KIUT

EXPLORING THE HEIGHTS

KAMPALA INTERNATIONAL UNIVERSITY IN TANZANIA

FINANCIAL ACCOUNTS MANUAL

2019

Foreword

This Financial Accounts Manual guides the management of the Kampala International University in Tanzania's finances and resources. It has been prepared to serve as a guide to all staff dealing with finances in application of approved financial regulations, policies and procedures.

While preparing the regulations, reference was made to GAAP and International Financial Reporting Standards (IFRS). It will be the duty of all members of staff dealing with financial matters to familiarize themselves with the documents and adhere to the guidelines therein. The Tanzania Government through its Regulatory Agencies 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 Director of Finance.

Prof. Jamidu H.Y. Katima

Vice Chancellor

Contents

Abbreviations

CRF - Capital Request Form
CT - Corporation Tax
DoF - Director of Finance
DVC - Deputy Vice Chancellor
DVCFA - Deputy Vice Chancellor Finance and Administration
EFT - Electronic Funds Transfer
FIFO - First n last out
GAAP - Generally Accepted Accounting Principles
GL - General Ledger
GRN - Goods Received Note
HoDs - Heads of Department
HR - Human Resource
IA - Internal Auditor
IAS - International Accounting Standards
ICPAT - Institute of Certified Public Accountants of Tanzania
IFRS - International Financial Reporting Standards
IRR - Internal rate of Return
JV - Journal Voucher
KIUT - Kampala International University in Tanzania
LC - Letter of Credit
LE - Latest Estimates
LPO - Local Purchase Order
NPV - Net Present Value
NSSF - National Social Security Fund
PAYE - Pay as you earn
PO - Procurement Officer
ROCE - Return on Capital Employed
RTGS - Real Time Gross System
SCF - Supply Chain Finance
SDL - Skills Development Levy
SRIV - Stores Requisition and Issue Voucher
TIN - Tax Identification Number
TRA - Tanzania Revenue Authority
TT - Telegraphic Transfer
VAT - Value Added Tax
WHT - Withholding Tax

1 Introduction

1. This manual contains policy guidelines, rules and regulations that shall govern and guide Kampala International University in Tanzania's Finance and Accounting operations. Its objective is to establish a smooth, efficient and effective operating financial and accounting system to enable Management Committee and staff obtain relevant, reliable and timely financial information for quick decision making and reporting in accordance with international best practices.
2. It provides information on processing and recording of the University's data to ensure appropriate record and reports. The efficiency of these systems and the ability of management to effectively use the information that such systems produce, shall contribute greatly to the University's success.
3. It is intended to be a guide to the working procedures and internal controls, which shall enhance accuracy, timeliness, safeguard of assets, and adherence to University policies in transacting business on behalf of the University.
4. It emphasizes that it is the responsibility of all Officers and staff of the University to ensure that operating procedures and policies in their areas of responsibility are consistent with the requirements of this Manual and shall be accountable for the areas of responsibility under their control.

1.1. Scope

5. This manual covers all accounting and investment matters of KIUT.
6. It covers the following areas:
   a) Accounting policies, procedures and controls.
   b) Type and manner of records maintenance especially records regarding Students' details and assets belonging to the University.
   c) Standards, procedures and guidelines of how investments shall be carried out and maintained as a sound and healthy investment portfolio to ensure its viability.
7. The financial management reporting function includes the following:
   a) Financial control and stewardship, incorporating expenditure control and provision of data to stakeholders and operating functions;
   b) Production and monitoring of operating and capital budgets, latest estimates and long term strategic plans;

c) Production and review of monthly, quarterly financial and operating reports and annual statutory reports;
d) Capital expenditure evaluation and control;
e) Arranging long, medium and short term funding;
f) Investment guidelines and procedures;
g) Stores/Inventory management;
h) Cash management;
i) Control of waste, fraud and abuse of resources
j) Liabilities management

1.2. Interface with other University Manuals

8. Other KIUT Manuals which interface with the Financial Accounts Manual are:
   a) Operational Manuals
   b) Internal Audit Manual
   c) IT Security Policies and Procedures
   d) Human Resources Management Policy and Procedures
   e) Academic Policies Manual
   f) University Charter

1.3. Purpose of the Manual

9. The Manual sets out to:
   a) Define, in writing, relevant policies and objectives.
   b) Set standards by documenting systems, procedures and controls which define who does what, where, how and in what sequence?
   c) Provide reference to staff in their day-to-day work. It shall also act as an information source for Finance, Strategic Planning Committee, Internal and External auditors.
   d) Ensure that the University's assets/revenue are accounted for and controlled while the liabilities/expenditures are incurred only where necessary and within the pre-determined financial limits.
   e) Provide for communication of changes. Any changes in the system's procedures, controls and responsibilities, shall be made in writing through amendments.
   f) Serve as reference for use in training new staff or staff who are replacing colleagues that are absent or on leave.

1.4. Compliance

10. This Manual shall be followed by all departments in achieving uniformity in the accumulation of financial and accounting information.
11. Compliance with the systems and procedures contained in this manual shall be mandatory for all employees.
12. The Director of Finance shall be responsible for the day-to-day compliance with the provisions of this manual.

1.5. Revision

13. Any member of staff can initiate changes to this manual. All proposed changes shall be submitted to the Finance, Strategic Planning Committee for consideration before being submitted to the Council for approval.
14. The Director of Finance shall document the new policy or procedure, or the amended policy or procedure in the relevant Section of the manual.
15. For approved amendments, the DoF shall implement the changes and prepare the revised pages for distribution to all copy holders or upload them onto the intranet.

1.6. Maintenance

16. Every manual holder shall be responsible for keeping the manual in good order and it shall not be split up and pages distributed to non-members of staff.
17. A manual holder may, however, permit parts of the manual to be photocopied under the following circumstances:
    a) For training staff;
    b) For issue to the subordinates who may require parts of the manual to assist them in their day to day duties.

1.7. Responsibility and Interpretation

18. The Vice Chancellor is responsible for the overall compliance of this manual while the Deputy Vice Chancellor, Finance and Administration (DVC FA) shall be responsible for its day-to-day implementation. The responsibility for interpreting provisions of this manual shall be the Council subject to compliance with existing laws and regulations.

2. Accounting Principles, Policies and Control Objectives

2.1. Policy

19. It is the policy of KIUT to follow the Generally Accepted Accounting Principles which are based on International Financial Reporting Standards (IFRS) in recording and reporting is financial performance.

2.2. Objective

20. The objective of the policy is to provide Financial-reporting information that is:
    a) useful for presentation to potential investors and creditors and other users in making rational investment, credit, and other financial decisions.
    b) helpful to present and potential investors and creditors and other users in assessing the amounts, timing, and uncertainty of prospective cash receipts.
    c) about economic resources, the claims to those resources, and the changes in them.

2.3. Principles

21. The accounting system shall subscribe to the International Accounting standards (IAS) and shall follow Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).
22. The University shall follow any pronouncements made by the Institute of Certified Public Accountants of Tanzania (ICPAT) and other applicable best practices.
23. Since the University is assumed to continue as a going concern, the financial statements shall be prepared under the historical cost convention or modification thereof obtained systematically, like in the case of revaluation of property, plant and equipment.
24. Accrual Accounting shall be applied when revenue is realized and earned and exchange has taken place, and not when cash is received.
25. The matching concept shall be applied where the cost and expenses are identified with the revenue that they originated regardless of the date on which they are paid.

26. The accounting period for the University shall be twelve (12) months ending 30 September each year. Financial statements shall therefore be drawn and audited for each twelve months period ending 30 September.
27. Information disclosed shall be enough to make a judgment while keeping costs reasonable. Information shall be presented in the main body of financial statements, in the notes or as supplementary information.
28. The budget for the University shall be for the period of 12 months ending 30 September each year.
29. University's financial statements and all financial reports shall have the Tanzania Shillings as the reporting currency.

2.4. Accounting Reporting Policies

2.4.1. Revenue Recognition

30. Revenue shall be the aggregate invoice value of Tuition fees, Consolidated fees, Caution fees, Computer User fees, identity Card charges, Medical Insurance, Field work fees and Hostel fees from students and any other variable fees and incomes generated and earned by the University and is stated as net of VAT and discounts, where applicable. Revenue from investments, like rental from University properties, shall be accrued in proportion to the maturity period of investments.

31. Miscellaneous income shall be recognized when an invoice covering the income has been raised.

2.4.2. Expenses

32. Costs are recognized as and when the supplies or services are received, which shall normally be recorded by the receipt of an invoice. However, if supplies received and services performed are not invoiced by the end of an accounting period, then accrual accounting is applied to recognize the cost in the correct period. Expenses shall be brought to account when incurred and recognized in the period to which they related.

2.4.3. Fixed Assets (Capital Expenditure)

33. The criteria below shall be followed to determine whether or otherwise an item should be capitalized:
    a) The estimated useful life of the item is more than one year.
    b) The item is physically readily identifiable and can be maintained with ease.
    c) Usage of an item shall be seen to contribute to the operational capacity of the University.
    d) The item is of a substantial monetary value. Where the monetary value is the deciding factor, then it should be ≥100,000/=.

34. All costs directly related to the purchase and installation of a fixed asset shall be capitalized. These include duty taxes, freight, and transport charges, clearing charges, labour and materials.

35. Routine repairs and maintenance carried out on an asset in the normal course of business shall be expensed.

36. **Property, plant and equipment and Furniture** shall be recorded at cost and may subsequently be shown at valuation. Property, plant and equipment are re-valued with sufficient regularity so that the carrying amount does not differ materially from fair value [IAS 16] (at least once every five years). Increases in the carrying amount arising on revaluation are credited to revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve whilst all other decreases are charged to the profit and loss account.

37. **Computer Hardware and Software:** All the computer hardware shall be capitalized (provided it meets the above criteria). Capitalization of software shall be limited to core business software, operating systems, software and systems development costs and fundamental enhancements. Non-fundamental software upgrades shall be expensed.

38. **Leased assets** for which a significant portion of the risks and rewards of ownership are retained by the University are classified as finance leases. Payments made under non-finance (operating) leases are charged to the profit and loss account on a straight-lien basis over the period of the lease.

2.4.4. Depreciation

39. **Depreciation** is charged wholly in the year of asset acquisition and none in the year of disposal using the straight-line method and zero salvage value. The rate used shall be calculated to write off the cost or valuation of property, plant and equipment on a straight-line basis over the expected useful lives of the assets concerned.

40. The current depreciation and amortization rates are shown in Appendix 1 of this Manual.

2.4.5. Impairment of property, plant and equipment

41. Property, plant and equipment, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.4.6. Inventories

42. Inventories or stores shall be stated at the lower cost and net realizable value, where, costs include transport, handling costs and importation charges and taxes. Net realizable value shall be the sales value of materials, less any further costs of disposal. A system of **first in first out** (FIFO) shall be applied on all inventories.

2.4.7. Loan Management

43. Loan receipts shall be recorded and reflected in the Balance Sheet until they are repaid. Borrowing costs shall be recognized as an expense or capitalized in accordance with IFRS in the period in which they are incurred regardless of how borrowings are applied.

2.4.8. Foreign Currencies

44. All monetary assets and liabilities denominated in foreign currencies at the year – end shall be translated at exchange rate ruling at the balance sheet date. Transactions during the year shall be converted at exchange rates applicable at the dates of the transaction.

45. Bank balances and monetary assets in foreign currency shall be translated at the bank's buying rate while monetary liabilities shall be translated at the Bank's selling rate. All foreign exchange differences shall be dealt within the profit and loss account.

2.4.9. Journal Vouchers

46. Whenever it is necessary to make adjustments in the financial records, which does not entail receipt or payment of cash, journal vouchers (JV) shall be used. The JV shall show the reason for the adjustment shall be numbered serially and shall be checked before authorization by a senior and responsible officer.

2.4.10. Trade and other receivables

47. Trade receivables are carried at original invoice amount less provision made for bad debts based on a review of all outstanding amounts at the period end. Provision for doubtful debts is made on a specific basis as and when the recoverability of amounts owing comes into question. Bad debts are written off following approval from the Board of Trustees.

2.4.11. Deferred Income Tax

48. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward, Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred income taxes.

49. Deferred tax assets are recognized to the extent that it is probable that future taxable profits shall be available against which the temporary differences can be utilized.

2.4.12. Provisions for contingent liabilities

50. Provisions shall be recognized when the University has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources shall be required to settle the obligation, and a reliable estimate of the amount can be made. Otherwise disclosure will be sufficient for purposes of presentation in financial statements.

2.4.13. Monthly and quarterly reconciliation of Accounts

51. The objective of reconciling the accounts monthly and quarterly shall be done to ensure the arithmetic accuracy of the accounts;-

    a) The Accountant shall verify the accuracy of Accounting records at the end of each month by comparing the balances of the control or main accounts in the General Ledger with the total balances of the relevant subsidiary accounts, and by extracting a trial balance at the close of each month's accounts.
    b) If the trial balance does not balance, the ledgers and posted journals for the month shall be checked against the source documents with the aim of detecting any posting mistakes and correcting them by passing

appropriate journal entries. Such items shall be subsequently posted and a new trial balance for the month prepared/extracted.

c) The trial balances shall be filed for reference and audit.

2.4.14. Stock – taking

52. There shall be physical stock taking of all stores, cash and fixed assets available at the close of business on 30 September, each year. The stock taking record shall show for each stock item, the physical amount available, and the unit cost and total value to be incorporated in the financial statements.

2.4.15. Accounting Control Objectives

53. Accounting controls shall be instituted to ensure that;-
    a) all recorded transactions are valid
    b) transactions are authorized
    c) all valid transactions are recorded
    d) transactions are valued correctly
    e) transactions are correctly classified
    f) Transactions are recorded in the proper period.
    g) only valid and authorized transactions are posted to the ledger and/or included in the ledger so as to ensure reliable financial reporting.

