



# **UNIVERSITY OF NAIROBI**

## **FINANCIAL REGULATIONS**

**Second Edition 2013**

## **FORWARD (TO BE REVIEWED)**

The financial regulations of the University of Nairobi have been long overdue. Therefore, this document plays an important role in filling a vacuum given the many challenges that face management in the financial operations and overall management of the University. These regulations provide consistency as a guide and regulatory framework given the frequent changes in management.

The University of Nairobi operates in accordance with:-

- The State Corporations Act
- The Exchequer and Audit Act
- The Universities Act 2012

And other government financial regulations and guidelines as issued from time to time.

These financial regulations therefore go a long way in ensuring compliance with these statutory provisions.

All financial operations of the University sections, departments, faculties, schools and institutes, all income generating units and subsidiary companies including UNES shall be bound by these regulations and other circulars issued from time to time in accordance with the same.

All members of staff including new employees, newly appointed Section Heads, Chairmen, Directors, Deans, Principals, Deputy Vice-Chancellors, Vice-Chancellors and members of Council shall be expected to familiarize themselves with the contents of this document and apply the same in their areas of operation and jurisdiction. Finally, I believe that these financial regulations will contribute to the smooth running of the operations of the University.

**PROF. G. A. O. MAGOHA**  
**VICE-CHANCELLOR**

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## **PREFACE**

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

While preparing the regulations, reference has been made to Government Financial Regulations, Exchequer and Audit Act, the State Corporation Act, International Financial Reporting Standards (IFRS), and the Universities Act, 2012.

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

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

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



# CHAPTER 1

## INTRODUCTION

These financial regulations and procedures deal with the Management of University of Nairobi finances and resources. The University of Nairobi is established in accordance with Universities Act 2012. The University of Nairobi is a body corporate with perpetual succession and a common seal, and shall in its corporate name be capable of:-

- (a) Suing and being sued,
- (b) Taking, purchasing or otherwise acquiring, holding, charging and disposing of movable or immovable property; and
- (c) Borrowing or lending money; and
- (d) Doing or performing all such other things or acts for the proper performance of its functions under, and for the furtherance of, the provisions of the Universities Act 2012 and the University of Nairobi Charter, which may lawfully be done or performed by a body corporate.

The application of these regulations and procedures shall in all respects comply with the provisions of the Universities Act 2012, and all statutes under this act, as well as the University of Nairobi Charter.

The Council of the University has the overall responsibility of managing the affairs of the University, including the financial portfolio. The Council is also responsible for policy formulation and guidance of operations of all subsidiary companies of the University of Nairobi.

The Public Audit Act, 2003, the State Corporations Act (CAP 446) the respective Universities Act 2012 and University of Nairobi Charter regulate the management of the resources of the University of Nairobi. In particular special attention is drawn to the following provisions:-

(i) **The State Corporations Act (CAP 446)**

**Sec 14 (1)** “Every state corporation shall keep or cause to be kept proper books recording all the property, undertakings, funds, activities, contracts, transactions and other business of the state corporation.

(2) The Minister for the time being responsible for finance may prescribe the form of any books required to be kept under subsection (i) and unless a form has been prescribed a form suitable for the purposes shall be used.”

**Sec 15 (1)** “A Board shall be responsible for the proper management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation.

(ii) **The Public Audit Act, 2003**

**Sec 12 (1)** For each financial year, each state corporation shall prepare and submit for audit accounts to the Controller and Auditor General.

(2) The Accounts shall include the following:-

(a) A balance sheet showing the assets and liabilities as at the end of the financial year;

(b) A statement of the income and expenditure for the financial year;

(c) A cash flow statement for the financial year; and

(d) Any other statements and accounts that may be necessary to fully disclose the financial position of the state corporation.

**Sec 13 (1)** A state corporation shall submit its accounts within three months after the end of the financial year to which the accounts relate.

(2) The National Assembly may extend, by resolution, the time limit for the submission of accounts by a state corporation.

**Sec 14** The Controller and Auditor General shall examine and audit the accounts submitted by a state corporation, express an opinion and certify the result of the examinations and audits.

**Sec 15 (1)** The Controller and Auditor General shall prepare a report on the examination and audit and submit the report to the Minister responsible for finance.

(2) Without limiting what maybe included in the report, the report shall indicate whether:-

(a) The information and explanations that were required to perform the examination and audit were received;

(b) Proper books of account have been kept and the accounts are in agreement therewith;

(c) The accounts present a true and fair view of the financial position of the state corporation;

(d) Due provision has been made for the repayment of all money borrowed by the state corporation; and

(e) Adequate amounts have been set aside for depreciation and renewal of the assets of the state corporation.

(3) Without limiting what may be included in the report, the report shall identify cases in which:-

(a) Money has been spent in a way that was not efficient or economical; or

(b) The rules and procedures followed, or the records kept were inadequate to safeguard property and the collection of revenue.

**Sec 19 (1)** A state corporation whose accounts are examined and audited shall pay for the costs of the examination and audit.

(2) If the examination and audit is conducted by the Controller and Auditor General, the payment required under sub-section (1) shall be paid to the Controller and Auditor-General and the amount of the payment shall be as determined by the Controller and Auditor-General.

- (3) If the examination and audit is conducted by an auditor appointed under section 39, the payment required under subsection (1) shall be paid to the auditor and the amount of the payment shall be as agreed between the state corporation and the auditor.

**Sec 39 (1)** The Controller and Auditor-General may appoint an auditor who is not a member of the staff of the Kenya National Audit Office to assist in an examination and audit of accounts.

- (2) Only a person registered and practicing as an accountant under the Accountants Act may be appointed under this section.
- (3) Any auditor appointed under this section shall comply with any general or special directions given by the Controller and Auditor-General.
- (4) An auditor appointed under this section shall report to the Controller and Auditor-General.
- (5) For the purpose of his appointment, an auditor appointed under this section has the powers of the Controller and Auditor-General under section 37.

### **1.1 Sources of University of Nairobi Funds**

The University of Nairobi's main source of funds is recurrent and development grants from Treasury. Other sources include tuition fees, accommodation fees, application fees, registration fees, research grants, Pay As You Eat, cafeterias, examination fees, vacation fees, consultancy fees, medical fees, endowments, investments, leasing of space, and other income generating activities.

### **1.2 Accounting Officer**

The Vice-Chancellor, as the Chief Executive of the University, deals with the day to day administrative and academic management aspects of the University. The Vice-Chancellor is also the accounting officer of the University. Principals, Deans, Directors, Departmental and Section Heads exercise delegated authority and are responsible to the Vice-Chancellor through the Deputy Vice-Chancellors for the accounting functions in their respective units.

The duties and responsibilities of the Accounting Officer include:-

- (a) Ensuring that the University funds are applied only for the purposes approved by the Council and in conformity with the laid down rules and regulations;
- (b) Signing the balance sheet and the financial statements and thereby taking responsibility for their accuracy;
- (c) Preparing accurate and realistic estimates of recurrent and development expenditure, which shall be within the prescribed ceilings;
- (d) Ensuring that all amounts due to the University, including tuition fees, other fees or other income, are collected promptly, officially received and properly accounted for;
- (e) Ensuring that all expenditure incurred by the University is within the approved estimates and is also covered by the authority of the council;
- (f) Managing and controlling University resources and ensuring that policies set by the Council are followed;
- (g) Ensuring that all reasonable precautions are taken to safeguard the receipt, custody, issue and proper use or disposal of University property and that regulations and statutes relating thereto are strictly observed;
- (h) Ensuring that all income and expenditure relating to income generating activities of the University are operated in accordance with approved policies and regulations;
- (i) Ensuring management, guidance and control of operations of subsidiary companies of the University of Nairobi.

In order to effectively discharge these duties and responsibilities, the Vice-Chancellor is assisted by staff in Finance and Audit Departments. These officials carry out day to day financial control responsibilities as delegated by the Vice-Chancellor through the Deputy Vice-Chancellor (Administration & Finance).

### **1.3 Finance Department**

The Finance Department of the University of Nairobi shall have responsibility to meet the requirements of the Universities Act 2012 (Part IV), besides the University's financial objectives.

- (i) This department is charged with the responsibility of implementing sound financial controls of the University. It ensures effective management of the University's financial resources, and provides professional guidance to the University on financial matters.

In order to achieve its objectives the department designs and implements sound accounting and financial systems in accordance with international accounting practices, professional standards and guidelines issued from time to time by professional and regulatory bodies.

- (ii) The department is responsible for collection, custody and banking of all income due to the University. This includes all income generated through income generating units of the university. All other officers in departments/units of the University undertaking collection of funds exercise delegated authority from the department and must implement all the necessary financial controls in respect of funds collection. The department also ensures that expenditure incurred is in accordance with University policies and guidelines.

