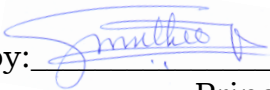


MERU NATIONAL POLYTECHNIC

QUALITY MANAGEMENT SYSTEM BASED ON ISO 9001:2015
FINANCE PROCEDURES MANUAL
MNP/PM/FIN/001

Authorized by:  Principal	Date: 16 TH JUNE 2016
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DOCUMENT VERSION CONTROL SHEET

Issue No.	Issue Date	Description of Change	Authored / Revised by	Approved By
Issue 1 Version 0	13-May-2011	Document creation	Finance Officer	Principal
Issue 2 Version 0	16-June- 2016	Overhaul of the Procedure Manual to meet the requirements of ISO 9001:2015	Finance Officer	Principal



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PROCEDURE NUMBER 1: BUDGETING

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure consistency and effectiveness in budgeting of finances.

1.2 SCOPE

This procedure applies to all financial activities in the Polytechnic

1.3 REFERENCES

Current Finance Manual

1.4 TERMS AND DEFINITIONS

Refer to the List of Terms and Definitions

1.5 PRINCIPAL RESPONSIBILITY

The FO shall ensure adherence to this procedure.

1.6 INTERFACES

- a) Head of departments- submission of departmental budgets
- b) Principal – Authorization of fees

1.7 PERFORMANCE TARGET

The performance shall be measured through the overall performance of the Department based on

Performance target	Monitoring and measurement
Complete and timely budgeting - by 30 th June each year	Analysis of budget drafts received from all areas. And adherence to ceiling
Timely communication of approved budget –by July each year	Review of when communication was made
100% compliance with budget	Analysis of expenditure for compliance

1.8 RESOURCES

The resources to be used in the process are listed below:-

- a) Budget



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b) Personnel

1.9 INPUTS AND OUTPUT

INPUTS	OUTPUTS
Departmental budgets	Final budget

2.0 METHOD

- 2.1 This procedure shall start in the month of May with the FO reviewing and evaluating the current budget to form a basis for the following financial year's budget.
- 2.2 In evaluating, the FO shall consider the following:-
- Current year's revenue,
 - The current year's expenditure, and
 - Budget implementation.
- 2.3 In consultation with the Registrar, DP and the Principal, the FO shall establish the estimated amount of revenue expected from the following as applicable:-
- Fees from the trainees,
 - Production unit,
 - Government grants.
- 2.4 The FO shall as per internal communications procedure number 1 in the Administration Procedures Manual request all the HODs to forward their estimated departmental budgets for the following year by a deadline date.
- 2.5 Upon receipt of the communication, the HOD shall in consultation with the departmental staff prepare a departmental budget estimates and forward it to the FO for consolidation into a draft Polytechnic's budget.
- 2.6 Upon consolidation of the departmental budgets, the FO shall forward the draft budget to the Principal who shall as per meetings procedure number3 in the Administration Procedures Manual convene a meeting



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with all the HODs to validate the budgets against the expected Polytechnic's estimates and the current budget.

- 2.7 Upon validation, the FO shall prepare the final Polytechnic's draft budget and forward it to the Principal for verification guided by the agreements of the validation meeting.
- 2.8 In the event that the draft requires amendment, the Principal shall revert it to the FO with recommendations for amendment and resubmission.
- 2.9 Upon approval, the Principal shall as per the Meetings Procedure in the Administration Procedures Manual convene a PGC meeting to review and adopt the Polytechnic's draft Budget.
- 2.10 Upon adoption of the budget, the FO shall as per the internal communication procedure in the Administration Procedures Manual communicate to all HODs and this procedure shall be deemed complete.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Evidence of evaluation of the current budget.
- 3.2 Evidence of communication to HODs.
- 3.3 Evidence of validation of the draft budget.
- 3.4 Evidence of adoption of the budget by the PGC.



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PROCEDURE NUMBER 2: REVENUE COLLECTION

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure consistency and efficiency in revenue collection.

1.2 SCOPE

This procedure applies to receipting of all applicable revenues for the Polytechnic

1.3 REFERENCES

Government Financial Regulation and Procedures

1.4 TERMS AND DEFINITIONS

Refer to the list of terms and definition

1.5 PRINCIPAL RESPONSIBILITY

The FO shall ensure adherence to this procedure.