3 FINANCIAL ACCOUNTABILITY

3.1. Roles and Responsibilities

54. This chapter outlines the responsibility for approval, implementation, financial reporting, and auditing.

3.2. The Audit Committee

55. The function of the Audit Committee shall include, inter alia, formulation and review of the policies of the University, setting targets for annual performance, appraising and evaluating the performance of management, appointing, appraising and disciplining senior members of staff and establishing own procedures and approving manuals for the internal operations of the University.

56. The following matters are specifically reserved for the full Audit Committee's decision:
    a) Recommendation of annual budget estimates to the Board of Trustees for approval;
    b) Recommendation of annual audited accounts to the Board of Trustees for approval;
    c) Salary increments;
    d) Acquisition and disposal of University assets;
    e) Investments;
    f) Opening of University Bank accounts and appointment of signatories thereto; and
    g) Authority levels.
    h) Approval of loans, advances and overdrafts to the University
    i) Approval of loans & advances to staff members.

57. In fulfilling its functions, the Audit Committee may establish various Sub-Committees to assist as its delegate. A Sub-Committee is an agent of the Audit Committee. Therefore, the Sub-Committee's decisions shall require ratification of the Audit Committee before implementation unless there are special circumstances that shall mitigate against it. The Audit Committee shall reserve a right to adjust or overturn a

Sub-Committee decision. The Sub-Committee shall be named Finance and Strategic Planning Committee.

3.3. Functions of the Sub-Committee

58. A Sub-Committee labelled Finance and Strategic Planning Committee shall assist the Audit Committee in fulfilling its oversight responsibilities for the financial planning management and reporting process, the system of internal control, the audit process, and the process for monitoring compliance with laws and regulations, and the code of conduct.

59. A Sub-Committee has authority to review, conduct or authorize investigations into any matters within its scope of responsibility, which in financial management is to:
    a) Appoint, compensate, and oversee the work of any registered public accounting firm employed by the University;
    b) Resolve any disagreements between management and External Auditors regarding financial reporting;
    c) Receive and recommend all financial plans including budgets;
    d) Receive and review all financial reports;
    e) Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.

3.4. Role of the Vice Chancellor

60. The Vice Chancellor, through the Deputy Vice Chancellor, Finance & Administration is responsible for the day-to-day operations, compliance and ensuring that resources are utilized efficiently and in accordance with approved procedures, work plans, and budgets thus providing good and exemplary leadership and management to the University. Among the responsibilities of the Vice Chancellor through the Deans;

    a) Coordinate and assist Heads of Department in the preparation of the annual budget, collection and submission of the annual budgets for recommendation by the Finance, Strategic Planning Committee and submit to the Audit Committee and Board of Trustees for approval.
    b) Ensure achievement of targeted growth and profitability in the strategic plan and annual budgets;

c) Coordination and monitoring of the designing of faculty/departmental targets and HOD's targets in line with the strategic plan and annual budgets;
d) Coordination and mobilization of, allocation, utilization, control and supervision of the University's resources in accordance with the corporate strategic plan, policies, procedure's rules and regulations.
e) Being accountable to the Audit Committee for the overall spending of the University.
f) The Vice Chancellor may delegate some of the responsibilities to the DVC finance office or any other office as the need may be.

3.5. Role of Heads of Department

61. The responsibilities of the Heads of Department (HOD) are defined as per the directory of roles and key result areas. HOD can recommend for financial approval of their requests to the Director of Finance.

3.6. Role of the Director of Finance (DoF)

62. The Director of Finance shall develop, review, and monitor the implementation of financial policies and procedures in line with KIUT financial procedures and policies and internationally accepted accounting principles. DoF's responsibilities are to:
    a) Establish a sound treasury management and finance function;
    b) Monitor the maintenance of the integrity of accounting records and financial transactions;
    c) Prepare periodic reports and advise the Finance, Strategic Planning Committee on financial performance;
    d) Develop, review, and maintain accounting and financial controls and procedures;
    e) Review and monitor the implementation of the annual budget;
    f) Prepare and submit all tax, NSSF, and other statutory returns;
    g) Monitor the reconciliation of all balance sheet accounts including bank accounts, accounts payables, accounts receivables, and accountabilities;
    h) Monitor and review the financial performance of the faculties;

i) Monitor the performance and development needs of staff in the Finance Department.

63. The DoF shall assist the DVC FA carry out his/her responsibilities.

3.7. Role of the Internal Auditor

64. The Internal Auditor (IA) manages the internal audit activity of the University through the development of evaluative instruments that improve the risk management, controls, operational and governance processes, in accordance with the Internal Audit Charter, international internal audit standards, and the relevant legislation.

65. Among the responsibilities of the IA are to:

a) Develop, review, and monitor, and implement the annual audit plan by determining the priorities of the internal audit activity that are consistent with the Corporate Plan and international internal audit standards;

b) Coordinate external audit and other oversight activities, so as to minimize duplication efforts in line with professional standards of internal auditing, international auditing standards, and the concerned Finance and Strategic Planning Committee, charter and internal audit plan;

c) Review and update the Internal Audit Charter, the internal audit manual and the ToR for the concerned Finance Sub-Committee;

d) Develop and implement a follow-up process and monitor Management action and/or implementations regarding auditor results/findings;

e) Provide the relevant Finance and Strategic Planning Committee with professional assurance on the integrity of audit and risk management activities by developing, reviewing, and participating in the use of instrument utilized by the Committee in the management of risk in the University's key business activities and strategic initiatives.

66. To provide for the independence of the Internal Auditing Department, its personnel report to the Internal Auditor, who reports functionally to the Audit Committee & Board of Trustees and administratively to the Vice Chancellor.

3.8. Delegation of Financial Authority

67. Financial authority for KIUT shall begin with the budgetary process and approval by the Finance, Strategic Planning Committee.

68. Financial signing authority shall be to the Vice Chancellor, who shall authorize / approve budgeted expenditures within the approved limits as set by the Audit Committee and the Board of Trustees from time to time.

69. Signing authorities shall be reviewed periodically to ensure that they are still valid.

70. As staff changes are made, the signing authorities shall also be updated.

4. PURCHASE AND ACCOUNTS PAYABLE

4.1. Objective

71. The objective of this Chapter is to prescribe procedures to:
    - a) Ensure that all purchases are authorized through the LPO.
    - b) Obtain at least three (3) quotations for all the major purchases for comparison purposes.
    - c) Ensure supplier invoices are valid, authorized and properly processed.
    - d) Accounts payable balances give a fair representation of what is owed to the supplier.
    - e) Reconcile Accounts Payable ledger balances to supplier statement balances.
    - f) Process payment of outstanding invoices due for payment according to purchase terms and conditions.
    - g) Match costs to correct periods through the accruals process.
    - h) Ensure that all appropriate credit is taken for incorrect invoices before payment is made.
    - i) Payments for partial deliveries of goods and services shall not be effected unless this had been specifically stated in the contract or LPO.

4.2. Responsibilities

72. The DoF is responsible for the Accounts Payable, Accruals and for all aspects of the accounts payable process.

73. The overall authority and responsibility for payments shall rest with the Vice Chancellor, Deputy Vice Chancellor, Finance & Administration and DoF and the said officers may delegate this responsibility as they deem fit or as and when necessary.

4.3. Invoice processing and posting

74. Suppliers' invoices shall be accrued before payment is subsequently processed. Accrued invoices shall be stamped. 'ACCRUED' and passed to the Finance Manager (expenditure) to process payment. All supplier invoices shall be recorded in a register.

75. A valid supplier invoice shall clearly show:
    a) Supplier's name, physical address and pre-printed serial number.
    b) Supplier's VAT registration number (where available) and Tax Identification Number (TIN)
    c) KIUT Local Purchase Order (LPO) and its reference number
    d) Date of supply and delivery date if different
    e) Description of items supplied
    f) Units, prices and currency
    g) Quantity supplied
    h) Amounts before VAT
    i) VAT percentage and amount (Tanzanian suppliers)
    j) Total amount including VAT

76. All invoices shall be physically coded to show the relevant general ledger account code.

77. The Procurement Section shall submit copies of authorized and duly signed Local Purchase Orders (LPO) to the Accountant and s/he will be responsible for receiving and signing for the PO's from Procurement Section.

78. Each LPO shall be matched with the corresponding invoice and Goods Received Note (GRN) made available by the receiving Stores Officer. After the matching has been carried out posting shall be done immediately.

79. If there are rejects or partial deliveries, the supplier and receiving Store's Officer is informed immediately to have the matter clarified. In the case of rejects, the receiving Store's Officer shall provide a discrepancy note which forms the justification for the raising of a debit note at the time of payment, unless the supplier provides a credit note which is processed into the system.

80. In the case of partial delivery, the supplier shall be contacted by Procurement Section while keeping the receiving bay informed.

81. The Vice Chancellor, on the advice of the DVC FA and Director of Finance, shall determine whether payment should be suspended pending full delivery or whether payment can be effected on the basis of actual deliveries.

4.4. Accounts Payable ledger

82. An Accounts Payable Ledger shall be maintained. Each supplier shall have an easily identifiable unique account number. Posting details shall include document number, invoice date, currency, amount invoiced, invoice description, supplier coding. Invoices shall be matched to their supporting documentation (GRN and LPO) before posting to the Accounts Payable ledger.

83. Original invoices only should be posted, except that certified true copies of invoices may be used in rare circumstances if the originals are not available. The Finance Manager in charge of expenditure is responsible for ensuring that there is no duplication if such substitutes are used.

84. Where credit is obtained on a one-off basis, a Sundry Accounts payable Account in the Ledger should be used. The DoF shall reconcile this account monthly.

85. Accounts for new suppliers shall only be established on the basis of a Local Purchase Order or Procurement Contract with such suppliers. It is the responsibility of the DoF to create such supplier accounts on the recommendation of the Procurement Officer and approval by the Director of Finance.

86. The Accountant shall reconcile the Accounts Payable ledger to the general Ledger on a monthly basis. The DoF shall ensure that any adjustment made to the Accounts Payable ledger control account in the general Ledger has been reflected in an individual creditor’s account, and shall make no adjustments to the Accounts Payable ledger without proper documentation and authorization.

4.5. Payment Processing

87. The terms of payment agreed with the supplier shall determine the period within which to pay the supplier. This also will form the basis for the age analysis.

88. The preferred method of payment shall be in the following hierarchy:
    a) Cheque
    b) E F T
    c) Telegraphic Transfer
    d) Letters of Credit
    e) Real time gross system (RTGS)

89. The invoice approval grid shall be fully completed with all requisite signatures before payment can be made. It is the responsibility of the DoF to see that all necessary approvals have been given, cheques made and documents attached. All non-store invoices e.g. service invoices shall be duly recommended by the relevant Head of Department as delegated and approved by the Director of Finance.

90. For foreign payments, in addition to the data listed under Invoice Processing and Posting above, the Procurement Section shall make available details of
    a) Currency of payment
    b) Payment method (electronic/telegraphic transfer/cheque)
    c) Supplier’s bank details

91. For foreign suppliers, payment shall be effected by Telegraphic Transfer (T.T.) RTGS or by Letter of Credit (L.C) while Tanzanian suppliers are paid by electronic transfer. RTGS or cheque or occasionally in special circumstances by local telegraphic transfer. Both Tanzanian suppliers and foreign suppliers shall be paid in the currencies in which they invoiced.

92. The DoF shall check to ensure full documentation is present to confirm full and satisfactory delivery.

93. Payments in the cash book are posted in Tanzania Shillings, the equivalent of the foreign currency converted at the ruling exchange rate.

4.5. Payment through Telegraphic Transfer (TT)

94. Payments thought TT shall only be made in the following cases;
    a) It is the method of payment provided for in the procurement contract.
    b) The urgency of the transaction is such that payment has to be made using TT.

95. All applications for TT's shall be accompanied with a cheque in the names of the Bank.

96. The DoF shall maintain the TT register which shall show
    a) Cheque payee
    b) Date of transaction
    c) TT amount in foreign currency
    d) Purpose for payment

97. The TT File shall be in the custody of the Director of Finance.

4.6. Payment through Letter of Credit (LC)

98. Letters of Credit shall only be made to overseas suppliers, and shall only be opened where it is a condition of the Procurement Contract.

99. The procedure for payment through LC's shall be as follows;
    a) Procurement Officer originates Letters of Credit
    b) The Executive DoF shall approve the Letters of credit.
    c) The LC forms and Letters shall be submitted to the Bank under cover letter signed by Bank signatories.
    d) If it is a cash cover LC, then a cheque shall be issued. If not then the interest rate should be negotiated with the Bank.
    e) The DoF shall reconcile the LC account on a monthly basis.
    f) Amendments to LC shall be minimal and shall be approved by Executive Director of Finance.
    g) Amendments initiated by the Supplier shall be at the expense of th4e Supplier. The costs shall be recovered at the time of release of the LC.

4.7. Provisions and Accruals

100. The objective of the accruals process is to match costs to correct periods.

101. When approved and properly documented, transactions are recorded during the month. However at month end some transactions may have occurred but may not have been recorded because the documentation process is not complete. Other transactions require a monthly charge spread over a number of periods to recognize a future liability. These can be included in the month accounting records by accrual.

102. Therefore accruals shall be made at month end to record identified transactions whose omission would distort the period financial reports.

103. The DoF shall obtain the Provisions and Accruals schedule for the previous month and check that the schedule total of balances at the beginning of the month agree with the Tally General Ledger, and check that non-permanent balances brought forward have been reversed in the Tally General Ledger current period. The schedule is updated with current month posted transactions. It shows detailed transactions movements between opening and closing balances that agree to Tall General Ledger. The schedule of accruals detailed month movements added to the opening balance shall arrive at a closing balance that agrees with the Tally general Ledger.