- (iii) The Finance Officer is the administrative and professional head of the Finance Department and is responsible for management of finance staff in conjunction with other University administrators in Central Administration, Colleges and other units. He is assisted by Deputy Finance Officers and College Bursars. Senior Accountants, Accountants and other finance staff, assist these officers in the performance of their duties. The duties of the Finance Officer include:-

- (a) Maintaining books of accounts and records relating to all income, expenditure and investments;
- (b) Ensuring sound financial management of University funds through application of appropriate financial systems and investment options;
- (c) Implementing effective financial and stores control systems;

- (d) Preparing annual accounts and other financial reports in conformity with relevant professional standards and other statutory requirements;
- (e) Preparing University's annual budget in consultation with user departments and submission of expenditure returns;
- (f) Ensuring that University financial systems are sound in design and operation and comply with International Financial Reporting Standards and other professional and regulatory guidelines;
- (g) Ensuring economic utilization of University resources and other assets.

The internal audit system ensures that there is continuous evaluation and review of all management aspects of the University in compliance with laid down policies, financial regulations, instructions and accounting procedures.

## **CHAPTER 2**

### **INTERNAL AUDIT**

#### **2.0 Introduction**

The Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the University's operations. It assists the University accomplish its objectives by applying a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

#### **The role of the Internal Audit**

The role of the department is to manage comprehensive operational and financial audit programs that provide assurance and consulting services designed to add value and improve the University's risk management, control, and governance processes.

The department is headed by the Chief Internal Auditor, assisted by the Deputy Chief Internal Auditor and other internal audit staff. The operations of the department are decentralized with each of the six Colleges and Student Welfare Authority having an internal audit section headed by a senior internal auditor.

#### **2.10 Reporting Structure**

##### **2.1.1**

The Chief Internal Auditor is administratively responsible to the Vice-Chancellor for the proper execution of the Internal Audit function at the University, while professionally he is responsible to the Audit Committee of the Council. The Senior Internal Auditor is professionally responsible to the Chief Internal Auditor for the proper execution of the College Internal Audit function while administratively, he is responsible to the Principal of the College in which he is stationed or to the Director SWA as the case may be.

##### **2.1.2**

To ensure the independence of the Auditors, they shall be free from any operating responsibilities that may impair their objective assessment in discharging his internal audit functions.

### **2.1.3**

In exercising their responsibilities the internal auditors shall have unrestricted access to all records, books, vouchers, reports or any other information that they may consider necessary in the discharge of their professional duties.

### **2.1.4**

Internal auditors may call upon any officer of the University to offer explanation and information which they may require in order to effectively discharge their duties.

## **3.0 The Functions of the Internal Audit**

### **3.1 Professional Functions**

The Internal Audit Department seeks to determine whether the University's network of risk management, control and processes, as designed and represented by management, is adequate and functioning in a manner to help ensure that:-

- (i) Risks, including strategic risks, are appropriately identified and mitigated or managed;
- (ii) Significant financial, managerial, and operating information is accurate, reliable, and timely;
- (iii) Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- (iv) Resources are acquired economically, used efficiently, and adequately protected;
- (v) More effective business strategies are adopted to manage poor performance;
- (vi) Programs, plans, and objectives are achieved; and
- (vii) Quality and continuous improvement are fostered in the University's control process.

### **3.2 Other Functions**

- (i) Issuance and control of accountable documents such as receipt books, Local Purchase Orders (LPO's) and stores requisition notes;
- (ii) Pre-Auditing of payment vouchers and purchase requisitions;
- (iii) Undertaking special investigations on behalf of the University Management;
- (iv) Offering consultancy services to the Management of the University in relation to its subsidiary companies, Income Generating Units' (IGU's) and Special Programs.

### **3.3 Reference Documents**

In carrying out their professional duties, the Internal Auditors shall be guided by the applicable professional guidelines issued by the Institute of Certified Public Accountants of Kenya (ICPAK). These include:

- (i) The ICPAK Internal Audit Manual;
- (ii) Professional Code of Conduct and Ethics.

## CHAPTER 3

### ACCOUNTING SYSTEMS

The University is required to produce Annual Accounts in compliance with the Exchequer and Audit Act and Universities Nairobi Act 2012. These Accounts are subsequently audited by the Controller and Auditor General or any other auditor authorized by him. The financial year of the University of Nairobi runs from 1<sup>st</sup> July to 30<sup>th</sup> June of the following year.

The Universities Act 2012, Part IV Section 50 states:-

- (i) The financial year of a public university shall be the period of twelve months ending on the thirtieth day of June in each year.

Section 47 states:-

- (1) A public university shall cause to be kept all proper books of records of accounts of the income, expenditure and assets of the university.
- (2) Within four months from the end of each financial year, a public university shall submit to the Controller and Auditor General the accounts of the university together with:-
  - (a) a statement of the income and expenditure of the university during the financial year; and
  - (b) a balance sheet of the university on the last day of the year.

In order to meet this objective, the University operates an integrated Financial Information Management System (FIMS) which captures accounting data from all the accounting units/colleges of the University.

The computerized accounting system incorporates the classification of accounts, the expenditure and income accounting system, bank accounts, student ledgers, salaries and wages ledgers and all other aspects of financial accounting within the University.

#### **3.1 Annual Estimates**

The Universities Act 2012 Part IV Section 44(1) and (2) states that:-

- (1) A public university shall prepare and submit annual estimates of revenue and expenditure to the Cabinet Secretary for approval in such form and at such times as the Cabinet Secretary shall from time to time prescribe.
- (2) A public university may incur expenditure for purposes of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior approval of the Council. The following are some of the expenditure categories that require appropriate estimates:-
  - (a) For the payment of the salaries, allowances and other charges in respect of the staff of the University;
  - (b) For the payment of the pensions, gratuities and other charges in respect of retirement benefits which are payable out of the funds of the University;
  - (c) For the proper maintenance of the buildings and grounds of the University;
  - (d) For the proper maintenance, repair and replacement of the equipment and other movable property of the University;
  - (e) For the proper funding of the cost of teaching and research activities of and in the University;
  - (f) For the creation of such reserve funds to meet future or contingent liabilities in respect of retiring benefits, insurance or replacement of buildings or equipment, or in respect of such other matters as the Council may think fit.
- (3) Annual estimates shall be prepared by the Council before the commencement of the financial year to which they relate, and shall be submitted to the Cabinet Secretary for approval and after the cabinet Secretary has given his approval the Council shall not increase any sum provided in the estimates without the consent of the Cabinet Secretary.
- (4) No expenditure shall be incurred for the purposes of the University except in accordance with the annual estimates approved in pursuance of an authorization of the Council and with the prior approval of the Cabinet Secretary.”

### **3.2 Classification of Accounts**

The accounts are classified in terms of major codes, departmental codes, minor expenditure codes, income and expenditure codes, etc., as and when required.

The coding system contains all the information necessary for production of detailed accounts.

#### **Trial Balance**

Finance Department produces the trial balance on a monthly basis and a final one at end of every financial year, for the purpose of:-

- (a) Checking arithmetical accuracy of postings;
- (b) Comparison of actual expenditure and budgeted provisions for budgetary control purposes;
- (c) Preparation of financial management reports;
- (d) Approval of virements on overspent/underspent votes by Council within the approved estimates;
- (e) Preparation of estimates for submission to the Ministry for the time being responsible for education.

### **3.3 Preparation of Annual Accounts**

The University annual accounts are prepared at the end of every financial year. These are based on University of Nairobi accounting policies, which are:-

- (a) Annual Accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets;
- (b) Income from grants and fees includes only the amount receivable during the financial year;
- (c) Income from endowments, donations, research grants and other services rendered are included only to the extent of expenditure incurred during the year;
- (d) Income from short-term deposits is credited to the General Revenue Account or used for purchase of fixed assets and for

capital minor works to the extent determined by the University Council during the year;

- (e) Fixed Assets are stated at cost or professional valuation. Depreciation is provided for at annual rates estimated to write-off assets over the expected useful lives.

The annual rates are:-

Land:-

(i) Freehold	-	Nil
(ii) Leasehold	-	Life of lease
Buildings	-	40 years - 2%
Furniture and Equipment	-	10% on reducing balance
Motor Vehicles	-	20% on straight-line basis
Computers	-	20% on straight-line basis
Academic Gowns	-	5% on straight-line basis

Depreciation is charged to the Capital Fund.

