attached, and will be duly approved by the relevant Head of Section. Paid vouchers must be date-stamped and posted to the accounting system on the same working day.

All cash disbursements must be signed for in the cash dispatch book by the individual collecting the cash.
Bank mandates, authorised signatories and agents

10.6.3. Bank mandate

A bank mandate must be put in place. This governs the authorised signatories and approval limits on the bank accounts. The key principle is that all bank accounts will have at least two signatories. The signatories will be determined by the BoP at the beginning of each Budget year.

Any changes to the bank mandate must be approved by the BOD and board minutes taken to record the resolution. Changes to the mandate must be communicated to the Bank in writing.

In the event of an authorised signatory leaving UOK, the banks must be notified immediately in writing.

10.7. Authorised Agents

The Organisation must also have a list of appointed agents for the bank. These are officers of the organisation who are authorised to carry out certain specified actions with the bank on behalf of the UOK. Such actions include, but are not limited to:

- Collecting or receiving bank statements, credit advice slips and other banking correspondences
- Withdrawing cash from the bank

The DVCAF /UA will approve the appointment of agents, in consultation with the BoD.

In the event an authorised agent leaves the organisation, the bank must be notified immediately in writing.

11. STAFF IMPREST, CLAIMS AND MISSION ALLOWANCES POLICY

11.1. Introduction

To describe the procedures and accounting treatment of imprest given to staff, imprest may be given to the UOK staff where it is found absolutely necessary, for example to finance travel expenses or purchase of important items where prices may not be known with certainty in advance.

11.2. Procedures

- All requests for imprest shall be made in writing to the DVCAF /UA. The request shall show the purpose of the imprest and the estimated amount required.
- Once the request is approved by DVCAF /UA, an imprest voucher shall be prepared and addressed to the accountant for approval. The approval request for the imprest shall always be annexed to the imprest voucher.
- If the amount of imprest required is more than Rwf. 50,000, an open cheque shall be prepared in the name of the staff. Where the amount is less than Rwf. 50,000 it shall be paid in cash. Whether the payment is by cheque or cash, the staff member will sign the payment voucher to acknowledge the receipt of the money.
- All imprest shall be accounted for to the accountant by producing the necessary invoices and receipts within a reasonable time, depending on the circumstances of each case under which the imprest is given.
- Whenever imprest shall be given to a staff member his/her personal account shall be debited with the corresponding credit entry in cash or Bank account.
- When the staff member accounts for the imprest given, his/her account shall be credited to cancel the original debit entry and the corresponding debit will be in the appropriate expense/asset account.
- No additional imprest shall be given to a staff member before a previous imprest is fully accounted for.
- Unless there are justifiable reasons for holding on imprest for more than one month, imprest not accounted for within one month after the month it was given shall be recovered from the employees' salary in equal instalments. The Accountant shall authorize the recovery from employee's salary

11.3. Other claims

Travel and mileage

University policy on official travel requires that University transport be used for official duties whenever possible but where transport is not available; a member staff may claim reimbursement for use of his/her personal vehicle upon provision of proof of payment. The reimbursement shall be based on the official rates for all approved

12. PAYROLL PROCEDURES

12.1. Purpose

This section describes the system and procedures to be followed and documentation to be used in preparing and analyzing the UOK's monthly payroll. Payroll transactions include: salaries (including advances); allowances; loans; processing of joiners; and leavers.

The purpose of the payroll system is to ensure:

- Complete and accurate data capture and payroll processing
- Production of all required reports in a timely manner
- Employees are paid in accordance with letters of appointment and any revisions thereafter are adequately documented.
- There is adequate security over payroll data
- Statutory and voluntary deductions are properly calculated accounted for and remitted to the appropriate authorities timely.

12.2. Policy

The UOK will issue appointment letters to all newly employed staff and the payroll processing will be in line with the terms and conditions of service of each category of staff.

The Finance Department will not make payroll changes without the express authority of the (DVCAF /UA) DAHR.

Tax will be deducted on all taxable pay in accordance with relevant tax law.

The UOK will comply with local labour laws, regulations governing employment and provisions of specific employment contracts.

To avoid the risk inherent in carrying large sums of money and minimize the risk of loss of payroll frauds, all staff will be required to operate bank accounts through which their salaries will be paid.

The payroll will be prepared on a monthly basis by the Accountant.

The Deputy Vice Chancellor Administration and Finance will ensure that this is prepared by the 25th of every month. The payroll will be reviewed by the CFO and approved by DAHR. Once approved, they will be forwarded to the DVCAF /UA for authorization of payments. Salary bank transfer instructions and the payment order will be forwarded to the bank to ensure salaries are credited to employee bank accounts before the end of the month.

12.3. Summary of the System

The main features of the system are as follows:

- The Accountant prepares the payroll. All approved amendments to the payroll must be received by the CFO by the 25th of every month to ensure processing in the same month;
- The CFO will review the staff expense account aged analysis report and identify overdue advances which are to be recovered from payroll.
- The CFO will review staff loan account balances and ensure that recoveries are made from payroll in accordance with agreed principles.
- The payroll is closed on 25th of the month, and the payroll signed off by the Director Human resources and DVCAF /UA. The head of payroll will compile a monthly payroll file with all supporting documents for payroll entries, and reconciliation schedules to show movements from prior to current month on key fields such as basic pay;
- Payment of salaries to staff is by means of direct transfer to their bank accounts.
- Cash payments for payroll are strongly discouraged. All employees are required to maintain a bank account into which their salaries are paid; in exceptional circumstances where some employees (such as temporary or casual staff) are paid in cash or by cheque, they are required to sign for their salary in a payroll dispatch book maintained by the Human Resource;
- Pay slips must be issued to staff no later than the last working day of the month. Staff must also be given loans and staff account statements together with their payslips;
- All statutory deductions and contributions should be accounted for and recorded. The DVCAF /UA must ensure that the payroll system is capable of processing all statutory requirements, and producing the necessary monthly / quarterly / annual returns;