104. At month end, the previous month's Provisions & Accruals Schedule shall be reviewed to determine which accruals and provisions from the prior month need to be re-accrued and a new schedule raised. Journal vouchers shall be written to support each accrual and full documentation support shall be attached. The journals shall clearly indicate the General Ledger code allocation to be used for posting.

105. The DoF shall review the listing of provisions and accruals to confirm their accuracy and relevance. The journals are then posted to Tally General Ledger. The posted journal vouchers are numbered using the Tally general Ledger generated batch numbers. Journal vouchers with supporting documentation attached shall be filed in the order of the Tally batch number.

106. The schedule shall be filed in the monthly reconciliations file.

4.8. Supplier Credit Notes

107. When a supplier invoice is found to be incorrect, a credit note shall be requested from the supplier. When received, the fully signed suppliers' credit note indicating the affected invoice number and total credit amount shall be attached to the affected invoice and posted to the Accounts Payable ledger. Either full payment is withheld until the credit is obtained, or the Accountant may raise a debit note on the supplier for the amount to be deducted. Payment can then be made net of the value of the debit note.

4.9. Key Control Elements

108. Items invoiced should correspond to those on the Local Purchase Order and on the Goods Received Note.

109. All invoices shall quote Local Purchase Order numbers.

110. Each supplier shall have an easily and uniquely identifiable code/number.

111. Accounts for new suppliers shall only be established on the basis of a Local Purchase Order or Procurement Contract with such suppliers. The DoF shall create such supplier accounts on the recommendation of the Procurement Officer and the approval of the Deputy Vice Chancellor-Finance and Administration.

112. Invoices shall be matched to supporting documentation (as described under invoice processing) and the presence of all required confirmations / approvals in the approval shall be checked before payment is made.

113. Suppliers' statements shall be reconciled to the Accounts Payable ledger on a monthly basis.

114. No adjustments to the Accounts Payable ledger can be made without the prior approval of the Deputy Vice Chancellor-Finance and Administration.

115. The staff posting to the Accounts Payable ledger shall be independent of the purchasing department.

116. The schedule of accruals detailed month movements added to the opening balance shall arrive at a closing balance that agrees to the Tally General Ledger.

117. DoF shall check and verify the accuracy of proposed accruals and provisions.

118. The DVC FA shall submit Accounts Payable aging analysis to the Management Committee for review on a monthly basis.

5.0 SALES AND ACCOUNTS RECEIVABLE

5.1. Policy

119. The University shall keep an accurate and reliable record of accounts receivables mainly the student accounts that are reconciled and aged on a monthly basis.

120. The Policy is to ensure that the transactions entered into by the University are properly recorded, reconciled, priced and paid for in accordance with agreed policies and agreements.

5.2. Policy objective

121. The policy objective is to establish the framework for improving the cash flow of the University and minimize the risk of loss arising from non-payments and/or delayed payment of tuition and other fees applicable by students, fraud by under stating of accounts receivables.

5.3. Responsibilities

122. The DoF is responsible for Accounts Receivable by;

a) Ensuring pricing as per course pricing and documentation and its interpretation is correct;
b) Ensuring that the students' tuition and other fees are correctly accrued and collected at the appropriate time.
c) Ensuring that debtors' transactions are properly recorded and aged routinely to facilitate collection

5.4. Pricing

123. Determining the tuition fees payable shall be as per the course valuations. The pricing shall be agreed by the Finance, Strategic Planning Committee. The DoF shall be the

only officer allowed to enter the prices or the fees structures in the official accounting package. All changes in pricing as approved by the Finance, Strategic Planning Committee shall only be made by the Director of Finance.

5.5. Credit Notes

124. Credit notes may only be issued for subsequent price changes, over payment by students and/or manifest error in price. Only the Deputy Vice Chancellor, Finance and Administration. on the advice of the DoF and the Finance Manager (Revenue) may authorize the issue of a credit note.

125. All necessary supporting documentation shall be produced to the DoF before his/her signature; and this documentation shall be filed sequentially for future reference.

126. The credit note shall clearly show;

a) Sequential number
b) VAT registration number
c) Customer/Student Name
d) Customer/Student Address
e) Customer Account Number or the Student's Registration Number
f) Reason for issue of the credit note
g) Value excluding VAT
h) VAT Value
i) Total Value
j) Date of Issue
k) Signature of the Director of Finance (on all copies)

127. Credit notes should be referenced to the original invoice. Where a credit note has been raised, the copy of the original invoice to which it relates should be endorsed. All credit notes (including cancelled credit notes) shall be pre-numbered, issued in strict numerical sequence and filed in a numerical file.

5.6. Accounts Receivable Ledger

128. An accounts Receivable ledger giving details of amounts owing by students/customers shall be maintained. The ledger shall be reconciled to the Tally General Ledger control account at least monthly. The Ledger system shall give details of age of debts and a monthly aged accounts receivable listing shall be produced. This shall be reviewed and comments added where appropriate by the DoF for onward forwarding to the Deputy Vice Chancellor, Finance and Administration.

129. The Finance Committee shall review the listings and issue any instructions concerning collection, stopping credit or other necessary action, on a monthly basis.

130. Each student/customer shall have an easily identifiable unique registration/account number. A monthly statement for each student/customer shall be produced and sent on a timely basis to prompt the customer to make timely remittances or communicate any queries.

131. No adjustment to the Accounts Receivable ledger shall be made without supporting documentation and authorization. The DoF shall ensure that any adjustment made to the Accounts Receivable ledger control account in the general ledger system is also reflected in the individual student/debtor's account. Adjustment of ledger accounts may only be made with specific, numerically controlled journal vouchers approved by the Director of Finance.

132. A bad and doubtful debts provision should be established. No debts may be written off, either or the provision or Profit and Loss Account, without the prior approval of the Board of Trustees.

5.7. Invoices

133. The University shall raise invoices for tuition fees of its students/customers. The basis for recognition of a student/debtor and raising of an invoice, shall be the admission agreements. The Invoices shall show;-
   a) Invoice number;
   b) Date;
   c) Student registration number;

d) Full name and address of the student/debtor;
e) Particulars of the course offered and/or services supplied;
f) Year of study;
g) Amount due breaking it down to tuition/exam/and any other applicable fees.
h) Taxes applicable; and
i) Due date.

134. All admission forms shall be ordered from the supplier by the Director of Finance. The serial numbers of the Admission forms delivered shall be recorded by the Director of Finance. All the centres that distribute the admission forms shall place their orders with the Director of Finance. Upon approval of the order, Finance shall invoice the distribution centre and the invoice must approved by the DoF together with the requisition before the admission forms are delivered to the respective centre.

135. After selling the admission forms, the distribution centre shall deposit the cash to the official bank accounts maintained by the University and obtain due bank payment slip. The Bank payment slip shall be forwarded to the main cash office and obtain cash receipt. The payment shall be posted on the account of the respective distribution centre in the accounting package. The account must be reconciled and signed off by the DoF before another requisition is approved.

5.8. Disputed Invoices

136. All disputed invoices by students/customers shall be resolved by the Director of Finance. Any adjustments arising out of the resolution of these invoices shall be approved by the DVC FA and recorded in accordance with the Journal voucher preparation procedure.

5.9. Refunds

137. Payments received in error or paid in excess of the invoice total shall be refunded to the payer. No refund shall be made if other invoices are outstanding on the student/customer's account and attempts shall be made to negotiate with the customer to apply any excess payments to outstanding invoices or the following

semester/year of study. All refunds must be approved by the DVC FA on the recommendation of the Director of Finance.

5.10. Dishonoured Cheques

138. Dishonoured cheques shall not be returned to the drawers except in exchange for cash or the equivalent and if resort has to be made to the courts of law for recovery of the debt in respect of which they were drawn, they shall be required as exhibits. Dishonoured cheques shall be referred to the DoF for onward communication with the issuer.

139. However, government and other institutional cheques may be returned to the drawers to facilitate completion of omissions or corrections or the re-processing of replacement cheques to be made; in which case certified Photostat copies should be made and retained.

140. The issuer of a dishonoured cheque shall be required to pay Bank charges and other overhead costs, and the Finance Committee shall from time to time determine the amount that shall be charged.

141. The DoF shall maintain an up-to-date Cheques returned register and recover all returned Cheques on a timely basis.

142. The DoF shall photocopy all the returned cheques and copies kept.

143. All returned cheques shall be submitted to the DoF within one week of receipt who shall institute measures for immediate recovery.

144. The above shall facilitate management with a trail of correction and re-issue of the receipt.

5.11. Bad Debt Write Off Procedures

145. It is not the policy of the University to write off bad debts and all recovery efforts shall be employed to ensure 100% recovery of accounts receivables. In very rare

circumstances, some accounts receivables may turn bad even after all efforts have been employed.

146. The DoF shall ensure that bad debts expenses are recorded accurately in the accounts, properly and in a timely manner, in compliance with this policy.

5.12. Procedures for Recording and Writing off Bad Debt Expense

147. The DoF shall review the aged accounts receivable listing for balances that are specifically identifiable as credit risks or uncollectible. These balances shall become part of the allowance amount.

148. The DoF shall for the remaining balances, estimate any additional allowances required. The DoF shall use a judgmental analysis to assign a collectability factor using criteria approved by Finance Committee, for example:
    a) Percentage of balances older than a certain number of days, e.g. 20 percent of balances of 120 days.
    b) Percentage of outstanding balances of certain customer types who have a higher credit risk.
    c) Percentage of outstanding balances of certain types of revenue that have shown collection problems in the past.
    d) Other methods relevant and particular to the University's business cycle or students/customers.
    e) Any criterion used shall be properly documented with evidence of non-collectability.

149. The DoF shall prepare a consolidated file of write-off data for submission to Finance Committee for formal Consideration before approval by the Board of Trustees.

150. Upon approval by the Board, the DoF shall pass appropriate accounting transactions to record the bad debt write off and update the receivable ledger. A provision for bad debts written off shall be prepared according to the Board approval.

151. Payments received on accounts that have been provided for allowance shall be recorded as normal payments in the accounts receivable sub-ledger. If the account is

officially written off, the payment should be posted to the bad debts recovered account.

5.13. Write – Off of Uncollectible Debts that are already provided for

152. The DoF shall initiate a request to write off debts to the Finance, Strategic Planning Committee. The Finance, Strategic Planning Committee shall review the request and if in agreement shall prepare a paper for consideration and approval by the board.

153. The paper shall contain the following information:
   a) The name, address, amount and relevant particulars of the debt.
   b) The nature of the debt and date incurred.
   c) An outline of the measures taken to collect the debt.
   d) Reason(s) why the debt is deemed to be uncollectible.
   e) A recommendation that the debt be written off.

5.14. Key Control Elements

154. Aged accounts receivable' listings shall be produced each month and reviewed by the Finance Committee.

155. Adjustments to students/customers' accounts receivable account may only be made under the authority of the Director of Finance.

156. Debts may only be written off under the authority of the Finance, Strategic Planning Committee and the Board of Trustees.

157. Credit Notes may only be authorized by the DVC FA on the advice of the DoF and the Finance Manager (Revenue).

158. The Accounts receivable sub-ledger shall be balanced to the General Ledger and identified errors corrected on a monthly basis.

6. FIXED ASSETS AND DEPRECIATION

6.1. Policy

159. It shall be the policy of KIUT to keep an accurate and reliable record of fixed Assets and ensure proper control, safeguard and utilization of University assets. The recording and reporting of fixed assets shall comply with applicable International Accounting Standards.

6.2. Objective

160. The objective of this Chapter is to prescribe procedures to ensure KIUT has a complete and accurate listing and valuation of assets available.

a) Provide controls over the custody and location of the assets.

b) Flag assets which have exceeded their economically useful life and are obsolete, or damaged and irreparable so that they need to be disposed of.

c) Keep track of work that is not complete but has incurred capital investment by the University and to keep track of/account for funds against a project until it is complete.

d) All procedures shall comply with Section 6 of this manual.

6.3. Responsibilities

161. It is the responsibility of each Head of Department to ensure that:

a) All controls related to capital expenditure have been complied with before expenditure is incurred;

b) Budgetary allocations have not been exceeded;

c) Each asset under his/her control has an individual identification number clearly marked on each piece of equipment.

d) The DoF shall ensure that capital work in progress is capitalized in a timely manner when the project is complete and shall advise the Finance, Strategic Planning Committee accordingly;

e) The DoF shall ensure that all assets are recorded and the Fixed Assets Register is updated and balanced;

f) The Procurement Officer shall ensure that the procedures for disposal of assets have been followed.

162. The DoF shall ensure that an annual fixed assets count is carried out and the items counted are reconciled to the fixed assets register.

6.4. Acquisition of fixed assets

163. Provided the required item forms part of the capital budget approved by the Finance, Strategic Planning Committee and the Board of Trustees. The end user through the relevant Head of Department shall raise a purchase requisition form (CRF)/Appendix III to the Procurement Officer who shall forward the CRF to the DVC FA through the Director of Finance. The DVC FA shall forward the CRF to the Finance, Strategic Planning Committee for the recommendation and forward the CRF to the Chairman of the Board of Trustees for approval.

164. The fact that a particular item is in the budget may not necessarily mean it shall be approved for purchase. This shall depend on the cash resources and priorities at the time.

165. Once the goods have been received, the invoice shall be posted to the capital code. Other costs applicable to the goods i.e. freight, duty, transport charges, clearing, labour and materials shall also be posted to the code.

166. Once all costs have been brought into account on the capital code, and all necessary work completed, capitalization shall be effected.