Depreciation of gas plants is not provided for as their replacement becomes the subject of special grants when such replacement is necessary;

- (f) Endowment and Trust Fund investments are stated at the market value;
- (g) Stocks are valued at the lower of cost and net realisable value;
- (h) Revenue commitments represent goods and services ordered but not delivered at the end of the financial year;
- (i) The cost of library books is written off to expenditure as incurred;
- (j) Appropriation for Specific Purposes represents revenue generated by Colleges and unspent balances on certain votes carried forward to meet expenditure in the ensuing year;
- (k) The principal pension scheme for the University staff is the University of Nairobi Pensions Scheme, which was started in January 1987. The University's contributions to this scheme are charged to the salaries votes;
- (l) Assets and liabilities in foreign currencies are converted into Kenya Shillings at the rates of exchange ruling at the balance

sheet date. Conversion differences are accounted for in the Appropriation Fund Account;

- (m) Valuation of donated equipment is done by University professional valuers or as stated by the donors;
- (n) Deans Committee Research Grants are funds set aside from current and previous financial years. The uncommitted balance on each vote is carried forward until the related research project is complete.

### **3.4 Year End Finalisation of Accounts**

- (a) Reconciliation of various accounts shall be on continuous basis and must be completed by the end of **July** each year to allow the completion of annual accounts by **30<sup>th</sup> August**. The final trial balance shall be completed by the **31<sup>st</sup> July**.

#### **(b) Closing of Cash Books:**

The closing date of cash book is 30<sup>th</sup> June, each financial year.

#### **(c) Accruals:**

Pending payments and income earned but not yet received by 30<sup>th</sup> June shall be accrued and treated either as Sundry Creditors or Debtors and journalized in the Accounts as follows:-

#### **Pending Payments:-**

Debit: Individual expenditure votes with total amount pending.  
Credit: Sundry creditors with the total amount.

#### **Accrued Income:-**

Debit: Sundry debtors with monies receivable as at 30<sup>th</sup> June.  
Credit: Individual income votes.

#### **(d) Fixed Assets:-**

A statement of all fixed assets owned by the University of Nairobi as at the end of the financial year shall be incorporated in the final accounts. This shall include fixed assets movements during the year as follows:-

- (i) A schedule of all additions to fixed assets;
- (ii) A schedule of all disposals;
- (iii) A computation of gain or loss on disposal;
- (iv) A schedule of work-in-progress;
- (v) A schedule of all assets donated;
- (vi) Transfer of fixed assets;
- (vii) Depreciation charge for the year.

(e) **Stocks:**

There shall be a stock taking exercise at the end of every financial year. A statement of all stocks held by the University of Nairobi at the end of the financial year shall be incorporated in the final accounts.

In order to achieve this, there shall be need for:-

- (i) A summary of all stocks held;
- (ii) Valuation stock sheets for all stocks;
- (iii) Reconciliation of each type of stock by vote between physical stock and ledger card balance;
- (iv) Details of obsolete and slow moving stocks.

(f) **Cash Survey and Bank Balances**

- (i) There shall be cash survey in every cash office including petty cash as at 30<sup>th</sup> June which shall be reconciled with the cash book balances. Cash book balances shall be reconciled with bank balances.
- (ii) Cash and bank balances held by University as at 30<sup>th</sup> June shall be reflected in the annual accounts.

**3.5 Annual Accounts for Subsidiary Companies**

The University of Nairobi may incorporate subsidiary companies. The University shall exercise control over partially or wholly owned companies in pursuance of its objectives and ensure preservation and enhancement of its investments.

The annual accounts for these subsidiary companies shall be prepared separately but be consolidated and incorporated in the University's annual accounts in accordance with International Accounting Standards on presentation of consolidated financial statements.

## **CHAPTER 4**

### **EXPENDITURE**

All expenditure incurred by the University shall be within the estimates approved by the Council or any other officer authorized by the Council.

All such expenditure incurred shall be authorized by relevant Heads of Departments/Units and shall be controlled by Finance Department.

- (a) All payments shall be made on official University of Nairobi payment vouchers. The payment vouchers shall be serialized, dated and shall properly describe the payment being made;
- (b) The payment voucher shall be prepared in Finance Department, and be signed by the person preparing it before subsequent approval by the Section Head;
- (c) Approval of payment vouchers implies that all the requirements mentioned above have been met;
- (d) The expenditure shall be charged to the proper vote/account. The Authority to Incur Expenditure (AIE) form shall be used in order to confirm availability of funds and commit the expenditure in the vote book;
- (e) All payment vouchers shall be properly supported and pre-audited before payments are affected;
- (f) Payments may be effected by way of cheques, RTGS, EFT, Cash, or any other method, depending on the circumstances and the applicable rules and regulations stipulated by the University, the Banks, or the Law of the land;
- (g) The first signatory for all cheques of the University and its subsidiaries, project accounts and IGU accounts shall be the Finance Officer or any other officer of the Finance Department authorized by him. However, the first signatory for the UNES accounts shall be the Managing Director, while for JAB it shall be the Secretary of the Board.

#### **4.1 Payment for Goods and Services**

- (a) Where payment is in respect of good/services purchased, the goods/services shall have been received and confirmed through an

Inspection and Acceptance Committee Report. The Chairman or Head of Department where the goods/services are delivered shall certify such receipts.

- (b) The certified invoice, accompanied with the inspection report and the delivery note shall be attached to the paying copy of the purchase order together with the original requisition note, and the stores received note where applicable.
- (c) The certified documents shall be forwarded to Finance Office for payment.

#### **4.2 Creditors Ledger**

There shall be a creditors ledger in each relevant finance office. The Senior Accountant, Bursar or Accountant shall ensure that an up to date creditors ledger is maintained and regularly reconciled.

#### **4.3 Payment of Rent and Services for Leased Property**

Where the University leases property the following payment procedures shall apply:-

- (a) All lease agreements shall be scrutinized and verified by the Estates Manager and the Chief Legal Officer before submission for approval by the Vice-Chancellor or any other officer authorized by him on behalf of the University.
- (b) There shall be authorization by Estates Manager and Finance Officer.
- (c) The Chief Internal Auditor may from time to time independently examine the particulars of any lease agreement.
- (d) The Estates Manager shall notify the Finance Officer of any variations occurring within the lease period.

#### **4.4 Salaries and Wages Payments**

The Salaries and Wages Sections shall be responsible for:-

- (a) Ensuring timely payment of salaries and wages to the employees within the set time lines;
- (b) Ensuring statutory and other deductions are effected and remitted to relevant authorities within the set time lines;

(c) Ensuring that only genuine employees are paid.

For proper functioning of Salaries and Wages Sections, the following guidelines shall be observed:-

(a) There shall be a separate file for every employee maintained by the Administration Registrar, College Registrars, and Director (SWA). The Personnel Division shall assign the personal (Payroll) numbers after identification of the employees.

(b) Salaries shall be paid as per letter of appointment indicating acceptance of offer with effect from the date indicated in the Staff Movement Advice.

(c) Removal of employees from the payroll shall be on account of:-

- Resignation;
- Death;
- Retirement;
- Dismissal;
- Termination of Services; or
- Expiry of Contract

(d) The authorized officers shall supervise preparation of the payroll. The Head of the Salaries and Wages Section shall ensure that any variation in the payroll is duly authorized.

(e) Casual employees shall identify themselves when receiving their pay in cash by national identification cards, previous pay slips and employee identification cards. An officer of the University such as the Internal Auditor may pay surprise visits during payment of casual wages.

(f) After at most two days from pay day, unclaimed wages shall be receipted intact and only paid out after proof of entitlement.

(g) Monthly payrolls shall be compared with previous monthly payrolls, and any variances authenticated by the Head of the Section.

(h) Temporary staff shall be paid in accordance with the employment contracts between them and University of Nairobi.

(i) All salaries shall be paid through the bank.

#### **4.5 Salary Advances**

- (a) The University shall grant salary advances only under very special circumstances and on approval by Deputy Vice-Chancellor (A&F).
- (b) Advances shall be controlled through payroll and restricted to the employees' basic pay.
- (c) Advances shall be recovered within a period not exceeding three months.

#### **4.6 Allowances**

The University may pay allowances as approved by the Council and where they are within the University regulations subject to budgeted provisions. These allowances include among others house allowance, house to office, responsibility, entertainment, acting, leave, clinical, special duty, passage and baggage, subsistence, day trip, per diem while travelling outside Kenya, honoraria, water, electricity, and telephone. The payments shall be within the ceilings as determined by the Council.