- The Accountant will upload the payroll journal to the Accounting system by the last working day of the month. This is necessary to allow sufficient time for the following routines to be completed:
- Update of cumulative payroll
- account allocation of staff loan accounts and preparation of month-end staff loan report for balance sheet
- account allocation of staff expense accounts
- Account allocation the salaries control accounts (net pay control, health & social contributions control accounts) and preparation of month-end schedules for balance sheet

12.4. Payment of Lecturers

- Full-time Lecturers are paid on monthly basis in arrears.
- All remuneration paid to full time Lecturers is subject to statutory deductions (i.e. PAYE, NSSF, etc) and calculated in accordance with the National taxation laws in force.
- Part-time Lecturers are paid based on actual hours taught. It is the number of hours taught multiplied by the rate per hour. Claims are made on time sheets which must be checked by the Accountant, verified by the CFO and approved by the DVCAF /UA.
- Remuneration of part-time Lecturers is subject to statutory deductions calculated in accordance with the National taxation laws in force.
- All salaries are paid on payrolls which are prepared by the Accountant and approved by DVCAF /UA.
- No salary is paid in cash but directly through the individual's bank account

13. STAFF LOANS AND ADVANCES POLICY

13.1. Introduction

The general policy is that loans or salary advances will not be issued to staff.

The UoK will only approve salary advance in case of utmost emergency. This shall be applied for in writing and approved by the Deputy Vice Chancellor Administration and Finance (DVCAF /UA).

The amount of salary advanced shall not exceed 2 times of the net salary of the member of staff. It shall be repayable within a maximum of 6 months. The amount deducted each month should not exceed 1/3 of the net salary.

The procedures for obtaining a salary advance shall be as follows:

i. The request for a salary advance should be first approved by his or her immediate supervisor.

ii. The employee who wishes to apply for a salary advance shall then write a request letter or fill a request form to the Deputy Vice Chancellor Administration and Finance (DVCAF /UA). Once approved, it will be sent to the Finance Department for payment.

iii. After an advance has been paid, the equivalent amount will be recovered in equal instalment throughout the period stipulated in the approved request letter. This will be subject to a maximum repayment period of 6 months.

13.2. Loans from Financial Institutions

The UoK may agree to facilitate personal loans for staff with reputable financial institutions such as banks and leasing companies.

The UoK will not guarantee such loans, but will assist the employees by:

- recommending them to the institutions by signing salary assignment form
- remitting salaries to the designated accounts and;

- notifying the institution (lender) when the staff member leaves the Organisation

14. ACCOUNTING FOR ACCRUALS AND PREPAYMENTS PROCEDURE

14.1. Purpose

This section describes the system and procedures to be followed and the documentation to be used in calculating and accounting for accruals and prepayments at the end of each financial period.

14.2. Responsibilities

The DVCAF /UA is responsible for:

- Carrying out a full analytical review of the accounts to ensure that any prepaid transactions have been properly accounted for, and all material accruals are posted;
- Advising the accountant and subordinate staff on the computation of accruals required in the period.
- Ensuring that accruals are duly reversed when the respective expenses are approved and posted
- Reviewing and signing off the month end accruals schedule to confirm that all balances carried forward are valid
- Reviewing the prepayments schedule and ensuring that all charges which relate to the current month are posted
- Reviewing and signing off the prepayments schedule for the balance sheet file, ensuring that all balances carried forward are valid and the timing of transfers from prepayments to profit &loss account is clearly shown
- Ensuring that account allocation is maintained in the accounting system to match entries which cancel out, facilitating analysis of the closing balances

14.3. Procedures for Accruals

The DVCAF /UA should at the end of the financial period examine the Organization's records to establish goods or services received during the period, for which no charge has been received from the supplier (invoices not submitted) or no accounting action taken (invoices received but not yet approved). Examples include telephone calls, utilities, bank interest for which the supplier submits invoices in arrears.

- For goods or services procured by use of LPOs, where the invoice has not yet been received, the DVCAF /UA should review unmatched LPOs and use these as a basis for accrual of material amounts;

- For costs where invoices have been received but not yet approved, the DVCAF /UA should review the commitment account and accrue for material amounts;

- For costs incurred under contract such as telephone calls, electricity, bank interest, the DVCAF /UA should accrue for material amounts based on his / her knowledge and experience on the typical costs incurred;

The accrual journals should be supported by workings and supported documents for reference. No standard working papers are to be used because of the varying nature and timing of the different expenses accrued. Accruals should be maintained as permanent records for the adjustments made in each period.

It is recommended that a reversing journal is used for posting accruals. The accounting entry for accruals will take the format:

For ease of reporting and analysis, the DVCAF /UA may set up different accrual accounts for key categories of regularly accrued expenses for example:

- leave accruals
- Bonus accruals
- Telephone accruals
- Bank interest accrued

14.4. Procedures for Prepayments

There are certain expenses which are normally paid in advance, e.g. rent, insurance premiums, software licenses, for which the Organisation will only receive the benefit or make use of in future financial periods. These may be monthly, quarterly, bi-annual or annual instalments.

Amounts that are prepaid should be identified during invoice processing. If any amounts are identified as prepayments during invoice processing, the Accountant will immediately update the prepayments balance sheet schedule.

The DVCAF /UA will review all P&L transactions, and also the prepayments schedule for the month to ensure that all prepaid instalments relating the current month have been posted to the P&L. The DVCAF /UA will also check that no prepaid expenses have been debited in full to the P&L. In such circumstances, a journal must be passed to transfer the prepaid portion to the prepayments account, and the balance sheet schedule updated.

14.5. Exchange Differences in Relation to Accruals and Prepayments

The DVCAF /UA should be mindful of exchange differences when processing accruals or prepayments which are denominated in a foreign currency. It is important to ensure that on clearing the balance to the P&L, the balance sheet entry is fully reversed in both base and foreign currency.

Exchange differences are more likely to arise on prepayments rather than accruals, since accruals are revisited each month and posted at the current month rates. However the DVCAF /UA must review both accounts at each quarter end to ensure that balances are carried at the correct values both in local and foreign currency.