6.5. Fixed Assets Register

167. On acquisition of capital items, the fixed asset register shall be updated. The following data shall be recorded;-

a) Asset identification number

b) Description

c) Serial Number

d) Model Number
e) Date capitalized
f) Initial value
g) Date capitalized for tax purposes
h) Initial value for tax purposes
i) General Ledger group
j) Category (type, asset life and depreciation rate)
k) Location
l) Department
m) Insured value
n) Replacement value
o) Residual value
p) Title number
q) Accumulated depreciation
r) Net book value
s) Condition of the asset.

168. All fixed assets, such as vehicles, land & buildings, etc., shall be registered in the names of the University.

169. It is the responsibility of the DVC FA to verify the registration of fixed assets into the names of the University.

170. Each asset should have an individual identification number which shall be clearly marked on each piece of equipment.

171. Any additional expenditure incurred on an asset should be capitalized provided that it significantly increased the
a) Operational life of the asset; or
b) Performance of the asset above manufacturers' specification.

172. The cost of routine repairs and maintenance carried out on an asset in the normal course of business shall be expensed.

173. Fixed assets shall only be capitalized if the item is of a substantial monetary value. Where the monetary value is the deciding factor, then it should be TSh.100,000=. The item's useful life is greater than one year.

174. All computer hardware should be capitalized (see minimum life/value above). Capitalisation of software should be limited to core business software, operating systems, software and system development costs and fundamental enhancements. Non-fundamental software upgrades should be expensed.

175. Depreciation should be charged monthly using the straight line method with a full years' charge in the year of acquisition and none in the year of disposals. The rate should be based on the estimated useful life of the asset. The rate should be applied to the gross book value of the asset, being costs of valuation. See **Appendix I** for depreciation rates.

176. Fixed assets are normally valued at original cost. However property plant and equipment could be re-valued from time to time as directed by the Board so that the carrying amount does not differ materially from the fair value. (IFRS) provides for a revaluation of fixed assets at least every five years).

177. The DoF shall closely monitor the asset register to identify assets which are idle and earmark assets for disposal. Regular physical verifications shall be performed on a perpetual basis so each item is checked at least every financial year. The physical verification shall also take into account the condition of the asset and identify any idle, desolate or obsolete equipment.

178. The Finance Manager (Expenditure) shall ensure that property, plant and equipment values are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss should be recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price and value in use.

179. An asset movement form shall be completed when an asset is relocated or responsibility for the asset changes. The University Registrar shall be responsible for such asset movements.

180. The DoF shall be responsible for updating the Fixed Asset Register.

6.6. Accounting for Disposal of fixed assets

181. Fixed Assets shall be disposed in accordance with the Disposal of Assets Policy and Procedures as provided in the Procurement and Disposal of Assets Policy and Procedures Manual.

182. The Head of Department shall recommend the disposal of an asset by signing the disposal form. A standard asset disposal form is attached. It shall then be forwarded to the DoF for record purposes. The form shall be sent to the DVC FA and Vice Chancellor for approval.

183. The disposal form shall be forwarded to the Finance Strategic Planning Committee, who shall recommend to the Board of Trustees its disposal by way of sale or write off depending on the value of the asset.

184. Following approval by the Board of Trustees, the asset shall be removed from the asset register after disposal/write off.

6.7. Key control elements

185. Asset acquisition shall have been budgeted in the current capital expenditure budget.

186. A Purchase requisition form shall have been signed by the end user, Head of Department, and shall have been forwarded to the Procurement Officer, Director of Finance, Deputy Vice Chancellor, Finance & Administration, Vice Chancellor and Chairman Board of Trustees.

187. Purchase of a capital item shall only be made in accordance with approved authority levels.

188. Each asset shall have an individual identification number which shall be clearly marked on each piece of equipment.

189. The fixed asset register shall be performed and maintained on a perpetual basis so each item is checked at least every financial year.

190. Regular physical verification shall be performed on a perpetual basis so each item is checked at least every financial year.

191. Asset disposal cannot be effected without an approved disposal form.

192. Disposal is only made when an asset has exceeded its economic/useful life is irreparable if damaged or obsolete.

193. All fixed assets of KIUT shall be marked, labelled or engraved with inscriptions to expressly identify them as the property of Kampala International University in Tanzania. When such assets are identified to be sold, Kampala International University in Tanzania's inscriptions shall be obliterated.

194. The Finance, Strategic Planning Committee shall recommend to the Board of Trustees for approval all disposals of asset.

195. The DoF shall ensure that all assets that require registration are registered into the University's names.

196. The DoF shall closely monitor the asset register to identify assets which are idle.

197. Capitalisation can only be done by the Accountant when duly authorized and a purchase and physical receipt of the asset is complete.

198. Transfers of movable fixed assets from one location to another shall be recorded by an asset movement voucher/form approved by the Director of Finance. The form shall later be used to update the fixed asset register.

7. CASH MANAGEMENT

7.1. Objective

199. The objective of this chapter is;
    a) To prescribe procedures to deal with all cash and bank transactions, including cheque writing and advance payments to suppliers,
    b) To ensure that proper payment processing procedures are followed.
    c) To ensure that advances for expenses if not accounted for, are repaid in full by deduction from the Employee's salary at the end of the month in which granted
    d) To promote safe transactions and use of cheques, EFT and RTGS as primary modes of payment.

200. Full control over such transactions is an essential part of operating a financial management function of the highest standard, which is the overall objective of this manual.

7.2. Responsibilities

201. The DoF is ultimately responsible for cash management.

202. The DoF is responsible for implementing these procedures.

7.3. Controls

203. Access to the cash office shall be restricted. Services to students, customers and employees should be accessed through the designated Counter.

204. Handling of cash shall be restricted to the Cashier in order to ensure adequate segregation of duties between staff handling the cash and those carrying out other duties.

205. In order that handling of cash should be kept to a minimum, all payments to the University shall be made into the University's Bank Account except in exceptional circumstance, which shall be approved by the Vice Chancellor and DVC FA. Payments by cash shall be minimized except for minor transactions in exceptional circumstances. The University's liabilities should normally be discharged by cheque, telegraphic transfer, Real time gross system, and letters of credit or by electronic bank transfer.

206. Cash received shall be banked intact. Receipts for cash received shall be issued immediately, and receipts for cheques and electronic transfers should be issued on the value date after confirmation of credit by the respective bank.

207. Staff advances and allowances below TShs.200,000= shall be recommended by the Head of Department and authorized by the Director of Finance. All advances above TShTShs.200,000= shall be recommended by the DoF and approved by the Deputy Vice Chancellor, Finance and Administration. The Deputy DoF shall ensure that advances/allowances if not accounted for within fourteen (14) days of receipts, are repaid in full by deduction from the salary of the employee at the end of the month in which granted, Accountability report must be accompanied with evidence of receipts.

208. No Staff shall receive additional advance before the previous advance has been recovered in full.

209. Staff loans, if applicable, shall be administered as provided in the HR Policies and Procedures Manual.

210. The DVC FA is responsible for ensuring that loans and interest if applicable are recovered within the specified timeframes.

211. Separate records shall be kept for all accounts showing individual payments and receipts.

212. Bank transaction should be viewed online to confirm receipts of cleared funds from students/customers and to ensure that all other lodgments have been credited and that no unusual debits have been made. Hard copy bank statements shall be obtained on a weekly basis and reviewed immediately.

213. Bank statements shall be reconciled to the Tally Cash Book as often as possible and as a minimum at each month end. The continuous review of electronic statements and an immediate review of hard copy statements, and the immediate posting of missing entries, shall simplify the reconciliation process. Reconciliations shall be reviewed and signed off by the DoF who should ensure that any long outstanding items are investigated and corrective measures taken to have it cleared.

7.4. Banking

214. All students shall make their payments directly into the University's Bank Accounts. All cash and cheque receipts shall be banked intact and on a daily basis. Prior to banking, all cash and cheques shall be kept in the safe.

215. Proper documentation supporting the banking shall be kept which include the stamping of the carbon copy of the deposit slip by the bank and the printing of the deposit details on the reverse of the carbon copy. Like all other transaction, Cash and cheques banked should be processed into the Tally system.

7.5. Payment Authority

216. No bank account may be opened or closed without the authority of the Board of Trustees. All payment instructions (electronic transfer instructions, telegraphic transfer instructions, letter of credit, RTGS and cheques) shall be signed in accordance with the University signing authorities as set by the Board of Trustees.

217. The cheque signatories approved by the Audit Committee and the Board of Trustees are as follows:

7.5.1. Bank Signatories

218. There shall be three signatories for the University's Bank Accounts at all times as follows:

a) The Principal Signatory to the Bank Account shall be the Vice Chancellor and Chairman of Board of Trustees and the Alternate Signatory shall be the Deputy Vice Chancellor, Finance & Administration.

b) The Second Signatory shall be the Deputy Vice Chancellor, Finance & Administration.

c) The Third Signatory shall be the DoF and the Alternate Signatory shall be the Deputy Director of Finance.

219. No payment instruction shall be signed unless it is accompanied by properly authorized supporting documentation.

7.6. Payment to Suppliers

220. The supporting documentation shall include a stamped tax invoice and a payment requisition. Every invoice received shall be correctly matched to the relevant purchase order (LPO) or Contract; and where relevant a goods received note (GRN).

221. Hard copies of LPOs stamped "certified true copy" shall be sent by Procurement Section to the Finance Department and receipt acknowledge by the DoF who shall countersign the transmission register.

222. The stores shall also send GRN's stamped "certified true copy" to the Director of Finance, who again shall acknowledge receipt by signing the transmission register.

223. Only fully matched invoices shall be processed for payment. All payment instruction documentation shall be filed sequentially in payment date order number order and be readily available for inspection.

224. Signatories shall sign the payment requisition as a record of their receipt of pertinent goods. All documentation supporting a payment instruction shall be stamped "PAID" as soon as the instruction is signed to prevent double processing. The DoF is responsible for ensuring that this is carried out.

225. All cheques shall be used in numerical sequence and unused cheques shall be kept in the safe. Unused cheques shall also be in the custody of the Director of Finance. Cheques in use shall be in the custody of the Cashier. When cheque writing is not in progress e.g. during lunch breaks, all cheques shall be kept in the safe. The Cashier shall account for all cancelled cheques.
226. The DoF shall authorize the writing of Cheques. Cheque processing shall be by authorized persons only.
227. Where possible, proof of receipt of payment shall be obtained from the payee. Cheques and notifications of other forms of payment instruction shall be accompanied by a remittance advice quoting the invoice numbers which are being paid.
228. All debits for bank charges should be verified.

7.7. Advance Payments

229. Certain suppliers' purchase terms and conditions may stipulate payment in advance or payment on presentation of shipping documents. In these cases the DVC FA shall process payment when the pro-forma invoice has been confirmed to be in accordance with the Purchase Order or Contract and approved by the Vice Chancellor and the Chairman of the Board of Trustees.
230. A copy of the corresponding Local Purchase Order shall be attached to the pro-forma invoice. Electronic transfers may also be used. Payments in the cashbook are posted in Tanzania Shillings.
231. The DoF shall be responsible for making regular checks each week to establish whether the goods which are the subject of the advance payment have arrived on site. S/he shall also make contact with the end user to verify whether the service was performed.
232. The Accountant shall be responsible for matching GRNs against advance payments. It is also his/her responsibility to follow up the invoice to ensure that it is posted into the system so that it can be offset against the payment. Where goods have been received but no invoice is available by month end closure, then the goods received note shall be posted and offset against the advance payment.

7.8. Exchange Rates

233. Exchange rates routinely obtained from the bank should be entered into the Tally system for use to convert forex transactions. At month end all foreign

cashbook balances should be translated at closing rates rate and compared to the Tally General Ledger balances to determine the exchange/loss for the period.

7.9. Movement of Cheque Payment Vouchers

234. The following steps shall be followed:

a) The DVC FA shall receive the supplier's invoices from the Procurement Officer with their supporting documents. He/she shall review the invoices together with their supporting documents and on his/her approvals and pass such Invoices to the DoF for accrual in the Accounts payable Tally System.

b) After Accrual, he/she shall pass the Invoices and the supporting documents to the Accountant for preparation of a Cheque payment voucher.

c) The Accountant shall prepare payment vouchers charging various accounts payable and shall forward the voucher to the DoF for review.

d) The DoF shall review the voucher and compare it with the invoice and supporting documents and confirms by signing the voucher that it have been properly coded and recorded for payment.

e) The voucher shall then be forwarded to DoF for recommendation.

f) The voucher shall then be forwarded to the Deputy Vice Chancellor, Finance & Administration for recommendation to the VC.

g) Then the voucher shall be returned to the Cashier for cheque writing process.

7.10. Cheques Issue Procedures

235. The following procedures shall be followed:

a) The Cashier shall upon getting the signed cheques, enter the cheque and payee details in the register for each particular bank.

b) She/he shall arrange to contact the payees through their telephone numbers or convenient means to come and sign for their cheques.

c) The Cashier shall directly deliver cheque payments to loan, service, utility and institutional providers.

d) The Cashier shall open a Cheque Register for each Bank Account in which she/he will record the date, cheque numbers, payee name and other details of a person taking the cheque and his/her signature/thumb print.

e) The Cashier shall retain copies of signed cheques paid by the University and shall be filed sequentially for each Bank Account in the Director of Finance's office.

f) The Cashier shall ensure that cheques are issued against official receipts from the suppliers and services providers before a cheque is released.

g) Cheques for statutory deductions and obligations shall be delivered immediately after signature and recording in the register.

h) A signed cheque shall not be kept with the Cashier for a period exceeding two months from the date on which it was written. If such situation occurs, the Cashier shall write to the DoF for authority to cancel the particular cheque and reverse the accounting entries.

i) Any cheque not dispatched as indicated above shall be deemed to be negligence of duty by the cashier and shall be handled as per the Human Resource Policies and Procedure Manual provisions.

j) A stock of blank/unused cheque books shall be held under lock and key by the Director of Finance.