#### **4.7 Advances for Research/Official Duties**

- (a) No advance shall be granted unless the vote to be charged has adequate funds to meet the expenditure. In case of advances from donor-funded votes, the purpose must be as per terms of agreement between the donor and the University of Nairobi;
- (b) The official application form shall be completed and shall state the amount, a detailed budget and reason for taking the advance;
- (c) The advance holder shall account for it within the prescribed time limit which is normally 2 (two) weeks after the accounting date stated by the applicant unless express authority for extension is granted by the Finance Officer;
- (d) No further advance shall be granted to the advance holder before the previous one has been accounted for;
- (e) All accounting for advances shall be through the Head of Department/unit or the next authorized officer;
- (f) Recovery of outstanding advance shall be instituted on the holder of the advance 14 days after expiry of the prescribed time limit;

- (g) An up-to-date register for advances shall be maintained;
- (h) Over-expenditure in excess of 10% of the amount advanced shall not be permitted;
- (i) Expenditure of research money will be subjected to University regulations, procurement regulations and as long as it does not contradict the M.O.U with the donor;
- (j) All other official advances shall be controlled in the same manner as prescribed in (a) and (i) above;
- (k) All fixed assets procured through grant funds belong to the University and shall be accounted for through Grants and Capital Sections;
- (l) IOU used in the place of advances to obtain money, are irregular and prohibited.

#### **4.8 Foreign Currency Transactions**

- (a) Foreign payment requirements.

University staff who are to travel outside the country on official duty may require to obtain foreign currency through the University. The following procedures shall apply:-

- (i) A letter of authority from the Vice-Chancellor approving this transaction shall be required;
- (ii) Upon receipt of the Vice-Chancellor's approval, the Finance Officer shall liaise with the University bankers and request for the foreign currency needed.
- (iii) The Finance Officer or any officer authorized shall follow up the debit advices related to foreign currency transactions and payment vouchers shall thereafter be raised and marked "for posting only";

- (b) Importation

Where the University requires to import goods from foreign countries the following payment procedures will apply:-

- (i) Chairmen/Heads of Department shall seek authority from Deputy Vice-Chancellor (A&F) to pay in foreign currency. All imports shall be subject to procurement regulations, documentation and letters relating to importation.
  - (ii) All foreign procurement should meet requirements of tender committee, SWA Committee or College procurement ;
  - (iii) The University will liaise with the bankers for issuance of the letters of credit, where applicable;
  - (iv) Payment vouchers marked “for posting only” will be raised on receipt of debit advices.
- (c) Foreign payments for services rendered.

The University may require payments in foreign currency to be made in respect of services rendered. The following shall be required to effect payment:-

- (i) The relevant Department shall submit to Finance Department certified invoices/letters;
- (ii) The Finance Department shall requisition for drafts, RTGS or EFT for foreign currency from the banks, where applicable;
- (iii) Payment vouchers marked “for posting only” shall be prepared on receipt of debit advices from the banks.

#### **4.9 Mileage Claims**

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

#### **4.10 Submission of Personal Claims**

Personal claims shall be submitted within the relevant financial year or other wise be forfeited. These include mileage, telephone, medical, overtime, among others.

#### **4.11 Cash Payments (Standing Imprests)**

Standing imprests shall be maintained by relevant Sections of Finance Department, or as determined by the Finance Officer, for meeting cash payments within the University.

- (a) The imprest shall be applied for emergency and other petty payments not exceeding KShs.5,000.00 or otherwise approved by Finance Officer or any other authorized officer;
- (b) The imprest shall be replenished on regular basis and shall be reconciled against cash balances and payment vouchers;
- (c) Adequate internal controls over the imprest shall be exercised. These include:-
  - (i) Surprise checks.
  - (ii) Regular checking by the authorized officer.
- (d) Official cash payments through I Owe You (IOU) shall not be permitted;
- (e) All standing imprests shall be surrendered on or before 30<sup>th</sup> June of every year;
- (f) Revenue collected shall not be used as imprest.

#### **4.12 Non Cash Payments**

- (a) Except for payments through standing imprests, all other payments shall be by crossed cheques, EFT, RTGS, Bank Draft or letter of internal transfer. All such payments shall be controlled through a movement register maintained by an authorized officer;
- (b) (i) Signed cheques, duly signed by signatories, shall be released by an authorized responsible officer;
  - (ii) University authorized agent shall deliver EFT, RTGS, internal letter of transfer to be effected in the bank. The agent shall deliver upon authorization from Finance Officer and Deputy Finance Officer.
- (c) Cheques shall not be cancelled for cash payments except for exceptional cases authorized by the Finance Officer.

#### **4.13 Financial Information Management Section**

All payment vouchers are captured in the correct account in the Financial Management Information System (FIMS).

The FIMS Section is charged with the responsibility of processing all financial transactions and the production of all accounts up to final trial balance.

It is headed by a Senior Programmer whose duties, among others, are safe custody, preservation and retention of all accounts and records database. He is also responsible for custody and maintenance of all the hardware and software in the Department.

Duties of Data Processing Section include:-

- (a) Requisitioning of blank cheques from relevant Sections of Finance Department;
- (b) Writing of the cheques and posting to respective accounts;
- (c) Production of timely and accurate management reports.
- (d) To provide necessary ICT support to the department as and when required.

## **CHAPTER 5**

### **PROCUREMENT PROCEDURES AND STORES CONTROL**

Procurement means the acquisition of goods, works and services.

All Procurement in Public entities are guided by the Public Procurement and Disposal Act, 2005, and Public procurement and Disposal Regulations, 2006.

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

- (i) Procurement and Disposal Act, 2005.
- (ii) Procurement and Disposal Regulations, 2006.
- (iii) University Procurement Manual.
- (iv) Procurement Plans which are guided and approved by Management and Council.
- (v) Any other document relevant to Public Procurement.

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

- (a) While the price paid is important, what is far more important is obtaining value for money. The right quality to meet the specified need is vital and it is important to ensure that goods, works and services are delivered in line with planned schedules. It is also important to procure the correct quantity of materials having regard to the advantages of bulk procurement.
- (b) In addition to the price, the procuring entity needs to take into account quality, quantity, source time, internal and external factors, which are crucial to its decision making.
- (c) When selecting a supplier the procuring entity shall endeavour to identify an organization that will meet its needs in quality, quantity timing and dependability at the lowest cost through Technical Evaluation process.

## 5.1 Procurement Plans

Procurement planning is mandatory for all departments.

Procurement planning serves to ensure that:-

- (i) Determining what will be procured, at how much and when.
- (ii) Funds to be committed in all procurements have been budgeted for.
- (iii) Splitting of orders to circumvent approval ceilings is not allowed and can not subsequently be excused. All departments must ensure they prepare in advance their Procurement Plans which they will follow during the financial year. These plans must be approved before they are applied. The Procurement Plans must be filed with Finance, the Stores (warehouse) and/or other authorized receiving departments.

Adhoc purchases are not permitted.

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

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

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

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

- Contract package
- Estimated cost
- Proposed procurement method
- Dates for completion of key procurement activities including:-
  - (i) Preparation of tender documents
  - (ii) Opening tenders

- (iii) Selection of consultants
- (iv) Working drawings
- (v) Receiving proposals/tenders
- (vi) Tender evaluation
- (vii) Tender Committee adjudication and contract award
- (viii) Signing of contract agreements
- (ix) Implementation process to completion
- (x) Payment to supplier/contractor

## **5.2 Choice of Procurement Procedure**

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

- (i) Open Tender
- (ii) Quotations
- (iii) Restricted/Tendering
- (iv) Direct Procurement
- (v) Request for Proposals
- (iv) Specially permitted method (to be approved by Public Procurement Disposal “Act” upon justified request).

The above methods are described as follows:

### **5.2 (1) Open Tender System**

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

- (a) Submissions of requirements in line with procurement plans by the user departments to the Procurement Officer. The submissions shall incorporate technical specifications.
- (b) Invitation of tenders through the local media in at least two (2) national newspapers of wide circulation with clear details of tendering procedures.
- (c) Opening of tenders shall be done by a committee of at least three responsible officers appointed by the accounting officer in the presence of tenderers one of whom shall be an officer not directly concerned with processing of the Tender. Each tender shall have a different opening committee.

- (d) Evaluation by Technical Evaluation Committee comprising experts in the particular area concerned.
- (e) Tender awards by the University Tender Committee.

### **5.2(1)A Examination and Evaluation of Tenders**

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

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

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

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

- (i) Tender documents
- (ii) Samples
- (iii) Any literature received from tenderers
- (iv) Qualification of candidates to participate in Public Procurement shall be based on the following criteria:-

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

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

### **5.2.(1) B Confidentiality**

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

- (a) Information relating to a procurement whose disclosure would impede law enforcement or whose disclosure would not be in the public interest;
- (b) Information relating to procurement whose disclosure would prejudice legitimate commercial interests or inhibit fair competition;
- (c) Information relating to the evaluation, comparison or clarification of tenders, proposals or quotations; or
- (d) The contents of tenders, proposals or quotations.