1.6 INTERFACE

- a) Principal – Amount received
- b) Head of Departments – fees balances

1.7 PERFORMANCE TARGET

The performance shall be measured through the overall performance of the Department based on

PERFORMANCE TARGET	MONITORING AND MEASUREMENT
100% receipting of revenue	Review cash reports
100% banking of revenue	Review daily reports
Timely information on fees balances on request.	Generating balances from the Financial MIS

1.8 RESOURCES

The resources to be used in the process are listed below:-

- a) Automated system
- b) Personnel



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1.9 INPUTS AND OUTPUT

INPUTS	OUTPUTS
Revenue	Receipts

2.0 METHOD

2.1 Trainees' Fees

2.1.1 This shall start with the FO issuing fees pro-forma invoice to the continuing trainees, at the end of term.

2.1.2 The FO shall invoice the respective trainees' accounts with the appropriate amounts before opening date.

2.1.3 The FO shall then receive revenue from trainees in form of any of the following modes of payment as applicable:-

- a) Bankers Cheque,
- b) Money Orders,
- c) Banking in slip,

Note: The FO shall not accept cash fee payments.

2.1.4 Upon receipt of revenue, the cashier shall post the details of the payment document in the automated system and issue the trainee with the Polytechnic's receipt.

2.2 Other revenue Sources

In the event the revenue is from other sources, FO shall manually allocate the funds to appropriate vote heads and issue the payer with the Polytechnic's receipt.

2.3 On a daily basis, the FO shall bank all revenue.

2.4 For grants and donations, the FO shall upon verifying that the money has been credited in the polytechnic's account prepare a receipt and forward it to the Principal who shall as per the external communication procedure number in the Administration Procedures Manual acknowledge receipt of the money.



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3.0 LIST OF APPLICABLE RECORDS

- 3.1 Payment receipts.
- 3.2 Evidence of communication.



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PROCEDURE NUMBER 3: PAYMENTS

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure transparency, consistency and efficiency in payments made by the Polytechnic.

1.2 SCOPE

This procedure applies to all forms of payment made by the Polytechnic

1.3 REFERENCES

- a) Government Financial Regulation and Procedures
- b) Income Tax Act (2009)
- c) Current NHIF & NSSF Regulations

1.4 TERMS AND DEFINITIONS

Refer to the list of terms and definition.

1.5 PRINCIPAL RESPONSIBILITY

The FO shall ensure adherence to this procedure.

1.6 INTERFACES

- a) Procurement Officer – Complete supporting documents of suppliers payment document, LSO, LPO
- b) Principal – Authorization of payment

1.7 PERFORMANCE TARGET

The performance shall be measured through the overall performance of the Department based on

Performance target	Monitoring and measurement
100% payment of suppliers within a month	Review of suppliers register including timelines
Payment of salaries by 30 th of every month	Review of payment date through analysis of payroll
100% surrender of imprest within 48 hours	Analysis of imprest register
Payment of casuals on weekly basis	Review of payment date through payment list



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1.8 RESOURCES

The resources to be used in the process are listed below:-

- a) Suppliers register
- b) Personnel
- c) Authorised salary scales
- d) Payment list

1.9 INPUTS AND OUTPUT

INPUTS	OUTPUTS
Local Purchase Orders & Local Service Orders	Payment of suppliers
Authorised salary scales	Payroll
Imprests register	Un-surrendered imprest

2.0 METHOD

2.1 The Polytechnic's makes the following payments:-

- a) Payments to suppliers,
- b) Salaries,
- c) Statutory deductions,
- d) Refunds of money to trainees, and
- e) Imprest,

2.2 Each of the payments shall be made as described below.

2.3 Payments of suppliers

2.3.1 This shall start with the FO receiving payment documents approved by the PO from the internal auditor.

2.3.2 The FO shall verify the payment documents to ensure authorised approval and consistency of the LPO or LSO with the source documents as applicable.

2.3.3 In the event of any anomaly in payment documents, the FO shall reject the payment documents and advise the PO appropriately.

2.3.4 Upon verification of the payment documents, the FO shall record the payments due in the invoice register.



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2.3.5 Fortnightly, the FO shall present the list of creditors due for payment to the Principal for information and direction on how to process the payment documents.