7.11. Cheque Cancellation and Stop of Payment

236. The following shall be followed:

a) The authorized cheque signatories shall be the only officers that can place stop-payment requests to the banks. The Finance Manager (Revenue) shall process the cheque cancellation in the accounting system.

b) A stopped payment request shall be requested for, if the cheque has been declared missing or lost. Stop payment shall be applied to a cheque, providing it has not been presented for payment.

c) The DoF shall make arrangement for stop payments, and any subsequent payment reinstatement with the bank.

d) The cheque details shall be entered into the system, the cheque shall be given a status of stopped and all claims associated with it shall be recorded as stop payment. The cheque shall then be voided.

e) A cheque shall be voided if the University still has the cheque in hand e.g. is the cheque has been damaged at the time of printing.

f) A voided cheque shall have the word 'cancelled' written or stamped across it, and the signature spaces and micro encoding cut off.

g) At the time of stopping/voiding the cheque, there are three possible courses of action that can be taken with regard to the payment.

   (i) Reissue - the cheques get reissued immediately

   (ii) Reissue and Put on Hold – it shall be necessary to do this in order to confirm payment details e.g. clarify the address of the supplier.

   (iii) All accounting entries shall be reversed.

7.12. Cheque Cancellation

237. When a payer has possession of a cheque and needs to have that cheque cancelled, these steps shall be followed:

a) Authorized requests for cheque cancellations shall be submitted on the prescribed form to the DoF by the payee.

b) The request shall be accompanied by the original cheque and shall clearly state the reason for cancellation and whether or not a replacement cheque should be issued.

c) The Cashier shall cancel the cheque and either replaces the cheque or pass the cheque to Accountant to reverse the original document if a replacement is not required. The posting date shall be entered into the date field in Tally accounting system and shall be equal to the date on which the cheque cancellation is being done.

d) The Accountant shall determine the appropriate account to credit for cheques that shall not be replaced, based on the financial year and the account number upon which the original cheque was drawn.

7.13. Cash Advances

238. Cash advances shall be given to individual staff members to carry out routine purposes or specific assignment defined in the approved work plans or on the basis of estimated cost of the activity to be carried out.

239. Funds advanced shall be accounted for immediately after the purpose for which it had been made is accomplished in any case not later than 14 working days from the date of disbursement through the appropriate Head of Department. Any surplus cash shall be returned to Cash office promptly in any case not later than 5 days after doing the work.

240. After a lapse of 7 days, the unaccounted for funds shall be recovered from the individual's salary, if by the time of preparing the payroll no accountability has been received.

7.14. Procedure

241. The following procedures shall be followed:

a) Where an advance is required, a requisition shall be initiated by way of an Advance Requisition on the Cash requisition form to the DoF through one's Head of Department.

b) The Vice Chancellor or the Deputy Vice Chancellor, Finance & Administration shall authorize any funds for such advance to be made to the staff after approval by respective Head of Department.

c) After the DoF has authorized the requisition, it shall be forwarded to the Cashier for processing in the same manner as for cheque payments.

d) The funds so advanced shall be debited to the personal account of the individual taking the advance.

e) When the purpose for which an advance was requested has been accomplished, the individual concerned shall forward, to the finance department, receipts and other relevant supporting documents under the cover of a memorandum through his/her head of department.

242. In the Finance Department, a Journal Voucher (JV) shall be prepared to which the supporting documents shall be attached. The JV shall reverse the original entry by crediting the personal account of the individual concerned and debiting the appropriate cost centre accounts.

7.15. Key Control Elements

243. Stamped tax invoice, purchase order and goods received note where applicable shall accompany all requisitions for creditor payment.

244. All documentation supporting a payment instruction shall be stamped "PAID" as soon as the instruction is signed to prevent double processing.
245. All unused cheques shall be kept in a lockable place, including when no cheque processing is in progress e.g. during tea or lunch breaks.
246. Cheque processing shall be controlled by the Director of Finance.
247. Regular weekly checks shall be performed to confirm that goods received notes are raised for those items that have arrived on site and to confirm whether requested services have been rendered.
248. Payments of over TShs.20m shall be effected in accordance with the Central Bank guidelines as authorized by the Board.
249. All overdrafts, advances, facilities and loans from the Bank or any form of borrowing shall be authorized by the Board.
250. The University shall maintain and operate Bank Accounts in both Tanzania shillings and any other currencies as determined by the board from time to time.
251. Private cash shall not be kept in the University's bank accounts.
252. Private transactions shall not be conducted through the University bank account.
253. New Cheque books shall be ordered on the instruction of authorized bank account signatories.

8.0 Petty Cash Management

8.1. Policy

254. Petty Cash advance shall be established to facilitate the payment of low value claims to ensure that these claims are processed in the most efficient manner. It shall be maintained on an imprest system and expenditure shall only be incurred for University business purposes.

255. Payment out of the petty cash shall not exceed TS**hs.1,000,000=** without prior approval of the Vice Chancellor.

8.2. Objective

256. To facilitate the reimbursement of individual purchases for business purposes that is of low value and not warranting alternative procurement method.

8.3. Responsibility

257. The Cashier shall be responsible for requisitioning the cheques to establish a fund and to replenish the fund as petty cash. Funds shall be drawn in the names of a Petty Cashier and shall be kept by him/her for disbursement as claims arise.

258. The Cashier shall be personally held responsible for proper management and safe keeping of petty cash funds and to ensure that the fund shall be used only for the purpose for which it was established.

8.4. Control Environment

259. The balance of cash plus vouchers shall not exceed TZS 5,000,000= or as determined by Finance, Strategic Planning Committee on the advice of Director of Finance. The Vice Chancellor shall approve petty cash requisitions and staff claims forms that are to be paid out of the petty cash fund.

260. The petty cash shall be checked and reconciled on a daily/weekly basis by the Director of Finance.

8.5. Transactions excluded from Petty Cash

261. The following transactions are specifically excluded from reimbursement through the petty cash:

a) cashing of cheques;
b) temporary loans;
c) payment of any I owe you;
d) purchase of goods readily available from University stores stock or other sources.
e) prepayment for goods and/or services (by either using cash or purchasing a cheque or cash order for use in the prepayment of goods and/or services);
f) Allowances or payment for personal services which may be subject to the PAYE provisions; and payment of creditors' accounts.
g) Payment exceeding TS**hs.2,000,000/=** unless expressly authorized by the Vice Chancellor.
h) salaries
i) travel expenses other than safari day/subsistence allowances
j) Government taxes

8.6. Petty Cash Claim Procedures

262. Any member of staff making claims through a petty cash fund, shall fill the appropriate clam forms, i.e. Cash requisition form and or staff claim form.

a) Head of Department shall be required to approve such requisitions before being forwarded to DoF for authority to pay from the petty cash.
b) After being authorized by the Director of Finance, the requisition shall be forwarded to the cashier to effect payment.
c) After payment, the petty cash voucher shall be allocated numerical numbers and together shall all supporting documents, stamped "PAID".

d) The cashier shall sequentially journalise the petty cash payments into the Tally system and the Accountant shall post the entries.

e) For purpose of petty cash payment, CRF and SCF are deemed to constitute petty cash payment vouchers.

8.7. Reimbursement of Petty Cash

263. When a reimbursement of the Petty Cash advance is sought, expenditure vouchers on hand and cash on hand shall be balanced to the Petty Cash advance. This reconciliation shall be independently checked by an officer other than the Petty Cash cashier and evidenced on the processing Voucher.

264. Once the advance has been reconciled, an accounts payable claim shall be created as follows:

a) the claim shall be paid against the Petty Cashier

b) the value of the claim shall be for the value of vouchers on hand as per the reconciliation;

c) the claim shall be charged to the correct account codes; and

d) Statement of petty cash expenditure shall be properly authorized and approved for payment in accordance with the requirements of this manual.

e) When the replenishment level is reached, the cashier shall write the petty cash journal for the top-up amount and attach all paid petty cash vouchers and supporting documents for the requisitioned amount and forward to the DoF for approval.

f) After approval, the cashier shall write a cheque for replenishing the imprest together with the supporting documents in his/her personal names.

g) A claim for replenishment shall be supported by a proper accountability of funds earlier advanced.

265. The sum of disbursements made since the last reimbursement of the Petty Cash advance (shall equal the total value of the paid vouchers on hand) **PLUS**

The amount of cash on hand **EQUALS** The total value of the Petty Cash advance.

8.8. Year End Accounting Procedure

266. A Petty Cash advance for which accounting has not been made at the end of the financial year, in which it was made, shall be accounted for immediately.

267. The Petty Cashier shall receipt the cash at the end of the year and shall sign a statement certifying the cash position at the end of the financial year.

8.9. Key Control Elements

268. Petty Cash float shall be kept on the imprest system with a separate General Ledger account for the float. It shall be balanced and reconciled to the float at the end of each day and when handed over to another cashier.
269. No payments shall be made without a properly authorized Petty Cash Voucher (PCV)
270. The maximum payment out of petty cash shall be TZS.1,000,000=. Payments out of petty cash in excess of TZS.1,000,000= shall require express approval of the Deputy Vice Chancellor, Finance & Administration.
271. The Cashier shall be given a cash allowance to cover small shortages, hence no write-off shall be made on petty cash.
272. No cash should be put into the floats other than through imprest reimbursement.

9.0 BANK RECONCILIATION

9.1. Policy

273. It is the policy of the University to carry out bank reconciliation of its bank account on a weekly and monthly basis so as to correct, detect and deter any errors, commissions, omissions, collusions and fraudulent transactions.

9.2. Objective

274. The main objective of bank reconciliation is to ensure that the bank transactions in the General Ledger bank account tally with the bank statement, during a defined period.
275. The effect of bank reconciliation is to identify the differences between the bank statement balance and the financial ledger.

9.3. Responsibility

276. The DoF shall be responsible for ensuring that the Bank reconciliations are carried out on a monthly basis. Assistant Accountant (Bank Reconciliations) shall carry out the daily/weekly/monthly reconciliations.

9.4. Control Environment

277. The Assistant Accountant (Bank Reconciliations) shall not take any part in the receipt of disbursement of University funds.
278. Bank reconciliations shall be prepared and submitted to the DoF by the 15th day of the subsequent month for review before being forwarded to the DoF for approval by the 20th day.
279. No staff shall carry out bank reconciliations for a period of more than one calendar year.
280. All receipts, Accounts Payable entries and other journal entries shall be processed before reconciliation is carried out.

9.5. Bank Reconciliation Steps

281. If the bank statements and advices are not received by 10th of the following month, the DoF shall make follow up with the bank promptly.
282. DoF shall check the deposits made in the cashbook against the bank statements to see if there are any deposits not credited on the bank statements.
283. He/she shall check the credit advices against the bank statements to see if any unidentified credits are shown.
284. He/she shall list items from the previous reconciliation statement, if any, and from the cashbooks such as:
    a) Unpaid cheques and/or vouchers
    b) Deposits in transit (unaccredited deposits)
    c) Corrections for miscoding and key data input errors
    d) Unidentifiable items
    e) Items in the bank statements but not recorded in the cashbook (e.g. Bank Charges, direct credits, interest earned, etc.) shall be posted using a journal voucher (JV)
    f) Ensure that bank advice slips support such transactions.
    g) After reconciliation, the Finance Manager preparing the bank reconciliation shall sign it and hand over it to the DoF for review.
    h) The DoF shall approve the reviewed Bank reconciliations.
    i) Copies of approved Bank Reconciliations shall be distributed to the Vice Chancellor, Chairman to the Finance, Strategic Planning Committee and Internal Auditor not later than 30 days after the month end respectively.
    j) Cheques that remain un-presented for more than two months shall be followed up and the evidence of action taken documented. Those over two months shall be written back from the bank account to creditors.
    k) The Finance Manager shall file for audit purposes and references, reconciliation statements and any other working papers that may be required to verify the accuracy of the entries in the accounts.

9.6. Key Control Elements

285. Bank reconciliation statements shall be reviewed by the DoF and shall be approved by Deputy Vice Chancellor, Finance and Administration, who shall:

a) Ascertain that the reconciliation is supported with a list of outstanding cheques.

b) Review the reconciliation and seek explanations for any significant or long outstanding items.

c) Ensure that proper adjusting entries have been made.

d) Check that follow-up letters in respect of unidentifiable items have been written to the banks.

e) Check that the banks have attended to the follow-up letters.

10.0 GENERAL LEDGER

10.1. Objective

286. The objective of this Chapter is to prescribe procedures to:

a) ensure the accuracy, reliability, timeliness and integrity of the General Ledger

b) ensure that the General Ledger structure meets the needs of the University;

c) control the revision/updating of General Ledger codes

d) to ensure that the General Ledger is updated with all subsidiary ledger transactions

e) to update the General Ledger through journal posting

f) to ensure that only correct and authorized General Ledger postings are made

g) for the monthly reconciliation of General Ledger accounts

10.2. Responsibilities

287. Overall responsibility for the General Ledger structure resides with the Director of Finance. Within that overall responsibility:

a) the creation of new departments could only arise from a Board policy decision.

b) the creation of a new section would be a decision of the Head of Department, endorsed by the DoF and incorporated into the annual budget.

288. The individual Finance Managers are responsible for the interfaces from subsidiary ledgers.

289. The DoF in particular is responsible for:

a) the approval and accuracy of General Ledger

b) ensuring that all taxation returns are submitted within the specified timeframes

c) authorization of additions, changes and deletions of individual cost centres

d) the reconciliations of General Ledger accounts, including taxation control accounts
e) ensuring that all taxes are paid on time

10.3. General Ledger Structure

290. The General Ledger structure is designed to allow efficient analysis of the University's performance.
291. The coding structure distinguishes between cost centres and expense codes. Codes centres are departments, sections, processes, activities or pieces of equipment to which costs may be allocated or attributed (i.e. where costs are incurred). Expense codes describe the nature of the cost (i.e. what the expense is).
292. The structure of the cost centres corresponds with the accounting treatment of the costs, in order to facilitate the preparation of financial statements.
293. Heads of department are accountable for the expenditure they initiate or authorize and are responsible for the budgets of the specified cost centres which cover their activities.