### **5.2.(II) Quotations**

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

- (a) The procurement is for goods that are readily available and for which there is an established market; and
- (b) The estimated value of the goods being procured is less than or equal to the prescribed maximum value for using requests for quotations.

### **5.2 (III) Direct Procurement**

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

- (a) There is only one person who can supply the goods, works or services being procured; and
- (b) There is no reasonable alternative or substitute for the goods, works or services.

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

- (a) There is an urgent need for the goods, works or services being procured;
- (b) Because of the urgency the other available methods of procurement are impractical; and

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

#### **5.2 (IV) Restricted Tendering**

The procuring entity may use this method when:-

- (a) Competition for the contract, because of the complex or specialized nature of the goods, works or services, should be limited to qualified candidates;
- (b) The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured.

#### **5.2 (V) Request for Proposals**

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

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

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

- (a) Name and address of the procuring entity.
- (b) A description of the services required, normally through terms of reference.
- (c) Criteria for evaluating the proposals.
- (d) The place and deadline for the submission of proposals.
- (e) The candidates shall be given adequate time to prepare their proposals.
- (f) The place and deadline for submission of the proposals should be indicated.

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

- (j) The responsible and relevant officials with appropriate training
- (ii) Time within which it should be completed.
- (iii) Appropriately equipped office.
- (iv) Regular and up to date reports.

### **5.3 Public Universities Tender Committee**

#### **Membership Structure**

- Chairman:** A Head of Department appointed in writing by the Vice-Chancellor.
- Deputy Chairman:** The Head of Finance Department appointed in writing by the Vice-Chancellor.
- Other members:** The Head of Administration, The Head of Academic Affairs, A Principal of a College appointed by the Vice-Chancellor, Three Heads of a Faculty or School appointed in writing by the Vice-Chancellor.
- Secretary:** The Officer heading the procurement unit of the University

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

#### **The Functions of the Tender Committee shall be to:-**

- (a) Review, verify and ascertain that all procurement and disposal has been undertaken in accordance with the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulation, 2006 and the terms set out in the tender documents;
- (b) Approve the selection of the successful tender or proposal;
- (c) Award procurement contracts in accordance with thresholds prescribed in First Schedule;
- (d) Ensure that funds are available for the procurement under consideration;
- (e) Ensure that the procuring entity does not pay in excess of prevailing market prices;
- (f) Review and prove aggregation of procurements where proposed;

- (g) Review and approve the use of lots where packaging into lots has been proposed;
- (h) Review the selection of procurement method and where a procurement method, other than open tender, has been proposed, to ensure that the adoption of the other procurement method is in accordance with the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulation, 2006 and any guidelines stipulation by the Authority;
- (i) Approve the list of tenderers in cases of restricted tendering pursuant to regulation 54(3) of the Public Procurement and Disposal Regulation, 2006;
- (j) Approve the list of persons qualified to submit proposals pursuant to Section 80 of the Public Procurement and Disposal Act, 2005;
- (k) Approve the list of persons to be given requests for quotations pursuant to regulation 59(2) of the Public Procurement and Disposal Regulation, 2006;
- (l) Approve negotiations under the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulation, 2006 and as may be stipulated by the Authority;
- (m) Approve the amendment of contracts previously awarded by the Tender Committee, in accordance with the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulation, 2006;
- (n) Review the quarterly reports on quotations that have been awarded by the Procurement Committee;
- (o) Undertake any other functions and duties as are provided under the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulation, 2006 or as may be stipulated by the Authority.

#### **5.4 Purchase Procedures**

- (a) Whenever a department requires the use of certain goods or services it shall raise an internal stores received and issue note to procurement division if it believes the items are in store.

Where the items are not in the warehouse, procurement division shall advice the department to fill an Authority to

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

- (b) Every requisition note shall be approved by the Head of Department/Unit before submission to the appropriate Finance Office. In case of requisition notes to be charged against donor-funded votes, the approval shall be from the project leader in conjunction with the Head of Department/Unit. Every requisition note shall indicate:-
  - (i) The name of the supplier;
  - (ii) The vote to be charged;
  - (iii) That authority to incur expenditure from the vote has been given by the vote holder;
  - (iv) That funds are available.

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

- (c) Funds committed in all procurements must have been budgeted for.
- (d) The respective Finance Office will commit funds in the vote and ensure strict compliance with the University procurement procedures.
- (e) The authorized officer in charge of purchasing shall prepare and issue an L.P.O on the basis of the requisition note.
- (f) Responsibility for initiating the need for the purchase of goods/services shall rest with the user-department, whereas the role of the procurement division will be to take charge of the actual process of acquiring the items.
- (g) Direct procurement (single sourcing) may be applied:-
  - where only one candidate can supply or provide goods or services;
  - during times of emergency or disaster.

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

- (h) The University shall not be bound for goods/services supplied without an official order.
- (i) Payment for goods/services will only be made on receipt of duly certified invoices, supported with evidence of receipt of the goods/services.
- (j) Certification of an account by a head of department/unit shall mean:-
  - (i) That the goods have been received, examined and approved as being in accordance with the specifications and that the prices are in accordance with the order or contract;
  - (ii) That the work done or service rendered has been satisfactorily carried out and that, where applicable, the materials used were of the required standard;
  - (iii) That the account is arithmetically accurate.
- (k) Authority to approve procurement of goods and services shall be limited as follows:-
 

Chairmen of Departments	-up to KShs.50,000/=
Principal/Director (SWA)	-up to KShs.100,000.00
VC/DVC	-over KShs.100,000.00

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

## **5.5 Receiving Procedures**

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

- (i) The delivery is checked against the L.P.O for confirmation that the specifications requested have been adhered to.
- (ii) If goods are acceptable in terms of quality, quantity and specifications then the delivery note is signed by an authorized officer in the receiving department.
- (iii) The goods are then stored in an appropriate place in the store.

- (iv) A Store Received Note (SRN) is raised by the Stores and is subsequently attached to the invoice and Delivery Note.
- (v) The store personnel then certify the invoices for the following aspects:-
  - (a) Calculations and cross costs.
  - (b) Vote allocation.
  - (c) Confirmation that the L.P.O tallies with the order just received.
  - (d) Head of Department then approves the invoice for payment.

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

## **5.6 Issuing Procedures**

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

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

- (a) The department will raise an Internal Stores Requisition Note. The Internal Stores Requisition Note will detail the goods being requested, quality, quantity and other specifications.
- (b) The Internal Stores Requisition Note will require the following approvals before submission to the Stores/Warehouse:-
  - (i) Approval by the Head of Department or Unit requesting for goods;
  - (ii) In cases of donor funded projects approval by the Head of the Research (Project Leader);
  - (iii) Confirmation from Budgetary Section that funds are available from the vote to be debited and from Grants Section in case of donor funded projects;
  - (iv) The Internal Stores Requisition will then be sent to Audit for pre-auditing before it is presented to the Stores/Warehouse for issue of goods;

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

## **5.7 Stocks and Stores Accounts**

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

- (a) All requisitions for stores shall be on the prescribed Internal Stores Requisition and Issue Notes:-
- (b) All departments shall be answerable to the Finance Department for the custody and proper accounting of stocks and stores under their charge and shall implement all stores procedures;
- (c) The stores shall maintain adequate records for stock control such as Stock Control Ledger and bin cards;
- (d) All goods shall be inspected by the Inspection Committee Officers to determine compliance with quality and quantity specifications;
- (e) A delivery note signed by the storekeeper or any other authorized officer receiving goods shall accompany any invoice submitted for payment. The delivery note shall be signed at the time of delivery of goods;
- (f) A Stores Issue Note shall accompany all goods from the store;
- (g) All receipts and issues of stores must be recorded in the Stores/Ledger/Bin Cards immediately after each transaction takes place;
- (h) There shall be regular stock counts by the Storekeeper or Senior Accountant in charge. Any discrepancies between the physical stock and the bin cards shall be investigated for appropriate action;
- (i) There shall be an annual stock-taking at the end of every financial year, the result shall be incorporated in the annual

accounts. An independent officer together with the Internal Auditor shall attend and participate in the annual stock-taking.

**5.8 Other Rules to Note on Public Procurement Rules and Regulations**

- (a) Public Procurement records must be kept for a period of 6 years from the date any procurement proceedings has been concluded.
- (b) Record of proceedings can be made available to participating candidates who participated but information given should be restricted to summaries.

## CHAPTER 6

### INCOME

The main source of income for the University of Nairobi is capitation from the Kenya Government. Other income includes tuition and other fees, research grants and donations, income from Income Generating Units (I.G.U.s) and rental income.