2.3.6 The FO shall then process the payment documents and submit them to the Principal for signing and onward transmission to the other signatories (PGC chairman and one of the two authorised PGC executives) for approval.

2.3.7 In approving the payments, the signatories shall scrutinize the payment documents to ensure that the payments are authentic.

2.3.8 In the event of any disparity, the PGC Bank signatories shall advise the Principal accordingly.

2.3.9 Upon approval by the PGC Bank signatories, the FO shall verify the approved cheque to ensure it is fully authorised.

2.3.10 After verification, the FO shall as per the external communication procedure number 1 in the Administration Procedures Manual communicate to the supplier requesting the supplier to collect the payment cheque.

2.3.11 On receipt of the cheque by supplier, the FO shall ensure that the supplier signs outgoing delivery book.

2.3.12 The FO shall then as per the auditing requirement file the payment documents and post the payments in the respective books of account.

2.4 Payment of PGC Staff

2.4.1 This shall start with the FO establishing the number of all PGC staff due for payment guided by the HR.

2.4.2 The FO shall prepare the payroll guided by the approved PGC staff salary scale, deducting all applicable deductions to establish net salaries for each staff.

Note 1: All employees in the payroll are obliged to pay N.H.I.F and N.S.S.F.



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Note 2: P.A.Y.E is payable where applicable.

2.4.3 Upon verification, the FO shall group employees according to banks they hold accounts in, and prepare a common cheque to each bank, to be accompanied by a list of employees, their active account numbers and their net pay.

2.4.4 The procedure shall then continue as from 2.3.6 to 2.3.12 above.

2.5 Payment of Statutory Deductions

2.5.1 The FO shall prepare cheques for the Polytechnic's employees' statutory deductions as calculated in 2.4.2 above.

2.5.2 The procedure shall then continue as from 2.3.6 to 2.3.12 above.

2.6 Payment of Casual Employees

2.6.1 This shall start with the FO receiving a list of casuals with an approved service requisition form from the Estate Manager.

2.6.2 On receipt, the FO shall then verify whether the amount in the approved service requisition form tallies with the amount in the payment list.

2.6.3 In the event of any disparity, the FO shall seek clarification from the Estate Manager.

2.6.4 If the amount tallies, the FO shall approve the list and forward it together with the service payment requisition to the Principal for approval to make the payment.

2.6.5 In approving the payment list, the Principal shall consider:-

- a) the approved service payment requisition, and
- b) the current polytechnic's payment rates for casuals,

2.6.6 In the event of disapproval, the Principal shall revert the documents to the FO with recommendations for amendment and re-submission.

2.6.7 On approval, the FO shall forward the payment list to the cashier for payment.

2.6.8 The cashier shall ensure that casuals sign against their names in the payment list, upon receipt of their dues.



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2.7 Payment of Trainee's Refunds

2.7.1 The Polytechnic's shall pay trainees' refunds that include the following where applicable:

- a) Caution Money, and
- b) Fees overpayment.

2.7.2 The FO shall refund caution money to a trainee who has cleared with all relevant departments as per clearance procedure number in the Registrar's Procedure Manual and ensure that the trainees sign in the payment list as evidence of collecting the money.

2.8 Processing of fees overpayment

2.8.1 This shall start with the FO receiving a request for a refund from a trainee/parent/guardian.

2.8.2 On receipt of the request, the FO shall verify the overpayment from the trainee's fees statement and determine the source of the overpayment.

2.8.3 The FO shall then forward the statement to the Principal with recommendations.

2.8.4 In the event overpayments are bursaries, the Principal shall ensure that the bursaries are either refunded to the donor or re-allocated to needy student(s) by the bursary committee depending on the source.

2.8.5 Where the fees refund is not a bursary; the Principal shall authorize the FO to process the refund.

2.8.6 Upon authorization, the FO shall ensure that the refund is paid to the payee.

2.8.7 The FO shall ensure that the payee signs the payment voucher as evidence of collecting the refund.

2.9 Payment of Imprest

2.9.1 This shall start with any officer in the Polytechnic's filling an Imprest Requisition form.



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2.9.2 The officer shall then submit the filled Imprest Requisition form to the Principal for approval which shall be based on the following:-

- a) amount requested,
- b) reasons for requesting, and
- c) Un-surrendered Imprest.