10.4. Cost Centre Code Structure

294. The Cost Centre Code Structure shall be determined by the departments and/or units relevant for Cost Centre reporting from time to time.

10.5. Interface from subsidiary ledgers

295. At the close of each working day the Accountant shall ensure that the Tally General ledger is updated in two ways;
    a) Interface from subsidiary ledgers
    b) Using general ledger journals

296. Interface from subsidiary ledgers is a process that updates the Tally General Ledger with all data captured in the Cash & Bank, Accounts Payable, Accounts Receivable and Fixed Assets Register subsidiary ledgers. – The daily General Ledger interface from subsidiary ledgers shall be carried out by the Assistant

Accountant after the close of the day's transaction processing. The Fixed Assets Ledger is interfaced on a monthly basis.

297. The posting in subsidiary ledgers should be completed on the 5th working day following month end. The General Ledger should be closed by the 12th day after each month end.

298. For the month of September, the General ledger shall be open until the completion of external audit.

10.6. User Definition

299. A user shall be identified within the systems by a username and a password. A user profile with specific functions on the Tally System shall be created for each approved user based on the user's position and delegations. Users shall be responsible for all data, changes and transactions recorded against their systems username.

300. Tally Systems shall not permit staff accessing authority level(s) that have not been assigned to them.

301. Every transaction entered by a staff shall be tracked by the system using the change log facility for audit trail purposes.

10.7. Systems Changes

302. A systems services support provider for, the Tally Systems, shall carry out any systems changes required in the system. The process of requesting for changes shall be through the ICT Officer and any requests shall first be reviewed for approval before any customization is performed to the system.

303. System problems shall be reported to the ICT Officer for resolution or onward escalation to service support provider as appropriate. All system changes shall be documented.

10.8. Documentation

304. Journal entries shall be checked for accuracy and supporting documentation by relevant sectional Officers.

10.9. Security

305. Users shall be restricted to creating journals for which security access had been granted.

10.10. Journal preparation

306. Journal entries shall be raised to effect internal transfers and adjustments between various accounts within the ledger.

307. When preparing a journal voucher the following shall be considered;
   a) Documentary support and proper description on the face of the journal
   b) Total debits and credits shall agree
   c) Journal entry allocations shall use existing Tally General Ledger accounting chart codes.

10.11. Journal Authorisation

308. The DoF or the Deputy DoF shall approve all General Ledger journals. Before approving s/he shall ensure that;
   a) The journal has approved documentary support attached and / or a satisfactory explanation.
   b) The General Ledger code is correct and exists in Tally.
   c) The journal balances.

10.12. Journal posting and upload.

309. Journals shall be posted into the appropriate media in the Tally system. General Journals not affecting subsidiary accounts shall be posted at chart of

accounts levels while those affecting subsidiary accounts are posted at customer level.

a) After entering the data a test report is printed and forwarded to the Accountant to check input against the source documents.
b) Any errors are corrected otherwise the Accountant posts the journal into the general ledger system.
c) All journals posted and the respective attachments must be stamped 'Posted'.

10.13. Monthly reconciliations

310. Monthly reconciliations shall be prepared for the following General Ledger accounts by the end of 3rd working week following month end.
   a) Fixed Assets
   b) Cash & Bank
   c) Stores Stock
   d) Prepayments
   e) Accounts Receivable including listing of balances
   f) Accounts Payable including listing of balances
   g) Payroll Reconciliations
   h) Accruals and Provisions

311. Completed reconciliations shall be filed in the monthly reconciliations folder. Any resulting adjustments shall be posted to the General Ledger journal.

312. After the issue of monthly financial statements, cost reports shall be sent to departments and or sections and cost reviews shall be carried out with the budget holders. These reviews as well as forming part of the budgetary control process also provide explanations and support for transactions and balances recorded in the quarterly monthly financial statements.

313. The DoF shall review the reconciliations which shall be approved by the Director of Finance, Internal and External Audit shall also expect to review the reconciliations.

10.14. Taxation and Statutory Deductions

314. The taxation control accounts in the General Ledger shall be reconciled monthly. This is the responsibility of the Finance Manager (Expenditure) and the DoF shall approve the reconciliations.

315. The main taxes paid are Corporation Tax, Import duty taxes, Withholding tax and Value Added Tax. The taxes deducted from the tax payers' earnings and paid by the University on behalf of the tax payer is Pay as You Earn (PAYE), Skills Development Levy (SDL), Gratuity, Workers Compensation Funds, and Deductions on staff who took a load from Loan Board etc. The Accountant shall ensure that all returns are submitted within specified time frames and shall ensure that all taxes are paid on or before due dates to the competent authorities.

316. Corporation Tax (CT) is paid on the taxable profit of the University, presently at the rate of 30% of taxable profit. Any Withholding Tax (WHT) suffered may be deducted from this liability. The University shall by law first furnish the Tanzania Revenue Authority (TRA) with a provisional tax liability return by 30 June each year, then a revised return by 31 December each year and later with a final tax liability return by 30 April of the succeeding year. The dates may change from time to time as per changes in legislation (Income Tax Act).

317. Supplier WHT is paid at the current rate of 5% presently on suppliers' invoices exceeding TSh.1,000,000= If a total order exceeds TSh.1,000,000= but several smaller invoices are submitted against this order, all the invoices are subject to WHT although they are less than TSh.1,000,000= WHT is payable only on invoices that have been paid unless the supplier has furnished KIUT with WHT exemption letters from the tax authority.

318. Value Added Tax (VAT) is charged at the current rate of 18% of the net invoice value. KIUT charges VAT on disposal of its assets and research services (output tax) and suffers VAT on its purchases (input tax). If the output tax is higher than the input tax then the net tax becomes payable and the tax shall be remitted to the TRA or offset against any subsequent tax payable.

319. Payroll deductions comprise Pay As You Earn (PAYE) and National Social Security Fund (NSSF) PAYE is a direct tax on the gross pay of the employee. It is computed according to the income tax bands. PAYE deducted shall be remitted to the TRA on or before the 15th of the following month. NSSF is deducted from employees' gross pay at the rate of 10%. The employer is required to contribute a further 10%. The total of 20% shall remitted to the Fund on or before the 15th day of the month following the month of the deduction.

10.15. Key Control Elements

320. General Ledger posting and access shall be restricted to authorized users.

321. No subsidiary ledger transactions can be interfaced after closing the ledgers.

322. Journals shall be balanced before approval and posting. Tally shall not post a journal unless the totals of the debit entries and the credit entries are equal.

323. All posted journals and attachment shall be stamped 'Posted' by the Accountant.

324. The General ledger codes shall exist in the accounts chart and they shall be in Tally. The system shall reject journals coded with account codes that do not exist in the General Ledger.

325. The Tally posting default period ensures posting to correct period.

326. The DoF shall review and sign off on all General Ledger reconciliations.

327. Internal and External Audit shall also expect to review the reconciliations.

328. The balance on each taxation control account at any period end should represent the amount payable in the following month.

11.0 PAYROLL

11.1. Objective

329. The objective of this chapter is to:

a) ensure that Payroll transactions are properly accounted for through the General Ledger.

b) prescribe procedures to ensure that employees are paid their correct earnings entitlements, in accordance with KIUT agreed policies and standard terms and conditions.

c) and that cash drawn for this purpose is properly controlled and reported.

11.2. Responsibilities

330. The HR Officer is ultimately responsible for the Payroll

11.3. Preparation of Payroll

331. Payroll shall be prepared using the Tally or any other approved payroll application.

11.4. Rate of Pay

332. Employees are paid monthly or daily rates as specified in the Employment Contract.

11.5. Time Records

333. The sections where the employees work monitor the attendance register. Attendances and absences for the whole month are recorded. The sections

also record hours in excess of the official working times. Reference should be made to the HR manual for overtime rates.

11.6. Payment

334. The HR Officer shall prepare payment schedule

335. Pay slips are produced and distributed electronically or by hard copy to the relevant employee.

336. Payment of salaries is through transfer to the Employees Bank Account. These transfers shall be authorized by the normal bank signatories based on the net pay listing.

337. The net pay listing for each department shall be signed off by the relevant Head of Department.

338. The employee's copy of pay slip is given to each employee for his/her scrutiny and record.

11.7. Reports

339. The main reports produced by the Tally or any other approved payroll system shall be

a) the summary of the payroll.
b) the deduction summaries - NSSF (employer and employee contributions). Savings (employer and employee contributions) and P.A.Y.E.
c) cost report by cost centre - this shows earnings per cost centre.
d) pay reconciliation - breakdown of gross earning.
e) arrears and loan balances - listings showing all employees with previous loan balances, amounts deducted in current pay period and closing loan balance.
f) detailed deduction schedules - produced by deduction code showing the details for each employee who suffered a deduction.

340. Postings shall be made to the General Ledger by way of journal vouchers posted from the payroll system to debit the various cost centres and recognize liabilities such as PAYE, NSSF, etc.

341. The HR Officer shall compile and analyse monthly variance Reports comparing the current month payment with the previous month.

11.8. Payroll Accounting

342. The DoF is responsible for reviewing the generated payroll batch, reconciling it with the payroll details and ultimately posting it into the general ledger by the 24th working day following month end.

343. Each payroll has the following details by cost centre.

a) consolidated salary
b) overtime and allowances
c) University contributions to Social Security (10% of Gross Pay)
d) advances and recoveries/deductions
e) statutory deductions payable to tax authorities
f) statutory deductions payable to social security
g) net pay.

11.9. Key Control Elements

344. Employees shall have unique numbers within each payroll.

345. All deductions and allowances shall have unique codes.

346. The payroll shall be balanced from the final control pay sheets, pay reconciliation postings and deductions summary reports. Gross earnings less total deductions should equal net pay.

347. An employee can only have one salary applicable at a time. An old record shall be automatically closed when a new record is opened for an employee.

348. When an employee leaves the service of the University, the salary record shall be terminated.

349. Payroll journals shall be balanced before posting.

350. The Accountant shall post payroll journals.

12.0 DOCUMENT CONTROL

12.1. Objective

351. The objective of this Chapter is to prescribe procedures for the safe custody and control of University accounting documents. Items under this heading include receipt books, credit notes, purchase orders, goods received notes. The security of all University documents is essential to prevent misuse and to ensure the integrity of University records.

12.2. Responsibilities

352. The DoF is ultimately responsible for the custody, control and disposal of accounting documents.

a) The DoF is responsible for the control and issue of unused stationery.
b) The DoF is responsible for the custody of cheques and chequebooks in use.
c) The cashier is responsible for the custody of receipt books and both unused and in use.

12.3. General

353. All unused documents shall be kept in a secured stationery section of the stores and issued on an “as required” basis. Proper records of issue shall be kept, including a record of the individual collecting the stationery. Particular attention shall be paid to important documents e.g., Purchase Orders.

354. Records shall be stored in a secure location and should be well laid out to facilitate easy location of an item. Archives shall be in a secure location. A record should be kept of all items in the archive. This record shall facilitate easy location of an item.

355. Back-up procedures for use with computerized records shall be documented. A log shall be kept to record back-ups for each computer system.

12.4. Accountability

356. All pre-printed accountability documents shall be pre-numbered with a unique numbering system. No University document should be printed pre-signed.

357. After use, a file for each document shall be kept. The documents shall be filed sequentially and the integrity of the number sequence regularly checked. All cancelled documents shall be filed in the sequential file.

358. Receipt books shall be requisitioned in the normal way by completing a stores requisition voucher approved by the DoF as per stores procedures.

359. Receipt books and invoice books in use shall be kept under lock by the cashier and Director of Finance, respectively. Completed books shall also be kept under lock and key. Cancelled receipts, etc. shall be marked "cancelled" and maintained in sequence in the relevant book.

12.5. Cheques

360. Cheque books in use shall be kept by the cashier in a safe. When a cheque book is almost finished a special leaf in the cheque book shall be signed by the authorized cheque signatories and taken by the cashier to the bank to issue fresh cheque books.

361. Cancelled cheque leaves shall be crossed "cancelled" and maintained in the cheque book. Cheque counterfoils are kept by the cashier.

12.6. Disposal and Distribution

362. Disposal/destruction of documents shall be in accordance with the Records Policy, retention and Procedures Manual.

12.7. Cancellation of Documents

363. All documents that have been processed into a computer, posted into the General Ledger or into any other record, or paid through the petty cash payment procedure shall be **cancelled by a stamp** to ensure double processing does not occur and the documents cannot be re-used. The stamp shall indicate that the document has been "POSTED" and show the date or batch number of the posting.

364. All documents that form part of the supporting documentation for payments shall be stamped "PAID' to prevent double payment.

12.8. Key Centred Elements

365. Serial numbering shall be taken into account by referring on the requisition for a batch to be issued starting from the last number issued.

366. Cheque books, receipt books etc. in use shall be kept under lock by the Cashier. Completed books shall also be kept under lock and key.

367. Cancelled cheques, receipts etch shall be marked "cancelled" and maintained in sequence in the relevant book.

368. All unwanted copies or drafts of confidential documents shall be shredded.

369. All documents used to support postings or payments shall be stamped "POSTED" and "PAID" respectively.

13.0 FINANCIAL REPORTING

13.1. Objectives and Overview

370. The objectives of financial reporting is to ensure that the main financial reports produced by KIUT meet the standards necessary to fully inform the Board, Audit Committee and all Stakeholders of the University's financial position.