All income received must be receipted on the official University of Nairobi receipts.

#### 6.1 Cash Collections

- (a) All cash revenue received shall be banked intact and promptly.
- (b) Tuition and other fees shall only be received in form of bank slips, bankers cheques or through credit transfers.
- (c) Collection in form of cash should be discouraged except in circumstances where collection in this form is inevitable.
- (d) Payments out of cash collection are strictly prohibited.
- (e) Encashment of personal cheques shall not be allowed.
- (f) The receiving cashier shall at all times maintain only one receipt book, which must be surrendered before obtaining another one.
- (g) There will be daily checks by section heads on all receipt books in use by cashiers.
- (h) There shall be a register for all official receipt books maintained by Audit Department.
- (i) Regular checks shall be carried out by auditors on all receipt books in use by cashiers.
- (j) Where manual receipts are issued the receiving cashier shall at all times maintain only one receipt book which must be surrendered before obtaining another one. Same as the cases of manual system, electronic receipts shall be accounted for.
- (k) There shall be daily checks by Section Heads on all revenue collected by cashiers.

- (l) Internal Audit shall carry out regular checks on all aspects of revenue collection.
- (m) Deputy Finance Officer (Revenue), Bursar, D.F.O(SWA) shall regularly check the receipts registers and cash books as to the accuracy of posting and banking on a daily basis. Any shortages or surplus shall be investigated and necessary action taken.
- (n) An up-to-date cash book shall be maintained at all times.

Where revenue is received through banking in slip, it shall be the duty of receiving officer to ensure the slip is genuine before issuing the receipt.

Where revenue is received through direct credits to the bank, the receiving officer shall ensure that,

- i. The bank statements are checked daily for such credits.
- ii. Shall ensure that the remitter is identified and is issued with a receipt in acknowledgement.
- iii. Correct beneficiary is identified and official records updated.

## **6.2 Safes and Cash Boxes**

- (a) All cash including cheques shall be kept in cash boxes or safes depending on the value and risk.
- (b) The strong room shall have at least two different locks, which shall be kept by two senior officers.

## **6.3 Loss of Accountable Documents**

Any loss of accountable documents shall be reported immediately to the Chief Security Officer, Finance Officer, or the Chief Internal Auditor and, if need be, especially where there is loss of money, the police. The investigations will be carried out by the police, security and Internal Audit Department.

## **6.4 Cash Carrying Precautions**

Cash transfers to/from the banks shall be made through insured cash carrying firms. All cash and cheques shall be placed in prescribed cash boxes, which shall be properly sealed.

There shall be in force Insurance Cover for:-

- Personnel handling cash
- Cash in custody
- Cash in transit

### **6.5 Debtors Ledge**

There shall be a debtors control section in each finance office. The Senior Accountant, Bursar or Accountant (including SMUs) shall ensure that an up to date debtors ledger is maintained and regularly reconciled.

### **6.6 Credit Control**

The University shall institute a credit control system within the finance office for effective debt management. The credit control office shall operate independently and ensure prompt recovery of all University debts. Any unrecoverable debts shall be referred to the legal office for effecting the process of litigation.

### **6.7 Cash Survey**

For the purpose of preparing final accounts cash survey shall be conducted at the beginning of each financial year before commencement of normal business.

### **6.8 Blank and Paid Cheques**

- (a) All blank cheques shall be kept under lock and key and shall be under the custody of a Senior Accountant in charge of Income Section, College Bursar, Accountant (including SMUs) or any other designated officer.
- (b) An up-to-date register indicating all receipts and issues of blank cheques shall be maintained by the custodian of such cheques.
- (c) Collection of blank cheques from the bank shall be done by two senior officials one of whom must be a signatory of the bank account.
- (d) All issues of blank cheques to the data processing centres shall be recorded in the blank cheques register, and acknowledged by the person collecting them.

- (e) Paid cheques files shall be maintained by the Senior Accountant/College Bursar, SMU Accountants or any other designated officer of the University.

## **6.9 Dishonoured Cheques**

- (a) A register for dishonoured cheques shall be maintained.
- (b) When a cheque is dishonoured, the cash book shall be credited immediately and other necessary entries effected.
- (c) The drawer(s) of dishonoured cheque(s) shall be informed for immediate cash replacement.
- (d) Dishonoured cheques shall be referred to the credit control department for recovery.
- (e) Any unrecoverable debts shall be referred to the legal officer for effecting the process of litigation.
- (f) All costs, including bank charges, associated with replacement of a dishonoured cheque shall be borne by the drawer.

## **6.10 Bank Accounts**

- (a) There shall be a committee for vetting requests for opening new bank accounts which shall make recommendations to the Accounting Officer of the University. This shall apply to the mainstream University, its subsidiaries and projects including Joint Admissions Board. The committee shall comprise the Finance Officer, the Chief Internal Auditor, the relevant Head of Department/Unit and any other officer(s) appointed by the Vice-Chancellor. Bank accounts shall only be opened with the approval of the Vice-Chancellor.
- (b) The signatories of the bank accounts shall be the Vice-Chancellor, Deputy Vice-Chancellor(A&F), Deputy Vice-Chancellor(AA), Administration Registrar, Finance Officer, and Deputy Finance Officer. In all cases the signature of the Finance Officer or his Deputy shall be mandatory.
- (c) The Finance Officer, Deputy Finance Officer (SWA) and College Bursars shall maintain records of all bank accounts opened in their areas of operation. In all cases the Finance

Officer shall have administrative authority over the management of those accounts.

- (d) Bank statements and credit/debit advices shall be collected from the bank by an officer other than the cashier on daily basis.
- (e) Scrutiny of the entries in the bank statements shall be carried out daily where possible by a Senior Accountant, Accountant (including SMUs) or College Bursar immediately upon receipt of the statements and investigations shall be instituted on any suspicious entries
- (f) Preparation of bank reconciliations shall be done by Designated Officers and shall be checked by Senior Accountants/College Bursars. The Internal Auditors shall independently check the bank reconciliations.
- (g) Bank reconciliations shall be prepared on a monthly basis, and copies shall be distributed to Finance Officer.

#### **6.10 Accounting for Income**

The Income Section and all sections dealing with collection of revenue shall process Credit Voucher (CV's) showing a summary of each day's collections and ensure they are posted into accounting system.

#### **6.11 Security Precautions**

There shall be at all times adequate security arrangements in respect of University of Nairobi property including cash in hand. This may, where necessary, include securing the services of Kenya Police to assist the regular internal security personnel.

## CHAPTER 7

### STUDENTS FINANCE

Every person who wishes to be registered as a student for a degree, diploma, certificate or other award of the University of Nairobi shall pay the University registration fees, tuition fees and such other fees as the council may from time to time determine.

#### 7.1 Collection of Fees

- (a) The responsibility for the actual collection of fees rests with the Finance Officer.

Finance Officer will ensure that all fees due are fully collected and accounted for.

The Principals, Deans, Directors of Schools and Institutes and Chairmen of Departments should ensure that no student gets service by attending classes or taking exams when they have not paid the fees due. To fulfil this requirement, they are at liberty to mobilize the resources and staff that work under them. It is irregular for any member of staff to teach or offer any other services to any student who has not paid.

- (b) The University shall have the right to withhold:-
- (i) Registration for courses;
  - (ii) Accommodation facilities;
  - (iii) Attendance of classes;
  - (iv) Sitting examinations;
  - (v) Release of examination results; and
  - (vi) Conferment of any degree, certificate or award, until any outstanding fees are settled.
- (c) All tuition and other fees payable by or in respect of students shall be paid into respective college fees account, SWA, U.H.S and any other office having such responsibility. College Bursars shall deal with all students finance matters in their respective colleges.

## **7.2 Postgraduate Students**

Postgraduate students' financial records shall specifically be maintained by the Students Finance Section. Postgraduate students are either sponsored by University of Nairobi or by other sponsors.

### **(a) University of Nairobi Sponsored Postgraduate Students**

Any student awarded the University of Nairobi scholarship shall upon acceptance of such scholarship be entitled to disbursements of allowances as stipulated in the Scholarship Award Letter, and as per the following conditions:-

- (i) First year students shall be paid their stipend on the strength of University of Nairobi scholarship award letters, together with the staff movement advices from the relevant departments.
- (ii) A student's stipend shall be stopped when a Staff Movement Advice is received from the Department/Board of Postgraduate Studies that the student is absent from classes.
- (iii) Students shall be paid book and research allowances which shall be accounted for in accordance with University advance accounting procedures, and no advances shall be allowed unless previous ones have been accounted for.
- (iv) University of Nairobi sponsored students shall pay non-tuition items to UNES.
- (v) University of Nairobi sponsored students shall be paid second year stipend and other allowances on condition:
  - i) That scholarship has been renewed;
  - ii) That they have paid non-tuition items for second year.