Realized Exchange Differences

In order to avoid the build up of unnecessary exchange differences, it is recommended that the rate at which the prepayments are transferred to the P&L is fixed at the rate ruling at transaction date, and used consistently on all reversals. However where the exchange rate is fluctuating significantly, and the prepayment period is long (e.g. more than 3 months) the Accountant may agree with the DVCAF /UA to use current rates. In this case, an exchange difference will arise in local currency. This must be cleared from the prepayments account and posted to the realised.

Any residual exchange difference must be posted to the realised exchange difference. Any residual exchange difference must be computed and posted to the realised exchange difference account in the P&L.

Unrealised Exchange Differences

At quarter end, the DVCAF /UA is required to compute unrealised exchange differences on foreign currency denominated balances by comparing the local currency equivalent in the system (which is at historic rate) with the local currency equivalent at the quarter end closing rate. Any material exchange differences should be posted to the unrealised exchange difference account in the P&L

When the balance finally clears, the associated exchange difference will become realised.

15. FIXED ASSETS RECORDS AND MANAGEMENT PROCEDURE

15.1. Objective

To identify the capital expenditure that constitutes fixed asset and highlight the procedures of managing and recording fixed assets.

15.2. Definition of Fixed Asset

Fixed Assets shall be defined as resources of the UoK with the following distinguishing features:

- Acquired for use in the University and are not for resale;
- Have estimated useful life of more than one year; and

All material resources which satisfy the above criteria shall be classified as fixed assets of the Institute. All donations of fixed assets to the UOK shall be given a monetary value and included in the books of accounts of the Institute.

15.3. Procedures for Acquisition, Maintenance & Disposal of Fixed Assets.

Acquisition of Fixed Assets:

- All purchases of fixed assets must be authorized by the DVCAF and the Chairman of the Board.
- The purchase of fixed assets shall follow the established procurement procedures.
- A fixed asset shall be purchased only when the provision for its purchase is in the Institute's budget.
- Fixed Assets acquired through donations shall be brought into the fixed assets' record at cost.
- Expensive or highly specialized items of fixed assets shall be supplied with performance guarantee or warranty agreements for a period of not less than one year.
- The technical specifications and the fixed asset capacity shall be part of the supply agreement and it is on the basis of the specifications that the performance guarantee shall be given.

15.4. Fixed Asset Identification Number (tagging)

- Each fixed asset of the UOK shall be given a unique identification number and it shall be indicated on a label, which shall be fixed on each fixed asset.
- Fixed Assets in each office shall be listed and the list shall be fixed in a clearly visible place within that office.
- Transfers between offices shall be made only on authorized transfer forms and the fixed assets record in each office shall be appropriately adjusted. The Accountant shall keep a copy of the Fixed Assets' register showing how the fixed assets are distributed within the different departments and offices of UOK.

15.5. Fixed Asset Register

All the fixed assets of the Institute shall be recorded in a Fixed Asset Register. The fixed asset register shall have the following information about the fixed assets:

- The Fixed asset description.
- Manufacturer's serial number.
- The name of the supplier/Manufacturer.
- The cost of the item.
- The date of acquisition.
- Location of the item.
- Internal identification number.
- The name of the supplier.
- The depreciation rate.

The fixed asset register must be updated with acquisitions and disposals.

15.6. Physical Count of Fixed Assets

The UOK's fixed assets shall be physically counted at least once in a year.

The physical count results shall be compared with the records and any discrepancies found shall be investigated and be resolved.

The physical count exercise shall produce a report on the physical condition of each fixed asset, highlighting those that have experienced unusual events like major accidents or those that were transferred or exchanged during the year.

15.7. Insurance of Fixed Assets

All the fixed Assets of the Institute shall be insured against possible risks.
In the circumstances, management shall make a decision on the appropriate insurance policies to be taken.
It shall be the responsibility of the DVCAF /UA to negotiate fair insurance covers for the UOK's fixed assets.
It shall be the responsibility of DVCAF /UA to ensure that the insurance premiums are paid in time and that they are properly treated in the accounts.
The DVCAF /UA shall ensure that the necessary prerequisites for lodging a successful insurance claims are put in place.

15.8. Fixed Assets Repairs and Maintenance

The repairs and maintenance is the responsibility of the Assets Officer.
Service contracts with reputable companies must be undertaken to ensure that the equipment of the UOK is properly maintained.
The Logistics Officer must keep the minimum service parts for the equipment in the stores.

Proper control measures of fixed assets use shall be put in place to ensure that the repair and maintenance costs are kept at a minimum. Measures such as the use of logbooks to monitor the movement of vehicles, use of register books to record personal use of office facilities such as telephone, photocopiers, Internet, and fax machines. If the use of these facilities is not properly controlled, the costs of repairs and maintenance can exorbitantly be high. Where it is necessary that the staff use the facilities for both official and private work, a system shall be designed to be able to distinguish private use and official use of the facility. Management shall set limits of expenditures for reimbursement to staff that are authorized to use the facilities for both the private and official use.

15.9. Depreciation

It is the allocation of the depreciable amount of an asset over its estimated useful life. The fixed assets of the UOK shall be depreciated on a straight line method and on the basis of the time they have been owned by the UOK, but ownership for periods of less than one month shall be ignored in calculations of monthly or annual depreciation charges. Different depreciation rates shall be applied in calculating depreciation for the different classes of Fixed Assets owned by the UOK. The following depreciation rates, which are in line with the provisions of the Rwandan law, shall be applied.

Class of Fixed Assets	Depreciation rate
1. Motor Vehicles	25%
2. Computers, Software and accessories	50%
3. Office equipment	25%
4. Office Furniture and Fittings	25%
5. Buildings	5%

14.10. Loss, Damage or Theft of the Fixed Assets

The loss, damage or theft of a fixed asset shall be reported to the Assets Officer who will carry out investigation to establish how the fixed asset was damaged, lost or stolen. If the asset cannot be recovered it shall be reported to the Accountant who shall then report to the CFO and DVCAF /UA.

The DVCAF /UA shall make a report of the loss to the police and shall keep a copy of the report on file and update the report with any police findings.

In some cases like the damage or loss of vehicle, it shall be necessary that a report is made to police as soon as possible, in which case the driver of the vehicle at the time of the incident shall make the report to police and to the DVCAF /UA.

Fixed assets lost shall be removed from the fixed assets register and the loss on disposal shall be calculated after taking into account any recoveries from the Insurance companies.