13.2. Responsibility

371. The ultimate responsibility for ensuring that the financial reports are produced on time rests with the Director of Finance.

372. The DoF is responsible for ensuring that:

a) the information produced is accurate and complete and timely and reliable.
b) The finance department is properly organized to meet all deadlines.

13.3. Daily Cash Flow Statement to Director of Finance

373. The Deputy DoF shall present to the Director of Finance, at the close of each day business, the Daily cash flow position.

13.4. Monthly Financial Accounts

374. The main financial reports produced by KIUT shall be the monthly and quarterly management accounts reports and the statutory accounts.

375. Monthly financial accounts are normally produced within 15 working days of end of each month.

376. The quarterly financial accounts shall be accompanied by background information and will be submitted to the Finance Committee within 10 working days of the quarter. Year-end management reports which coincide with an end of period Report that agrees to the statutory accounts shall be submitted before commencement of annual external audit by the Director of Finance.

377. The report shall summarize the results for the period under review and draw attention to and explain the reasons for and significant variances from budget/Latest Estimate (LE). It includes sections on:-

a) Number of students classified on Faculty basis
b) Amount billed against amounts paid and amount outstanding.
c) Revenue contribution from each faculty.
d) Budget against actuals based on faculties and other department.
e) Key financial and operating indicators.
f) Overview
g) Operations
h) Costs
i) Taxation
j) Statement of Financial Position/Balance Sheet
k) Statement of Comprehensive income
l) Cash Flow

378. The Year End Report shall be submitted to the Board for review within 30 days of the end of the financial year.

13.5. Year-end accounting procedures

13.5.1. Objective of year end accounting procedures

379. Year-end accounting procedures are necessary to ensure successful closure of the accounting year and the competences of transactions affecting the financial statements for the year under review.

13.6. Accounting procedures

380. Notwithstanding the fact that certain of the procedures are likely to be carried out routinely or at various reporting periods within the financial year, it is important to emphasize that the following procedures shall be particularly undertaken at the end of each financial year in order to meet the above objectives.

13.7. Accruals

381. Invoices relating to goods and services by 30 September each year shall have to be accrued for the end of the year no matter when received by the University. For instance all invoices received within October and November each year shall be accrued to 30 September of the preceding year to the extent that such invoices relate to services or supplies provided during the preceding year.

13.8. Cash counting

382. All cash and cheques (un-banked collections) available in the Cash Office by close of business on 30 September each year shall be counted and recorded in the cash count template. The summary shall be signed by Accountant or the Deputy DoF and shall be witnessed by the Internal Auditor and/or the External Auditor.

383. Bank Certificates for the year shall be obtained for each of the University's Banks Accounts.

13.9. Stock-taking

384. There shall be physical stock-taking of all stores available at the close of business on 30 September each year. The stock-taking record shall show for each stock item, the physical amount available, the unit cost and total value

to be incorporated in the financial statements. The physical count results shall be reconciled and/or agreed to the balances in the general ledger.

13.10. Translation of foreign currency denominated balances

385. Balances denominated in foreign currencies shall be translated using the closing rates as of 30 September of the relevant year. Such balances shall include monetary assets and liabilities and foreign currency bank balances. This should be done in respect to the appropriate IASs/IFRS

386. In addition to the quarterly financial reporting, statutory accounts shall be prepared at the financial year-end in accordance with University law and other applicable legal requirements.

387. KIUT shall liaise with the external auditors to ensure audited accounts are available within the stipulated three months period after the year-end.

388. The relevant Board Committee shall review the draft accounts prior to submission to the External Auditors and also review the final audited accounts prior to submission to the Board for approval. Any potential audit qualification shall be communicated to Finance Committee prior to the finalization of the accounts.

389. Final accounts which shall be prepared in accordance to the relevant legal framework and IASs and IFRS together with the Audit Report should be available for Finance, Strategic Planning Committee review and Audit Committee and Board of Trustee’s approval within four months of the year-end.

13.11. Follow up on Previous External Audit

390. Management letter recommendations shall be implemented effective 2nd February of each year and it shall be the responsibility of DoF to follow up the implementation.
391. Monthly reports to the Finance, Strategic Planning Committee by the concerned Head of Department shall be made on the implementation status of the recommendations.

392. Internal Audit Department shall closely monitor the implementation exercise for compliance.

393. Subsequent external audits shall assess the progress in implementing the recommendations.

14.0 BUDGETING AND BUDGETARY CONTROL

14.1. Policy

394. The University shall prepare an annual budget geared towards achieving its strategic mission and objectives. As much as possible, the University shall employ a Zero Based budget system.

14.2. Objectives

395. The objectives are:

a) To align the University activities to KIUT corporate strategy so as to meet its mission and vision;
b) Ensure proper allocation of resources and cost control;
c) Maximizing the shareholders wealth by improving return on capital employed;
d) Establish a basis for performance measurement.

14.3. Responsibility

396. The DoF in consultation with the Finance Committee shall be responsible for the estimation of Company's revenue and expenditure.

14.4. Planning and Budget Process /Cycle

397. The process shall start at the beginning of July of every year after the 3rd quarter management accounts. The Finance Committee shall review the latest financial report and set University objectives and priorities for the next period.

14.5. Financial Planning and Budgeting Procedure

398. The Financial Planning Process shall involve updating of the rolling Corporate Strategy as follows:

a) The preparations of the budget for the third year in the rolling Corporate Strategic Plan.
b) Reviewing and updating of the budgets already presented in the first and second years of the rolling corporate strategy.

399. The Management Committee shall:
a) Evaluate the performance of up to 3rd quarter management accounts.
b) Review the budget for the next two years.
c) Review the corporate plan and
d) Issue guidelines for budget preparation to address the issues identified.

400. Corporate financial objective such as growth in net income, return on capital employed (ROCE), return on assets and growth in turnover shall be set by the Finance Committee.

14.6. Cost Centres

401. Individual departments shall give budget estimates as per activities documented in their work plan for the period.

402. Where a department is subdivided into cost centres, the heads of department shall submit the cost centre budget as per activities at that cost centre level into the budget template provided.

403. The cost centres of the University for budgeting purposes shall be as per departments and/or units relevant for cost centre reporting from time to time.

14.7. Revenue Estimation

404. The following shall be the key revenue lines upon which budgets shall be made:
a) Tuition and other fees payable by students

b) Research revenue
c) Plans and development
d) Other income.

14.8. Procedures

405. Gathering Budget Data

a) The Director Finance shall issue budgeting templates to all Cost Centre Managers.
b) The Cost Centre Managers shall use work plans to fill in the budgeting templates and attaché monetary value to the planned activities within a period of two weeks.
c) The DoF shall be responsible for gathering all the budge data, consolidating it and preparing the master budget which shall be ready the 30th July each year.
d) The Vice Chancellor shall review the draft budget before it is submitted to Finance Committee
e) The Finance Committee shall review the draft master budget and recommend its approval by the Finance Committee by 15th August each year.

406. The Committee shall present the draft budget to the Board by the 15th September each year.

407. Implementing the Budget

a) The DoF shall post the approved budget into the Tally budget system for access by Heads of Departments and all Cost Centre Managers.
b) Heads of Department and Cost Centre Managers shall be responsible for implementation of the approval activities.
c) Heads of Department and Cost Centre Mangers shall be responsible for implementation and control of activities.
d) The DoF shall ensure that all expenditures and incomes are posted against the respective budget lines.

14.9. Budgetary Control System

408. Minimum Controls

a) There shall be an approved budget by the Board of Trustees and Audit Committee.
b) It is the responsibility of the Heads of Department to work within the approved budget.
c) Activities not catered for in the budget shall require a special approval by the Finance Committee and the Board.
d) The DoF shall on a monthly basis give a budgetary performance report to the VC and the Finance Committee.
e) Cost Centre Managers shall be responsible for costs that are within their control. They shall be responsible for the variances reported and shall explain such variances to the Head of Department
f) Heads of Department shall be evaluated on how best they manage their budget as part of their performance management appraisal.
g) Finance and Administration Departments shall prepare quarterly management accounts and reports that compare actual performance against budge within 20 days after the close of the quarter for review by Finance Committee and the Board.

14.10. Latest Estimates (LE's)

409. LE's share the same foundations as budgets but new LE's are prepared so as to provide an up to date forecast of the company's full year results. The first LE (LE 1) is prepared at the end of March. This is prepared by the Heads of Departments on a "top-down" basis and highlights any differences from the Budget. LE 2, as at the end of June, may either be top down or bottom up, depending upon the significance of variances from the budget. LE 3, as at the end of September, is always bottom up since it is prepared as part of the annual budget process.

410. Once the LE has been presented to the Board for noting, it is incorporated into subsequent financial reports.

14.11. Capital Expenditure

411. Capital Expenditure represents a large area of discretionary expenditure, bringing into play cost implications for future years. Accordingly, capital expenditure projects require good planning, implementation and control.

412. Capital expenditure policies and plans require to be approved by the Board of Trustees. The authorization policy is detailed in the general policy on authority limits with values as amended from time to time.

413. Assets costing less than the Income Tax threshold, currently TZS. 100,000/- are not deemed to be capital expenditure.

414. Capital expenditure planning starts with the Strategic Planning and annual budgetary process. Major projects require a feasibility study and appropriate funding arrangements as part of the Board decision making process.

14.12. Planning

415. Project ranking and prioritization should be applied to make best use of financial resources. Comparisons for significant projects should be made using accepted tools such as IRR, NPV, etc. However, this may not be appropriate for scheduled asset replacement or social and community related projects.

416. The DoF may set capital return thresholds to be met for significant project from time to time in accordance with expected economic norms within Tanzania. The calculation, criteria and mix thereof shall inevitably vary over time. The minimum expected rate of return for projects shall be determined by the Board on the advice of the Management Committee.

14.13. Budgeting

417. Except in cases of emergency, all capital expenditure programmes shall be included in the capital budget, which is subject to the normal annual approval process by the Finance, Strategic Planning Committee and Board of Trustees.

418. Heads of Department may motivate a case for additional projects. However, this should not result in an overrun in that category of capital expenditures, i.e., it shall require project substitution. Any proposal of this nature shall be subjected to thorough financial justification and appropriate authority and approval processes.

419. It is not the current policy to have a contingency capital budget but it may, with appropriate level of authority approval, be in order to require reallocation of funds or priorities for previously approved projects to meet changing circumstances.

420. Inclusion of a project in the approved capital budget does not of itself authorize the project. Changing circumstances and cash requirement may override the plan. Capital expenditure not actioned during the financial year may be reincorporated in future year plans but shall be subject to approval as part of the New Year budgetary process. Capital expenditure that has commenced during the current financial year is carried as an incomplete project (Capital Work In Progress) and does not require further approval.

421. Preparation of the capital budget is achieved through the transmission of departmental budgetary requests. These requests are consolidated and appraised at Finance, Strategic Planning Committee Meeting in the light of expected financial resources.

422. The proposed capital budget shall then be presented to the Board of Trustees.

423. The capital budget shall use generic description, wherever possible, in order that no supplier is given unfair advantage.

424. Following Board approval each capital expenditure project should be given a project code, in order that financial monitoring and control can occur

14.14 Control and Authorization

425. Control over capital expenditure requires the initial use of a Capital Report Form (CRF) (attached as per Appendix III to the Manual). Following signatures by all parties this allows the commencement of the supplier selection, in line with normal external government processes, authority levels etc. The CRF is distributed to the Procurement Officer together with a Purchase Requisition and to DoF for financial monitoring.

426. Anticipated variations, except for reasons of exchange rate fluctuation, of more than 20% are to be reported by the relevant Head of Department to the Finance Committee or further consideration. In certain circumstances, supplementary approval for variations of over shillings TZS. 50 million shall be approved by Board. Exchange rate fluctuations are excluded as approval is given in both the currency in which the asset is to be purchased and the estimated Tanzania shilling equivalent.

427. Significant adverse variation in delivery and completion of any project shall be reported to the Board on a quarterly basis. A progress report on Capital expenditure projects shall also be presented to the Board for review on a quarterly basis.

15.0 CASH & INVESTMENT MANAGEMENT

15.1. Policy

428. The University shall invest excess cash into short term viable instruments or securities for purposes of generating interest. Excess cash refers to the cash surplus on University operating bank accounts that is not immediately required for use.

429. University funds shall be invested in a manner that shall provide maximum security with best investment return, while at the same time meeting the daily cash flow of the entity.

15.2. Objective

430. The purpose of the investment procedures is to ensure that the investments of excess cash undertaken by the University are viable and that University resources are not unduly exposed at any one moment.

15.3. Investment Procedure

431. Investment of excess cash in short term financial instruments.

432. In order to minimize liquidity risk, there shall be need for forward planning of the funds requirements and timing during a specified period with a view to holding cash which is only necessary so as to invest the excess.

433. Cash surplus to requirements shall be prudently invested in profitable investment in the financial markets, with particular regard being given to risks involved, returns expected.

434. At the end of every semester, the VC shall present to the Finance, strategic Planning Committee and the Board of Trustees proposals for investments of the surplus cash for review and approval.

435. Withdraw of surplus cash investments shall require the approval of the Finance, Strategic Planning Committee and the Board of Trustees.

16.0 RAISING FINANCE

16.1. Policy

436. The University shall raise finance for purposes of financing its activities.

16.2. Objective

437. The objective of raising finance shall be to ensure that the University sustains all its projects.

16.3. Procedure

438. The Finance, Strategic Planning Committee shall review and approve cost estimates and the cash flow in respect of specific projects. The procedure for determining project cost estimates shall be as provided in the Operations Manual.

439. The VC, having given due regard to the magnitude of the Project and the cash flow requirements, shall quarterly and advise the Finance, Strategic Planning Committee of any financing gap that may warrant intervention in terms of borrowing.