### **(b) Privately Sponsored Students**

- (i) Privately sponsored students shall pay University fees to UNES.

- (ii) The Students Finance/Colleges/UNES shall provide periodic reports on fees collection to the Finance Officer.
- (iii) Privately sponsored students shall be paid stipend, research and book allowances when:-
  - (a) The allowances have been remitted to the University;
  - (b) The letters of sponsorship clearly specify the entitlements.
- (iv) The allowances shall be stopped:-
  - (a) When the department issues a Staff Movement Advice;
  - (b) When the funds for stipend, research and books are fully utilized.

### **7.3 Undergraduate Students Fees**

- (i) All undergraduate students shall be required to pay tuition, examination, medical and other fees at their respective College Bursars' offices.
- (ii) When students opt for University accommodation, accommodation fees shall be paid to SWA Finance offices.
- (iii) Bursars/SMU Accountants shall provide monthly returns regarding fees & accommodation fees to the Finance Officer.

### **7.4 Loans/Bursaries From Higher Education Loans Board**

Kenyan students who require financial assistance may apply to Higher Education Loans Board for consideration.

The following action shall be taken in connection with loans/bursary awards:

- (i) The Finance Officer shall receive loans/bursaries awarded to students from Higher Education Loans Board due to the University as fees. HELB shall provide the list of the beneficiaries of the loans/bursaries.
- (ii) Students awarded Government of Kenya Loans/bursaries shall have their accounts credited with the loan/bursaries amounts. The HELB loan/bursaries account shall be debited.
- (iii) Monies received from HELB for privately sponsored students shall be transferred to UNES.

#### **7.5 CONSTITUTENCY DEVELOPMENT FUND(CDF)**

1. All CDF remittances to the University shall be received by Students Finance Office.
2. Upon analysis of the beneficiaries the funds shall be transferred to the Colleges/UNES.

#### **7.6 REFUNDS**

Fees refunds are made as per the University of Nairobi policy as follows:-

- (i) When students have cleared and graduated and any excess fees originates from the students.
- (ii) Excess fees arising from bursaries, donations, HELB are paid back to source.
- (iii) Excess fees for students may be considered for transfer to the bookshop or SWA.

## **CHAPTER 8**

### **FIXED ASSETS AND INSURANCE**

#### **8.1 Fixed Assets Register**

- (a) A computerized Fixed Assets Register shall be maintained by the Finance Officer, Deputy Finance Officer (SWA) and College Bursars. Additions to the fixed assets during the year shall include purchased and donated items and shall be recorded in the register.
- (b) Adequate disclosure as to the nature of the assets, the costs, proper description and conditions shall be indicated.
- (c) For fixed assets disposed of the related costs and accumulated depreciation shall be dealt with appropriately in the annual accounts and in the fixed assets register.

**8.2** Each office shall keep and maintain at all times an inventory of all assets therein.

#### **8.3 Identification of Fixed Assets**

All items of fixed assets shall be given an identification number, which shall be marked on them. The computerized register shall be up dated with numbers of new items.

#### **8.4 Custody of Certificates for Fixed Assets**

All title documents in respect to fixed assets of the University shall be kept in custody of a University appointed custodian. The custodian, which shall be one of the University banks, shall be appointed by the University Council.

#### **8.5 Service contracts for Fixed Assets**

Certain items of fixed assets shall require to be on annual service contracts. Service contracts proposals shall be submitted to the University Chief Legal Officer for legal advice before the contract is entered into. The Deputy Vice-Chancellor (A&F), in case of Central Administration, and Principals of Colleges and Director (SWA) shall sign the contracts.

## **8.6 Work-in-Progress**

The Heads of user departments shall duly certify documents for payment. Uncompleted works in respect of construction shall normally be included in the annual accounts as work-in-progress. A schedule/statement of work-in-progress as per the professional certificates shall be prepared by Finance Department at the end of each financial year. This shall cover all the on going capital projects.

## **8.7 Insurance of Assets**

It is the University of Nairobi policy to insure its assets inclusive of motor vehicles, buildings, equipment and cash in transit. All insurance covers shall be awarded through the University of Nairobi tender system. For the time being insurance matters are dealt with centrally.

## **8.8 Insurance Covers**

### **(a) Motor Vehicle Insurance**

All University of Nairobi motor vehicles shall have comprehensive insurance covers. In all cases the insurance cover shall be renewed promptly on expiry.

### **(b) Life Assurance Cover for all University Employees**

There shall be an insurance cover for all University employees who meet death or accident while on official duty. The methods and rates of compensation applied shall be as per the insurance policy.

### **(c) Other Insurance Covers shall include:-**

- (i) Fidelity Insurance Cover;
- (ii) Public Liability;
- (iii) Employees;
- (iv) Burglary.

## **8.9 Management of Insurance Policies**

The Senior Accountant, Capital Section, shall be responsible for:-

- (i) Proper maintenance of insurance records;
- (ii) Custody of insurance policies and other insurance documents;
- (iii) Evaluation of insurance requirements and submission of the same to the secretary of the tender committee.
- (iv) Processing and remittance of insurance premiums as per policy;
- (v) Follow-up of outstanding insurance claims.

#### **8.10 Insurance Claims**

Where a loss occurs which is likely to lead to an insurance claim the user department shall promptly report not later than 24 hours to the Senior Accountant, Capital Section.

The Senior Accountant shall promptly report the loss to the insurance company within 48 hours from the occurrence of event.

## CHAPTER 9

### LOSSES, WRITE OFFS AND DISPOSALS

#### 9.1 Losses

Losses refer to:-

- (a) Loss of finances, e.g cash, cheques, government securities, investment certificates and precious metals such as gold;
- (b) Loss of other assets such as equipment (e.g computers, typewriters, furniture and fittings);
- (c) Theft of stores and other items;
- (d) Loss of vehicles, plant and machinery due to theft;
- (e) Damage to movable and immovable property excluding normal wear and tear;
- (f) Loss of monies due to non-collection;
- (g) Payments and compensations to third parties arising from vehicle and other accidents, litigation claims, professional fees and fines to the extent that these are not recoverable from the insurers or other third parties.
- (h) Unauthorized use of stores, vehicles, buildings, equipment or other property;
- (i) All other losses including those due to rapid obsolescence of equipment and inventories;
- (j) Payments made or liabilities incurred without or in excess of any statutory, administrative, or any other authority, and similar payments arising from incorrect certificates, and irregular or excess issues of stores or rations.

#### 9.2 Reporting of Losses

When a loss is discovered a report shall be made to the Chairman/Head of Department with copies to the Deputy Vice-Chancellor (A&F), Finance Officer, Chief Internal Auditor and the Chief Security Officer.

In all cases an investigation will be instituted by the relevant investigating body, e.g Internal Audit, and the Security Section where necessary. In the case of Colleges the report shall be made to the College Principal, and in Central Administration to Deputy Vice-Chancellor (A&F).

### **9.3 Write Offs**

Write-offs refer to approval to charge losses to the respective expenditure votes. The write-offs shall be incorporated in the financial statements. No write-offs shall be made except with the approval of the University of Nairobi Council.

### **9.4 Disposal**

- (a) Disposal refers to sale or discarding of obsolete, damaged or otherwise unserviceable items which are no longer required by the University.
- (b) Departments shall identify assets belonging to this category and seek authority from Deputy Vice-Chancellor (A&F) for disposal. Where authority is granted, the Deputy Vice-Chancellor (A&F) shall constitute a disposal committee which shall include external experts where necessary, a representative from the user-department, Internal Audit and Finance Department.
- (c) For consumables or perishable items, the Chairman/Head of Department in consultation with finance and audit, shall decide the most appropriate disposal action. Technical personnel may be invited where necessary.
- (d) All other immovable property of the University shall not be sold or otherwise disposed off without the authority of the University Council.

### **9.5 Disposal of Accountable Documents**

Accounting records and other accountable documents may be disposed of after six years from the date of issue or after a longer period as the University of Nairobi may deem necessary. However soft copies may be retained as long as technology allows.

## CHAPTER 10

### INVESTMENT OF FUNDS

The Universities Act 2012, Section 49 (1) and (2), provide that:-

- (1) A public university may invest any of its funds in securities in which for the time being trustees may by law invest in trust funds, or in any other securities which the Treasury or any other authorized body may, from time to time, approve for that purpose.
- (2) A public university may, subject to the approval of the Treasury or any other authorized body, place on deposit with such bank or banks as the public university may determine, any monies not immediately required for the purposes of the university.