The DVCAF /UA shall immediately take the necessary steps to get compensation for the asset lost, damaged or stolen, from insurance company.

14.11.Procedure of Disposing of the Fixed Assets

The Chairman of the Board shall authorize the fixed assets disposal in writing.

The DVCAF /UA shall write to the BOD seeking authority to dispose one or several fixed assets of UOK. The request shall include reasons why the fixed assets have to be disposed of, and the preferred method of disposal.

The reserve price of the fixed asset to be disposed of shall be based on valuation of the fixed asset given by a relevant professional person.

The proceeds of the fixed asset disposal shall be received on sale by a certified cheque drawn in favour of the UOK.

The DVCAF /UA shall calculate and report in the accounts of the year the disposal takes place the profit or loss on the disposal.

15. ACCOUNTING FOR OFFICE CONSUMABLES

15.1.Purpose

The purpose of this section is to describe the system and procedures to be followed and documentation to be used to account for and control of office consumables. These primarily include printing & photocopying telephones & fax costs and pool vehicle costs. This section primarily describes the process in so far as it affects the Finance Department.

15.2.Responsibilities

The CFO is responsible for:

- Maintaining safe custody of the infrastructure e.g. photocopiers, switchboard, vehicles;
- Ensuring that maintenance and service contracts with reputable suppliers are in place
- Maintaining operating systems, whether manual or electronic. Examples include the switchboard software, photocopying software, printing software, vehicle mileage log.
- Preparing the budgets for consumables for all sections and support departments;

The DVCAF /UA is responsible for:

- Ensuring that accountabilities are received for office consumables;
- Reviewing the office consumables budgets for reasonableness;
- Recovering personal costs from payroll at month end;

15.3.Summary of the System

The costs are incurred in different ways as follows:

- Pool vehicle costs comprise primarily fuel, maintenance, parking and insurance charges. These are debited to the motor vehicle accounts.
- Printing and photocopying costs consist mainly of paper and toner, as well as maintenance. At invoice authorization, the costs are debited to Stationery account.
- Telephone and fax costs are the costs incurred are debited to Telephone Account.

The journal entries to record the costs will typically be:

Debit: Expense account (stationery, telephone, vehicle etc);

Credit: Cash

16. COMPLIANCE MATTERS-TAXES AND STATUTORY RETURNS

16.1.Purpose

The organisation is required to comply with all local statutory and regulatory laws. This section describes the main principles to be followed to ensure compliance.

16.2.Responsibilities

The DVCAF /UA is responsible for:

- ensuring total compliance with all regulations, and that the organisation is not subjected to any penalties or embarrassment for non-compliance
- all returns are filed and payments made by the due dates as required by the Rwanda laws
- organizing tax health checks on all areas –payroll taxes, withholding (and other indirect taxes), income tax – at least once a year
- reviewing all transactions to ensure compliance prior to processing in the accounting systems
- keeping abreast of new developments through constant liaison with the TAX department, and ensuring the Finance team is kept well educated on regulatory requirements and changes
- ensuring that where tax is withheld on invoices

The Accountants are responsible for

- Checking accuracy of tax computations
- Ensuring all taxable payments are captured in the tax computations
- Ensuring that taxes are prepared and paid within set timelines as below:
  - PAYE by 10th of the following month
  - Withholding taxes by10th of the following month
  - Quarterly Corporate Income tax by 15th of the due quarter
  - Corporate Income tax by 28th February of the following year
- Ensuring that they review all transactions for statutory compliance prior to processing.

17. PROCUREMENT POLICY AND PROCEDURES

17.1.Purpose

It should describe the procedures, methods, and documentation, to be used in the procurement of goods and services for use by the organization.

17.2.Introduction

Procurement means the acquisition of goods, works and services.

For the purpose of complying with the Procurement regulations, every department is required to obtain and keep readily available to staff, among others, the following documents:-

i. Approved Procurement policies & procedures.

ii. Procurement Plans which are guided and approved by Management and Board

In applying procurement procedures, special attention shall be paid to the following:-

(a) While the price paid is important, what is far more important is obtaining value for money. The right quality to meet the specified need is vital and it is important to ensure that goods, works and services are delivered in line with planned schedules. It is also important to procure the correct quantity of materials having regard to the advantages of bulk procurement.

(b) In addition to the price, the procuring entity needs to take into account quality, quantity, source time, internal and external factors, which are crucial to its decision making.

(c) When selecting a supplier the procuring entity shall endeavour to identify an organization that will meet its needs in quality, quantity timing and dependability at the lowest cost through Technical Evaluation process.

17.3.Procurement Plans

Procurement planning is mandatory for all departments.

Procurement planning serves to ensure that:-

a. Determining what will be procured, at how much and when.

(b) Funds to be committed in all procurements have been budgeted for.

(c) Splitting of orders to circumvent approval ceilings is not allowed and cannot subsequently be excused. All departments must ensure they prepare in advance their Procurement Plans which they will follow during the financial year. These plans must be approved before they are applied. The Procurement Plans must be filed with Finance, the Stores (warehouse) and/or other authorized receiving departments.

Ad-hoc purchases are not permitted.

In case of emergency purchases supporting documentations must be prepared and approved before execution.

Heads of Departments who are charged with procurement responsibilities must ensure that procurement plans are prepared in line with their annual budgets and implemented. They must therefore monitor the implementation of procurement plans on a quarterly basis and make adjustments as necessary.

Procurement planning is the responsibility of all those charged with procurement responsibilities of the organization. Procurement is a complex function and requires participation of all actors. It is also important for all actors to co-ordinate in performing their roles for the success of the procurement function.

The annual procurement plan should have the following details (where applicable):-

- Contract package
- Estimated cost
- Proposed procurement method
- Dates for completion of key procurement activities including:-

(i) Preparation of tender documents
(ii) Opening tenders
(iii) Selection of consultants
(iv) Working drawings
(v) Receiving proposals/tenders
(vi) Tender evaluation
(vii) Tender Committee adjudication and contract award

(viii) Signing of contract agreements

(ix) Implementation process to completion

(x) Payment to supplier/contractor

17.4.Choice of Procurement Procedure

Procurement will generally be done using any of the following methods:-

(i) Open Tender

(ii) Quotations

(iii) Restricted/Tendering

(iv) Direct Procurement

(v) Request for Proposals

(vi) Specially permitted method (to be approved by Public Procurement Disposal "Act" upon justified request).