440. The Chairman of the Finance, Strategic Planning Committee and the Chairman Board of Trustees shall solicit for the required borrowing from the University bankers or other reputable lending institutions or seek government or development partners' intervention. The aforesaid officers shall exercise due care and skill to ensure that the resulting financing is cost effective.

441. The Chairman, Finance, Strategic Planning Committee and the Chairman Board of Trustees, shall present to the Finance, Strategic Planning Committee the prospective financing arrangements as negotiated with the prospective financing institution or Government or development partner for review and presentation to the Board of Trustees for approval.

442. The contract and all other legal documentation associated with the borrowing shall be reviewed by the University Registrar.

17.0 INVENTORY MANAGEMENT

17.1. Policy Objective

443. To maintain an effective Store Management System that shall ensure minimal stock levels, proper storage and accountability.

444. The University shall maintain a fully computerized inventory management system.

17.2. Inventory and Reporting System

445. KIUT shall implement an inventory system that shall generate the following reports;

a) Automatic stock replenishment reports;
b) Stock taking reports;
c) Printing on-line stock requisitions;
d) Recording all stock movements;
e) Stock review reports; and
f) Other management reports.

Responsibility

446. The Director of Estates shall be responsible for the general supervision and control of the inventory and stores records of the University.

447. The Stores officer shall be responsible for the day to day orations of assigned stores which shall include receipt, recording, custody, security and issue of all inventories held in the store user his control.

448. S/He shall ensure that the store rooms are kept clean and properly ventilated, secure and that inventories shall be well arranged, documented and easily accessible.

17.3. Control Environment

449. The Minimum controls shall be as follows:

a) The Head of Department shall ensure that funds are available and are within the budget before any goods are ordered.
b) A copy of the order shall be sent to the Stores officer to prepare and plan to receive ordered materials.
c) The stores officer shall check goods delivered against an invoice, the delivery notes for quantity and quality specified in the purchase order. No goods shall be accepted in the University stores without an invoice, delivery not and local purchase agreement order.
d) The user Department and an Internal Auditor shall check the goods received and once accepted the Stores Assistant Accountant shall prepare the Goods Received Note which shall be countered signed by user and internal auditor.
e) The Goods Received Note together with the invoice and delivery notes shall be sent to the Procurement Officer for reconciliation against the purchase order for quantity, quality specified, and prices and shall thereafter pass the documents to the Director of Finance.
f) The DoF shall approve the documents for processing and accrual in the accounting system. The Accountant shall accrue the invoices in the Accounting System.
g) After accrual, the documents shall be passed to the Cashier for processing payment.
h) An inventory system in respect of each store to record all stock movements shall be maintained by the Finance Manager in Charge of Expenditure.
i) Entries of receipts and issues shall be posted in the inventory system promptly showing the date, voucher number, supplier and other relevant details.

17.4. Controls over Stores Routine

17.4.1. The controls in the Stores routine shall be as follows:

a) Bin Cards shall be kept in respect of each item of stock.

b) Bin Cards shall be maintained by the, Assistant Accountant (stores), who shall record each receipt and issue as it occurs.

c) H/she shall enter the serial number of the relevant receipt or issue voucher and post the resultant increased or reduced balance of the stock.

d) No erasure or alteration shall be made against any entry in the bin cards. Any corrections considered necessary shall be made by crossing out the original entry with a single line (leaving the entry legible) and inserting the new entry. The Officer making the changes shall sign for such changes.

e) The Accountant shall check all such changes.

f) All stores requisitions shall be made against a Stores Requisition and Issue Voucher (SRIV) filled in triplicate.

g) The DVC FA shall give the financial authority to issue the materials/stock.

h) The Stores Officer shall issue the inventories as per SRIV, and the recipient shall sign the SRIV to acknowledgement of receipt of the items.

17.2. Stocktaking

17.2.1. Policy

450. Stocktaking shall be carried out on a Bi-annual basis, and cycle counts on a quarterly basis.

17.2.2. Responsibility

451. The Finance Manager in charge of Revenue shall be responsible for the implementation of these procedures.

17.2.3. Valuation

452. Materials in store shall be valued at historical cost or net realizable value. Historical unit cost on First in First Out (FIFO) is used by the University to charge out issues of stores stock and to value stores stock holdings.

17.3. End of Year Procedures

453. The end of year procedure for stock taking shall be as follows

a) The Assistant Accountant, Stores shall arrange the stores in a neat and orderly manner for stock taking ease.
b) The Accountant shall generate counting templates in the Tally system for use in the stock counting exercise.
c) The stock takers shall count the physical stock and compare with the bin and stock cards and shall be required to sing the bin cards as proof of having counted items.
d) The Accountant shall enter actual stock counted in the system.
e) He/she will generate draft stock count report.
f) The DoF shall appoint a team to investigate any discrepancies in the stock taking process.
g) Necessary adjustments shall be made in the system for resolved discrepancies.
h) Stocktaking journals shall be posted into the Tally Inventory System by the Accountant Expenditure.
i) A stock taking report shall be generated thereafter.
j) Internal Audit shall investigate any unresolved differences and appropriate action shall be taken by finance Committee.
k) Administrative officer who is responsible for the management of stocktaking shall advise the Accountant at the conclusion of each calendar year, progress report and results of their programs as a necessary part of Final Accounts procedures.
l) Stock taking records shall be retained for audit inspection in accordance with the records retention policy.

18. CHART OF ACCOUNTS

18.1. Objectives

454. The Chart of Accounts helps to classify data in acceptable classification of accounts and codes.
455. The classification recognizes the distinct nature of transactions with respect to cost centre and recurrence, direction of cash flow (in flow or outflow) and financing.
456. This classification shall accordingly recognize assets, liabilities, capital, revenue and expenditure.
457. It is used as an instrument of financial management and is key to maintenance of a General Ledger (GL).

18.2. Features

458. It is flexible enough to accommodate required reporting of data without constant and numerous changes to the actual Chart of Accounts.
459. The accounting allows sub-ledgers for any general ledger number; this allows flexibility to track any information at a detailed level within a general ledger number.
460. Accounts are numbered, coded, identified, and grouped consistently throughout the Chart of Accounts to facilitate both functional and operational analysis and comparison.
461. The Chart of accounts file allows flexibility to add new items for similar types of accounts, through use of extensive coding system within the Chart of Accounts file.
462. A change in the Chart of Accounts allows each department to re-examine its reporting requirements to provide input for any upcoming activity.

18.3. The Coding and Cost Centre System

463. the Coding System ensures the power to manipulate the Chart of Accounts to achieve multipurpose objectives.
464. Major balance sheet and profit and loss classifications are identified by the first digit in the general ledger account number.
465. Account number will begin with:

- ✓ 2 represent Expenses (E)

- ✓ 3 Represent Income (I)
- ✓ 4 Represent Current Assets (C)
- ✓ 5 Long Term Assets (A)
- ✓ 6 Equity and Liabilities (L)

466. These are general guidelines when assigning a new general ledger number, but actual reporting of accounts is achieved through type codes within the Chart of Accounts.

18.4. Key Control Elements

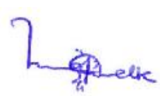
467. The Chart of Accounts is under the control of the Director of Finance.

468. All Changes to the Chart of Accounts shall be done with the authorization of the Director of Finance.

469. Changes after approval will be given to DoF for installation on user units, and description of changes are advised to all user units as to how the change affects transaction processing.

470. When opening a new general ledger number, the DoF must specify all characteristics required by the automated system to properly define treatment of that account in system accounting and reporting.

For and on behalf of the KIUT Council



Chairman of the Council

Date: 15th January 2019

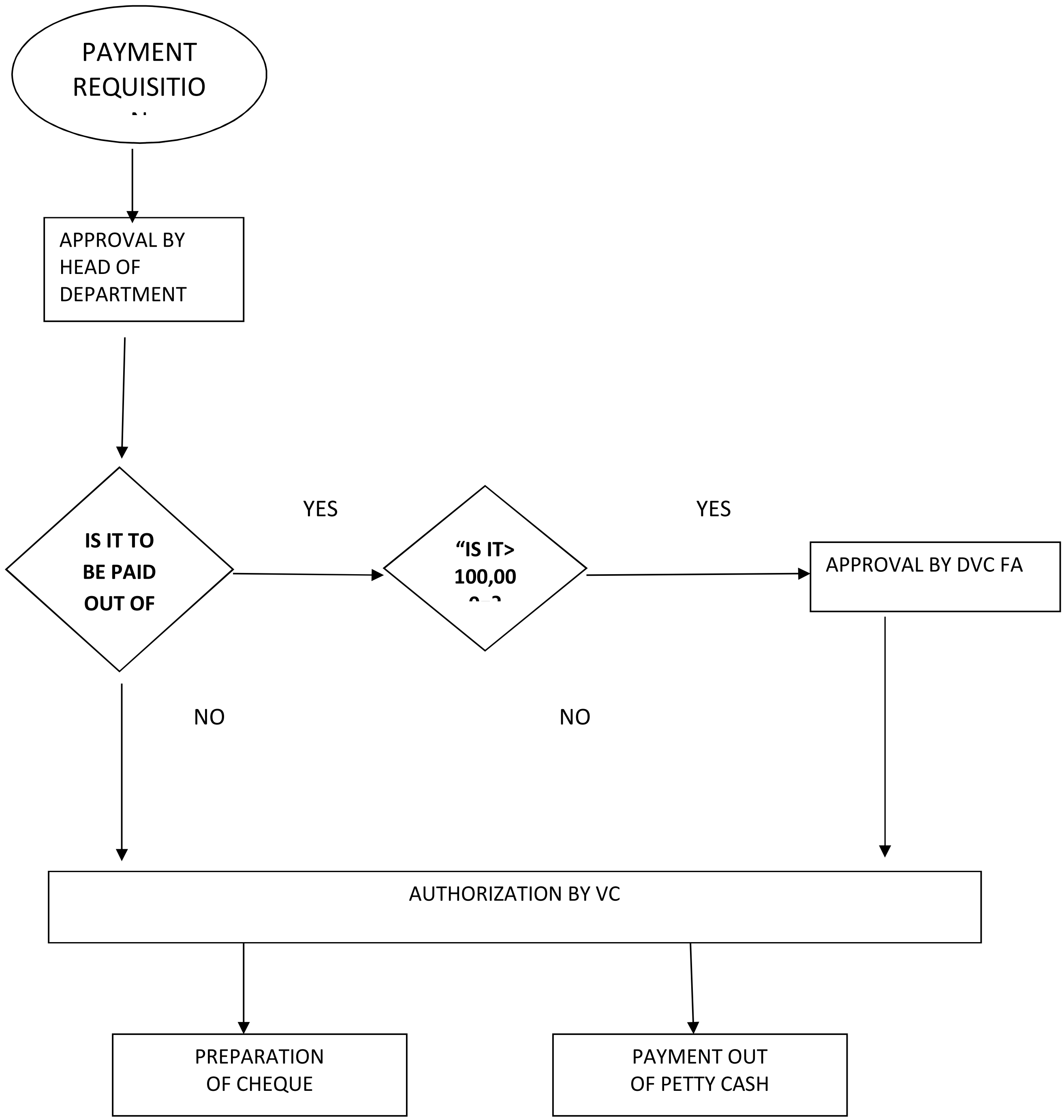
APPENDIX I

DEPRECIATION RATES

Item	**Rate**
Land	0%
Furniture & Fittings	12.5 – 33.33%
Office Vehicles	25%
Buildings, Improvements and Permanent ways	2%
Equipment	3.33 – 10%
Computers & Network	33.3%

Appendix II

FLOW CHART DEPICTING AUTHORITY LEVELS FOR PAYMENT INSTRUCTIONS



APPENDIX III

KAMPALA INTERNATIONAL UNIVERSITY IN TANZANIA

CAPITAL REQUEST FORM (CRF)

To: **Procurement Officer – Procurement Unit**

Department ………………………………………………………………………………

Broad Category	**Tick as appropriate**	**Specific Description of the Asset**
Furniture & fittings		
Motor Vehicles		
Computers & Network		
Property		
Office Equipment		

Was the item budgeted for? YES / NO Delete as appropriate.
If No, is there an approved Business Case for the purchase?
……………………………………………………………………………………………
……………………………………………………………………………………………
(Attach documentation for the approved Business Case, if any)

Prepared by	**Authorized by**	**Recommended by**
…………………………	………………………………..	……………………………
Title	**Head of Department**	**Director of Finance**

The Capital Request Form (CRF) shall be used whenever a fixed asset acquisition is required.

Deputy Vice Chancellor, Finance & Administration ……………………………………..

Approved by Vice Chancellor ……………………………………..

KAMPALA INTERNATIONAL UNIVERSITY IN TANZANIA

Cash Requisition Form Date ____________________

To: Director of Finance Accounts Code ______________

Name of Applicant ____

Department of Applicant ____

Signature of Applicant ____

Amount applied for in Figures ___________________________________

Amount in Words ____

Funds Required for (Reason): ____________________________________

____

Head of Department Comments and Approval

____

____

Recommended by the Deputy Vice Chancellor, Finance & Administration (Signature)

Financial Authority Given by:
Vice Chancellor ____

Amount received and signed for by

Name____

Signature ____

Amount Paid by the Cashier
Name & Signature ____

KAMPALA INTERNATIONAL UNIVERSITY IN TANZANIA

STAFF CLAIM FORM Date ______________

Name ____ Title ____________________________

Department ______________________________ C/No ____

Description of the Claim	Amount (UGX)

Claimant's Signature ____

Head of Department's Approval ____

Recommended by Director of Finance (where applicable) ____________________________

Financial Authority by:
Vice Chancellor ____

Amount Received by ____ Date __________________

Amount Paid by Chief Cashier ________________________________ Date __________________

Accounts Code ____

All supporting documents shall be attached to this form.