2.9.3 In the event of disapproval, the Principal shall advise the requesting officer accordingly.

2.9.4 Upon approval, the Principal shall forward the approved Imprest Form to the FO for payment.

2.9.5 The FO shall then pay the approved amount to the officer and record in the Imprest register.

2.9.6 The Imprest holder shall within forty eight (48) hours of spending the imprest surrender to the FO:-

- a) All valid receipts as evidence of expense, and
- b) Any balance in cash.

2.9.7 Upon receipt of Imprest surrender, the FO shall then verify the amount of surrender against the records on Imprest register to ensure all the Imprest issued was surrendered.

2.9.8 In the event Imprest holder does not surrender Imprest, the FO shall submit the defaulter's names to the Principal for appropriate action.

2.9.9 Upon receipt of amounts worth the Imprest issued, the FO shall clear the officer and issue a valid Polytechnic's cash receipt.

3.0 LIST OF APPLICABLE RECORDS

- 3.1 Imprest register
- 3.2 Payment voucher
- 3.3 Payment list
- 3.4 Payroll
- 3.5 Delivery book
- 3.6 Invoice register
- 3.7 List of creditors



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PROCEDURE NUMBER 4: PREPARATION OF FINANCIAL STATEMENTS

1.0 GENERAL

1.1 PURPOSE

The purpose of this procedure is to ensure consistency and efficiency in preparation of financial statements of the Polytechnic.

1.2 SCOPE

This procedure applies to all forms of applicable financial statements of the Polytechnic.

1.3 REFERENCES

- a) Current Income Tax Act
- b) Government Financial Regulation and Procedures

1.4 TERMS AND DEFINITIONS

Refer to the list of terms and definition

1.5 PRINCIPAL RESPONSIBILITY

The FO shall ensure adherence to this procedure.

1.6 INTERFACES

Principal- Inform

1.7 PERFORMANCE TARGET

The performance shall be measured through the overall performance of the Department based on

PERFORMANCE TARGET	MONITORING AND MEASUREMENT
Trial balances on monthly basis	Monthly Trial balances
Bank reconciliations on monthly basis	Monthly bank reconciliations
Final accounts annually by 30 th September	Income Statements and Balance Sheets

1.8 RESOURCES

The resources to be used in the process are listed below:-

- a) Personnel
- b) Cash book
- c) Bank statements



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1.9 INPUTS AND OUTPUT

INPUTS	OUTPUTS
Cash book	Trial balances
Trial balances	Income statement

2.0 METHOD

2.1 The applicable financial statements of the polytechnic include:-

- a) Cashbook
- b) Trial Balance,
- c) Income Statement, and
- d) Bank Reconciliation Statement.

2.2 The financial statements are to be prepared as described below

2.3 Preparation of Polytechnic's Cashbook

2.3.1 The FO shall post all the receipts and payments to the respective vote heads in the cashbook on daily basis.

2.3.2 The FO shall then close the cashbook at the end of every month and extract a trial balance as per 2.4 below.

2.4 Preparation of Polytechnic's monthly Trial Balance

Upon closing the cashbook, the FO shall prepare the Trial Balance and forward a copy to the Principal for information.

Note: The FO shall prepare monthly cumulative Trial balance up to the end of Financial Year

2.5 Preparation of Polytechnic's Monthly Bank Reconciliation

2.5.1 Upon closure of the cashbook, the FO shall verify the closed cashbook records, against the previous month's bank statement.

2.5.2 In the event the balances do not tally the FO shall identify the cause(s) of any variation and in liaison with the bank reconcile the bank statement balance with the cashbook balance.



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2.6 Preparation of Polytechnic's Annual Income Statement

2.6.1 Using the Polytechnic's cumulative annual trial balances, The FO shall prepare the Polytechnic's Income statement indicating how the Polytechnic's revenue was spent.

2.6.2 If the statement is in order, the FO shall forward it to the Principal for information and presentation in the subsequent PGC meeting.

3.0 LIST OF APPLICABLE RECORDS

3.1 Cash book.

3.2 Bank statements.

3.3 Bank reconciliation statements.

3.4 Monthly and cumulative trial balances.

3.5 Income statement.