The above methods are described as follows:

(1) Open Tender System

The preferred procurement method of the University is the Open Tender System. Where any other procurement method is used, a record of the reasons for the choice of that other procedure shall be made prior to its use and approval in writing given by the Tender Committee. The process of the open tender system in the University of Kigali shall be as follows:-

(a) Submissions of requirements in line with procurement plans by the user departments to the Procurement Officer. The submissions shall incorporate technical specifications.

(b) Invitation of tenders through the local media in at least two (2) national newspapers of wide circulation with clear details of tendering procedures.

(c) Opening of tenders shall be done by a committee of at least three responsible officers appointed by the accounting officer in the presence of tenderers one of whom shall be an officer not directly concerned with processing of the Tender. Each tender shall have a different opening committee.

(d) Evaluation by Technical Evaluation Committee comprising experts in the particular area concerned.

(e) Tender awards by the University Tender Committee.

6.2(1)A. Examination and Evaluation of Tenders

The tender examination and evaluation criteria that would be followed by the procuring entity should be disclosed in the invitation to tender.

Where possible a tender should be evaluated for technical qualification, followed by the financial evaluation.

Technical evaluation should be done by a Technical Evaluation Committee appointed for that purpose. The committee should be professionally qualified to rate all the tender offers in relation to quality and performance.

The Technical Committee should be furnished with the following by the Procurement Department:-

i. Tender documents

ii. Samples

iii. Any literature received from tenderers

iv. Qualification of candidates to participate in Public Procurement shall be based on the following criteria:-

- Possession of the necessary professional and technical qualifications and competence;
- Financial resources, equipment and other physical facilities;
- Managerial capability, experience and personnel to perform the contract;
- Legal capacity

In order to speed up tendering process to be in line with tender price validity, technical evaluation committee should be given a specific time frame within which to give its written and signed report.

Confidentiality

During or after procurement proceedings, no procuring entity and no employee or agent shall disclose the following:-

(a) Information relating to a procurement whose disclosure would impede law enforcement or whose disclosure would not be in the public interest;

(b) Information relating to procurement whose disclosure would prejudice legitimate commercial interests or inhibit fair competition;

(c) Information relating to the evaluation, comparison or clarification or tenders, proposals or quotations; or

(d) The contents of tenders, proposals or quotations.

(II) Quotations

A procuring entity may use a request for quotations for a procurement if:-

(a) The procurement is for goods that are readily available and for which there is an established market; and

(b) The estimated value of the goods being procured is less than or equal to the prescribed maximum value for using requests for quotations is RWF 100000.

(III) Direct Procurement

A procuring entity may use direct procurement if the following are satisfied:-

(a) There is only one person who can supply the goods, works or services being procured; and

(b) There is no reasonable alternative or substitute for the goods, works or services.

A procuring entity may use direct procurement if the following are satisfied:-

i. There is an urgent need for the goods, works or services being procured;

ii. Because of the urgency the other available methods of procurement are impractical;

iii. The circumstances that gave rise to the urgency were not foreseeable and were not the result of dilatory conduct on the part of the procuring entity.

iv. The total cost of the goods to be procured in bulk is below the RwF 50,000.00 threshold as provided for under the Petty Cash Payments

(IV) Restricted Tendering

The procuring entity may use this method when:-

(a) Competition for the contract, because of the complex or specialized nature of the goods, works or services, should be limited to qualified candidates;

(b) The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured

(V) Request for Proposals

The procuring entity may use this method when it seeks to obtain consulting services for which open or restricted tendering is not suitable because of the difficulty in defining precisely the services.

The proposals shall be addressed to not less than three, and not more than seven candidates selected by the procuring entity.

The request for proposal shall contain at least the following information:-

(a) Name and address of the procuring entity.

(b) A description of the services required, normally through terms of reference.

(c) Criteria for evaluating the proposals.

(d) The place and deadline for the submission of proposals.

(e) The candidates shall be given adequate time to prepare their proposals.

(f) The place and deadline for submission of the proposals should be indicated.

Each procurement activity for goods, works and services should be assigned:-

i. The responsible and relevant officials with appropriate training

ii. Time within which it should be completed.

iii. Appropriately equipped office.

iv. Regular and up to date reports.

17.5.Tender (Procurement) Committee

Membership Structure

Chairman: DVCAF

Deputy Chairman: CFO

Other members:

The University Administrator,

Director of Human Resources

A Principal of a College appointed by the Vice-Chancellor,

One Dean of a Faculty or School appointed in writing by the Vice-Chancellor.

One academic staff appointed in writing by the Vice-Chancellor.

Secretary: The Officer heading the procurement unit of the University

The quorum of the tender committee shall be five members including the Chairman.

The Functions of the Tender Committee shall be to:-

(a) Review, verify and ascertain that all procurement and disposal has been undertaken in accordance with the Public Procurement and Disposal policy, and the terms set out in the tender documents;

(b) Approve the selection of the successful tender or proposal;

(c) Award procurement contracts in accordance with thresholds prescribed in First Schedule;

(d) Ensure that funds are available for the procurement under consideration;

(e) Ensure that the procuring entity does not pay in excess of prevailing market prices;

(f) Review and prove aggregation of procurements where proposed;

(g) Review and approve the use of lots where packaging into lots has been proposed;

(h) Review the selection of procurement method and where a procurement method, other than open tender, has been proposed, to ensure that the adoption of the other procurement method is in accordance with the Procurement and Disposal policy, and any government guidelines stipulation;

(i) Approve the list of tenderers in cases of restricted tendering pursuant to regulation of the Public Procurement and Disposal policy;

(j) Approve the list of persons qualified to submit proposals pursuant to the Public Procurement and Disposal policy;

(k) Approve the list of persons to be given requests for quotations pursuant to regulation

(l) Approve negotiations under the Procurement and disposal policy and as may be stipulated by the Board;

(m) Approve the amendment of contracts previously awarded by the Tender Committee, in accordance with the Procurement and disposal policy;

(n) Review the quarterly reports on quotations that have been awarded by the Procurement Committee;

(o) Undertake any other functions and duties as are provided under the Procurement and disposal policy or as may be stipulated by the Board.

17.6.Purchase Procedures

(a) Whenever a department requires the use of certain goods or services it shall raise an internal stores received and issue note to procurement division if it believes the items are in store. Where the items are not in the warehouse, procurement division shall advice the department to fill a Request to Incur Expenditure (RIE) form.

This form shall be taken round by the user department to the relevant sections to confirm that the items/services were in the procurement plan and that they fall within the budgetary provision for the department for the year. The relevant approval according to the threshold levels is then granted on the RIE form. This RIE form is then used in the Procurement Office to raise a requisition note (to supplier).

(b) Every requisition note shall be approved by the Head of Department/Unit before submission to the appropriate Finance Office. In case of requisition notes to be charged against donor-funded votes, the approval shall be from the project leader in conjunction with the Head of Department/Unit. Every requisition note shall indicate:-

i. The name of the supplier;

ii. The account code to be charged;

iii. That Request to Incur Expenditure from the account has been given by the Authorized Officer;

iv. That funds are available.

The requisition note shall be sent to the relevant Finance Office for processing.

(c) Funds committed in all procurements must have been budgeted for.

(d) The respective Finance Office will commit funds in the vote and ensure strict compliance with the University procurement procedures.

(e) The authorized officer in charge of purchasing shall prepare and issue an L.P.O on the basis of the requisition note.

(f) Responsibility for initiating the need for the purchase of goods/services shall rest with the user-department, whereas the role of the procurement division will be to take charge of the actual process of acquiring the items.

(g) Direct procurement (single sourcing) may be applied:-

- where only one candidate can supply or provide goods or services;
- During times of emergency or disaster.

Single sourcing should not be used to avoid possible competition or aid in discrimination among candidates.

(h) The University shall not be bound for goods/services supplied without an official order.

(i) Payment for goods/services will only be made on receipt of duly certified invoices, supported with evidence of receipt of the goods/services.

(j) Certification of an account by a head of department/unit shall mean:-

i. That the goods have been received, examined and approved as being in accordance with the specifications and that the prices are in accordance with the order or contract;

ii. That the work done or service rendered has been satisfactorily carried out and that, where applicable, the materials used were of the required standard;

iii. That the account is arithmetically accurate.

(k) Authority to approve procurement of goods and services shall be limited as follows:-

- Head of Departments -up to RwF.500.000
- DVC -up to RwF.1,000,000.00
- VC/Chancellor -over RwF.5,000,000.00

The above ceilings are subject to review from time to time.

17.7.Receiving Procedures

Once Procurement Procedures are certified and a Local Purchase Order is issued, the supplier (vendor) is required to deliver the goods/services to the Central Stores/Warehouse. The following procedure is followed:-

i. The delivery is checked against the L.P.O for confirmation that the specifications requested have been adhered to.

ii. If goods are acceptable in terms of quality, quantity and specifications then the delivery note is signed by an authorized officer in the receiving department.

iii. The goods are then stored in an appropriate place in the store.

iv. A Store Received Note (SRN) is raised by the Stores and is subsequently attached to the invoice and Delivery Note.

v. The store personnel then certify the invoices for the following aspects:-

(a) Calculations and cross costs.

(b) Vote allocation.

(c) Confirmation that the L.P.O tallies with the order just received.

(d) Head of Department then approves the invoice for payment.

The procurement process will be considered complete once the supplier has been paid.

17.8.Issuing Procedures

Each department will be required to file with the Store/Warehouse its procurement plans. The stores, using the approved procurement method, will make necessary orders based on each particular procurement plan.

Whenever a department requires any goods or services the following procedure will be followed:-

(a) The department will raise an Internal Stores Requisition Note. The Internal Stores Requisition Note will detail the goods being requested, quality, quantity and other specifications.

(b) The Internal Stores Requisition Note will require the following approvals before submission to the Stores/Warehouse:-

Approval by the Head of Department or Unit requesting for goods;

i. In cases of donor funded projects approval by the Head of the Research (Project Leader);

ii. Confirmation from Budgetary Section that funds are available from the account code to be debited and from Grants Section in case of donor funded projects;

iii. The Internal Stores Requisition will then be sent to Audit for pre-auditing before it is presented to the Stores/Warehouse for issue of goods;

iv. Once the goods have been issued the stores personnel will post the relevant Bin Cards and then send a copy of the Internal Stores Requisition Note for posting in Finance Department.

17.9.Stock and Stores Accounts

The Finance Department shall be responsible for proper accounting for stocks and stores. Departmental stores should requisition for items required by the departments. The following stores procedures shall apply:-

(a) All requisitions for stores shall be on the prescribed Internal Stores Requisition and Issue Notes:-

(b) All departments shall be answerable to the Finance Department for the custody and proper accounting of stocks and stores under their charge and shall implement all stores procedures;

(c) The stores shall maintain adequate records for stock control such as Stock Control Ledger and bin cards;

(d) All goods shall be inspected by the Inspection Committee Officers to determine compliance with quality and quantity specifications;

(e) A delivery note signed by the storekeeper or any other authorized officer receiving goods shall accompany any invoice submitted for payment. The delivery note shall be signed at the time of delivery of goods;

(f) A Stores Issue Note shall accompany all goods from the store;

(g) All receipts and issues of stores must be recorded in the Stores/Ledger/Bin Cards immediately after each transaction takes place;

(h) There shall be regular stock counts by the Storekeeper or Senior Accountant in charge. Any discrepancies between the physical stock and the bin cards shall be investigated for appropriate action;

(i) There shall be an annual stock-taking at the end of every financial year, the result shall be incorporated in the annual accounts. An independent officer together with the Internal Auditor shall attend and participate in the annual stock-taking.

17.10. Records Maintenance and Other Regulations

(a) Procurement records must be kept for a period of 6 years from the date any procurement proceedings has been concluded or as per donor regulations for donor-funded projects.

(b) Record of proceedings can be made available to participating candidates who participated but information given should be restricted to summaries.

18. REPORTING

18.1. Purpose

The UOK requires accurate financial information that will assist management in:-

- developing policies and planning the future operations;
- making informed and effective decisions on the allocation of resources;
- measuring the performance of the Organisation; and
- Controlling and monitoring the operations.

This section sets out the requirements and processes for preparing the management reports.

18.2. Objectives

This section describes the minimum procedures to be followed in preparing routine monthly and year-end financial reports. The reporting procedures are meant to improve the level of Management Information System (MIS) by ensuring that the resulting information is relevant, reliable, and timely.

The cashbook is the primary source of the UOK's financial information. To achieve any meaningful reporting levels, the cashbook should be updated regularly, preferably on daily basis with all financial transactions that have occurred. Further, it is imperative that the data inputted in the computer system is subjected to prior and post review procedures to minimize errors and omissions.

It shall be the responsibility of the DVCAF /UA to ensure that routine, monthly, quarterly, and year-end financial reports are prepared and presented within the stipulated deadlines. The Rector will always review and approve the reports prior to forwarding them.

The objective of any management information system is to provide:-

- Useful and meaningful information to the recipient that will assist them in performing their duties more effectively;
- Relevant information for decision making;
- Timely information; and
- Accurate information to an acceptable level.

18.3.Basic Routines

The following are the basic routines:

- Preparation of weekly/monthly financial reports.
- Weekly/monthly cash flow status reports or cash requirements report.
- Accounts payable ageing, including commitments.
- Accounts receivable ageing
- Bank reconciliation and review of the cash books.
- Petty cash reconciliation
- Payroll creditors' reconciliation.
- Preparation of cumulative imprest, with number of days the imprest has been outstanding
- Preparation of journal entries/vouchers
- Review of ledger balances and control accounts
- Preparation of supporting schedules
- Cut off procedures.
- Prepayments
- Accruals
- Extraction of a trial balance
- Preparation of monthly/annual variances against budget
- Income and Expenditure Account.
- Balance sheet.
- Preparation and submission of Income tax returns in respect to Pay As You Earn. (P.A.Y.E).

18.4.Monthly Procedures

The following are the monthly procedures. These procedures should be completed within 10 working days after the end of month.

Reconciliations

- Preparation of reconciliation statements for all the bank accounts
- Preparation of the petty cash reconciliation and review petty cashbook
- Reconciliation/analysis of other cashbook accounts, including any suspense accounts

- Expenditure ledger reconciliations
- Reports
- Budget execution report
- Monthly stock returns
- Monthly fuel consumption reports
- Debtors and creditors reports
- Any other report or management information that be may requested.

18.5.Monthly Management Accounts

Monthly management accounts are prepared and reviewed by management. The management accounts comprise the following separate but linked reports:

Financial reports: - typically comprising the balance sheet, income statement, and cash flow statement. The statements shall show the comparison of actual and budgeted figures, and explanations for the major variances. These statements are supplemented by an overview (Notes to the Accounts) highlighting the key matters in the financial performance of the month.

The analysis of key performance statistics (KPIs) for the month: For example the number of students per semester in comparison with the estimate, and key financial ratios. The statistical analysis shall show a rolling trend over several consecutive months, preferably twelve months. The determination of the various KPIs, which is outside the scope of this manual, would have been done during the business planning and budgeting session.

Primarily, the monthly management accounts provide necessary information to determine whether:

- The financial performance is on track. This facilitates timely identification of deviations from plans, budget variances, and determination of remedial actions.
- The expenditures are keeping within budget or the extent of necessary revisions to be made to ensure achievement of the original performance objectives and targets.
- The non-financial KPIs provide corroborative evidence to give assurance that the reported expenditures are consistent with the underlying activities.

It is the responsibility of the Accountant to ensure that the monthly management accounts are ready for review by the 15th day after the end of the month being reported. The monthly management accounts are distributed to the DOF and Heads of Department. It is expected that a dedicated meeting would be held every month to discuss the management accounts.

18.6.Quarterly and Year-end Procedures

Quarterly procedures will be completed within 30 working days after the end of each quarter. Year-end – to be completed within 30 working days after the end of the year

i. Submission to BOD the quarterly budget execution report
ii. Preparation of quarterly financial statements (Receipts & expenditure statement)
iii. Preparation of the report on outstanding commitments report (arrears report)
iv. Any other report or management information that may be required.

18.7.Annual Financial Statements

At the close of the financial year, the DVCAF /UA has the responsibility to:

- Prepare financial statements comprising a balance sheet as at the last day of the year, an income statement for the year ended, a cash flow statement, and the supplementary notes explaining the major issues in the statements.
- Ensure that those financial statements have been audited. The audited financial statements must be presented to the Board for discussion and approval.

18.9. Profit Tax Declaration and Remittance

The UOK is subject to taxation on any surplus income from its operations. Surplus is the excess of income over operating expenses. The tax declaration is made on a specific form prescribed by the RRA, which shall be accompanied by audited financial statements. The declaration is merely management's reasonable estimate of the tax liability subject to audit and final assessment by the RRA. In practice, the ultimate tax payable varies with the amount declared. It is recommended that continued contact and advice regarding tax management should be obtained from RRA.

18.10. Annual Report

The UOK shall prepare an annual report for each year. The annual report shall be completed by 31st March.

It is the responsibility of DVCAF /UA, in conjunction with the Heads of department and the Accountant to ensure that the report is prepared by this date. The BoD shall determine the format and content of the Annual Report. At a minimum, it shall contain the following sections:

- Report by the VC
- Financial report, including audited accounts;
- Operational/technical report
- Budget variance analysis and explanations – financial and operations
- Highlights of the current year's budget; and
- vi. Any pertinent issues deemed necessary

19. AUDIT OF FINANCIAL STATEMENTS

19.1. Objectives

By law, it is statutory that the accounts of the UOK be audited by External Auditors. An audit is routine and is not an investigation for wrong doing. It is intended to enhance credibility of the financial statements and to offer corrective criticism and advice. To be well prepared, the management of the UOK should be aware of the scope of the audit, which is summarized as follows:

- To obtain sufficient evidence to be able to confirm whether the financial statements show a true and fair view of the affairs of the UOK – in other words whether, in material respects, those statements are complete, accurate, and truthful.
- To assess the adequacy of accounting and internal control systems at the UOK.
- To establish whether the assets of the UOK are adequately safeguarded from misuse or loss.
- To establish whether in its operational activities, the UOK complies with the relevant laws and regulations such as those regarding expenditure management, taxation, and procurements.
- To establish whether the management of the UOK conducted its affairs with economy and operational efficiency.

In the event that the auditor has been satisfied with the evidence obtained on the financial statements, the auditor will affirm that those financial statements show a true and fair view of the affairs of the UOK. However, in the event that the auditor has some reservations on any key matter in the financial statements, those reservations would be stated in the audit report on those financial statements. The timing of the audit shall be negotiated with the statutory auditors and it is necessary that audited financial statements are available by no later than 30th April to enable submission of the profit tax declaration within the statutory deadline of 30th June.

19.2. Financial Audit

The law requires that the UOK have its accounts audited by the external Auditor annually. An audit report shall be submitted to the Board of Directors not later than six months after each financial year

The management shall ensure that financial statements together with the supporting schedules shall be ready in good time, giving auditors adequate time in which to conduct and complete the audit. The auditor shall produce a draft audit report and present it to the Rector who shall formally respond to issues raised before a final report is produced. The formal response shall be copied to the BoD.

The auditor shall complete and issue the audit report by 30th June of the following year. A copy of the audit report shall be submitted to the finance department any comments arising there from shall be addressed to the BoD. Internal control issues that the independent auditors may come across during their audits shall be communicated to the Board of Directors by way of a management letter.

The DVCAF /UA shall ensure that the audit observations and recommendations are implemented, or otherwise dispensed before the next audit. Note: The preparation and presentation of financial statements are the responsibility of the UOK's Management. The external auditors shall only be responsible for expressing an independent professional opinion on the financial statements.

In addition, the auditor should normally issue a report covering the strengths and/or weaknesses in the internal control systems, accounting, and other operational procedures. Such a report is usually called a "Management Letter" and contains the following information:

- The audit observations – explaining the observed anomalies, their undesirable impact, and the probable risk to the UOK. The management of the UOK has the right to be told the size of the audit sample from which each of the anomalies has been noted so as to gauge the extent of the problem to the UOK.
- The suggested auditor's remedial recommendations. It should be noted that the auditor is not working in the UOK on a full-time basis in order to know all the details therein. Therefore, it is necessary that the suggested remedies are discussed between the UOK's management and the auditor to confirm their appropriateness.

- The comments by the management of the UOK, usually the Vice Chancellor, DOF and the Heads of the department. Those comments include the committed target deadline dates for the implementation of the agreed remedies.

The management of the UOK has an inalienable right to discuss the findings and recommendations of the auditor before they are reported to any other party. This is to ensure that there are no disagreements on the contents of the auditor’s report.

APPENDIXES

Appendix 1: Sample of Receipt Voucher

University of Kigali

Ref. No……...

Date: ……………………

Received from………………………………………………………………………………

For Mr / Mrs.:……………………………………………………………………..………..

Ref/ Cheque N^0: ……………………………………………………………….…………..

Rwf.................................. Amount (in words) ……………………………………………………………………..

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………...…………………………………..

Amount due:	…………………………………………………………….………………
Amount received:	……………………………………………………….…………………..…
Balance due:	………………………………………….…………………….…………

Appendix 2: Bank Payment Voucher

University of Kigali

Ref. No…………………..

Date……………………

Amount in Rwf ………………… …………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………………

Beneficiary/Payee………………………………………………………………………

…………………………………………………………...……………….…………

……………………………………………………………………………………………

…

Bank: …………………………………..…………………….………………………..

Cheque No………………………………..……………………………………..

Amount (in words)………………………………………………………………………

…………………………………………………………………………………….……..

Details……………………………………………………………………………………

……………………………………………………………………………………..…….

Posting/account and code………………………………………………………………

Prepared by………..……………………

Verified by…………………………

Approved by………………………

Appendix 3: Petty Cash Payment Voucher

University of Kigali

Ref. No: …..........

Date……………………

Amount in Rwf
………………………………………………………………………….......

………………………………………………………………………………………

Beneficiary/Payee:
……………………..……………………………………………………...…..

………………………………………………………………………………………

Expense details: ….……………………………………………………………………

………………………………………………………………………………………

Amount (in words): …………………………..…………………………………….……

………………………………………………………………………………………

Posting/account and code: ……………………………………………………………………

………………………………………………………………………………………

Prepared by Cashier	Approved by	Signed by Recipient
Date: ……………………..	……………………….	……………….
Signature……………….	…………………….	…….……...……

Appendix 4: Local Purchase Order

University of Kigali

Date…………….

PURCHASE ORDER No: ....

SUPPLIER…………………   DELIVER TO………………………………

Quantity		**Particulars**	**Unit Price**	**Total Price**
Ordered	**Received**			
Total				

Prepared by: ……………………………. Date……………………

Verified by ……………………………… Date ……………………

Approved by: .... Date……………………

Appendix 5: Goods Received Note

University of Kigali

	Description of stock item	**Physical items receipt (in units)**	**Total cost**
1			
2			
	TOTAL		

Verified for condition by: …………………………… Date……………………………

Designation………………………………………………..

Agreed to Delivery Note by: ……………………….
Date……………………………

Designation……………………………………………...

Agreed to LPO by……………………………………..
Date……………………………

Designation……………………………………………..

Received by……………………………………………..
Date……………………………

Designation………………………………………….….

General Ledger updated by: ………………………….
Date……………………………

Designation…………………………………………………

Appendix6: Journal Voucher

University of Kigali

Jv. Ref…………….

Date………………….

NARRATION……

SUPPORTING DOCUMENTS
DETAILS………………………………………………………..

Date	Account Code	Description of account	Amount	
			Dr	Cr

Prepared by………..…… Approved by……….……. Posted by……………..……	Date: ………………… Date………………..… Date………………….