Whenever such funds are available for investment the University may consider viable investment options as follows:-

- (a) Financial institutions;
  - (b) Government securities;
  - (c) Public quoted companies.
- (3) There shall be an investment committee constituted by the Vice-Chancellor to develop and determine policy and operational guidelines with respect to investments for execution by the Finance Office. Investment funds shall include those of Projects, UNES Limited and other subsidiaries, Colleges, Student Welfare Authority, Joint Admissions Board, Bookshop and Nairobi University Press.

#### **10.1 Factors to be considered before Investment is placed**

- (a) Stability of the firms;
- (b) University's past experience with the Institutions.
- (c) Rates of interest prevailing in the market;
- (d) The amount of the surplus being invested;
- (e) Accessibility to the funds, when required.

## **10.2 Accounting for Investments**

- (a) Every investment shall have its own records;
- (b) An up-to-date investment register shall be maintained;
- (c) The investment certificates shall be under lock and key;
- (d) Regular follow up of investments shall be done so as to re-invest or recall the investment when due.
- (e) Proper accounts shall be maintained for the investments.

## **10.3 Investment Losses**

- (a) Where investments are irrecoverable the same shall be referred to the credit controller for follow-up. However where litigation is necessary the matter shall be forwarded to the Legal Office.
- (b) Where losses are incurred through investments, necessary provision shall be made in the accounts.

## **CHAPTER 11**

### **COLLEGE FINANCIAL SET-UP**

Colleges are established in accordance with Universities Act 2012 Section 75. The University of Nairobi has the following Colleges:-

1. College of Agriculture and Veterinary Sciences
2. College of Architecture and Engineering
3. College of Biological and Physical Sciences
4. College of Education and External Studies
5. College of Health Sciences
6. College of Humanities and Social Sciences

Following the establishment of the Colleges of the University, administrative and accounting functions were decentralized to College level.

Each College is headed by a College Principal who is the academic and administrative head, and who, under the general authority of the Vice-Chancellor, has such powers and duties as provided by the statutes.

The Colleges have both finance and audit functions which provide professional guidance on financial matters.

#### **11.1 Finance Section**

This Section shall have the responsibility of formulating and implementing sound financial controls for the College. It shall ensure effective and efficient management of College Financial Resources. The College Bursar shall be the Head of the College accounting functions and shall be answerable to the Finance Officer (professionally) and to the Principal (administratively). He shall be assisted by other accounts staff.

#### **11.2 Duties of College Bursar**

The College Bursar shall:-

- (a) Maintain adequate ICT based accounting systems embracing the whole of the financial operations of the College.
- (b) Exercise supervision and control of accounting systems in the Departments, Schools, Institutes and Faculties;
- (c) Implement effective financial and procurement control systems.
- (d) Prepare detailed monthly Reports which should include all income, all investments, all debtors, all creditors and bank balances. These reports should also cover IGU operations;
- (e) Ensure that all income and expenditure relating to income generating activities of the College are operated in accordance with approved policies and regulations.
- (f) Provide professional advice and guidance to the College Administration and Departments;
- (g) Prepare the College Annual Estimates in conjunction with the College Principal and Chairmen/Heads of Departments and submit these estimates to the Central Administration within the deadlines laid down from time to time;
- (h) Maintain a budgetary control system within the College ensuring that no expenditure for which there is no provision in the approved estimates and procurement plan is incurred without authority of the Accounting Officer;

With respect to revenue, expenditure and bank accounts, the Bursar shall be responsible for ensuring the following:-

**(a) Revenue**

- (i) In conjunction with the Chairmen/Heads of Departments or Directors of Institutes and Schools, ensure that adequate arrangements are made for:-
  - The Financial organization and accounting records necessary to ensure the proper recording of all sums due to the college.
  - Collection, control and proper accounting for all cash including fees in all departments and income generating units of the college;

- (ii) All monies received on behalf of the College by the cashier or other authorized employee of the University is immediately receipted;
- (iii) Every transfer of monies received on behalf of the University from one employee to another shall be immediately receipted;
- (iv) Appropriate steps to collect sums due to the College are taken and regular reports/debtors statements submitted to the Finance Officer;
- (v) An up-to-date debtors ledger is maintained;
- (vi) All monies received in the college are banked promptly;
- (vii) Independent and effective checks of cash balances in the hands of the cashier(s) are conducted;
- (viii) A cash and cheques register for recording all remittances received by the College is maintained.

**(b) Expenditure**

- (i) All payments processed through the cash books are genuine in all respects and are duly approved for payment by the authorized officer such as the Principal, Dean, College Registrars, Chairman of Department, Director of Institute/School or senior member of staff in charge of a research grant.
- (ii) The cashier's duties include:-
  - Up-dating the Cash Book daily;
  - Dispatching cheques promptly;
  - Closing the imprest cash book and preparing reimbursement claims fully supported;
  - Paying fully processed and pre-audited vouchers;
  - Maintaining a dishonoured cheques register;
  - Collecting cash, receipting and promptly banking of all income.

**(c) Bank Accounts**

- (i) The College Bursar is responsible for ensuring that College bank account, including account of income generating units are operated properly within University policies and regulations.
- (ii) The College Bursar shall ensure that bank reconciliation statement, duly supported with bank statements and cash book balances, are prepared and audited monthly. The reconciliation statements shall be submitted to the Principal, who shall in turn furnish copies to the following:-
  - (a) Deputy Vice-Chancellor (A&F);
  - (b) Finance Officer;
  - (c) The Chief Internal Auditor.
- (iii) The bank account signatories shall be the College Principal, the Finance Officer, the College Bursar and the Administration Registrar. The signing mandate of the bank accounts shall also include college joint accounts with UNES Limited and other college projects.

**11.3 College Internal Audit**

The Internal Audit Office at the College is responsible for reviewing internal control systems established by the University in order to examine, evaluate and report on the accounting and other controls regarding the operations of the college, faculties, departments, schools and income generating units.

**11.4 Duties of College Internal Auditor**

The duties of the College Internal Auditor shall include:-

- (a) Auditing all revenue collections in the College and ensuring that the accounting and banking responsibilities thereon are appropriately implemented;
- (b) Auditing all procurement documents and payment vouchers, ensuring that University policies and guidelines are complied with. These would include being a member of Inspection and Acceptance Committee for goods and services;

- (c) Auditing bank reconciliation statements and other management reports emanating from the College before they are released;
- (d) Issuance and control of accountable documents e.g. receipt of books, L.P.O's and Stores Requisition Notes;
- (e) Undertaking special investigations as well as risk assessment operations of the systems on behalf of the University Management;
- (f) Auditing stores and ensuring that stores accounting and control measures are operational in departments, faculties, schools, and institutes in the college;
- (g) Instituting surprise checks over all cashiers undertaking payments and revenue collection in the college;
- (h) Participating in end of year board of Survey and stock taking in conjunction with College Bursar, Registrar and the external auditors;
- (i) Regular financial appraisals of IGU's to determine their cost effectiveness.

## **CHAPTER 12**

### **STUDENTS WELFARE AUTHORITY (SWA)**

Student Welfare Authority (SWA) was established by the University, to ensure supervision and maintenance of accommodation, boarding and catering amenities and make them available to students on such terms as the council may determine from time to time.

The Authority is managed by Students Affairs Management Board whose chairman is the Deputy Vice-Chancellor(SA). The board is assisted by the SWA Management Committee whose Chairman is the Director. The committee comprises of the Director, Deputy Director, Deputy Finance Officer, SMU Managers and other relevant officers.

The Authority operates independent specialized system due to its unique need for provision of catering and accommodation services:-

#### **12.1 Sources of Funds**

The sources of funds for SWA are accommodation fees, Pay As You Eat, Outside Catering functions and other miscellaneous income.

#### **12.2 Management of Bank Accounts**

The signatories of SWA bank accounts are Vice-Chancellor, Deputy Vice-Chancellor(A&F), Deputy Vice-Chancellor (AA), Deputy Vice-Chancellor(SA), Finance Officer, Director(SWA) and Deputy Finance Officer (SWA). In all cases, the signatory of Finance Officer/Deputy Finance Officer(SWA) shall be mandatory.

#### **12.3 SWA Finance Department**

The Department is charged with the responsibility of designing and implementing sound accounting and financial systems in accordance with the Universities Act 2012 and the University of Nairobi policies and guidelines. The accounting functions are decentralized to the Strategic Management Units that are financially answerable to the Deputy Finance Officer.

## **12.4 Duties of the Deputy Finance Officer (SWA)**

The Deputy Finance Officer (SWA) is the head of the SWA Finance Department and is charged with the following responsibilities:-

- (a) Maintenance of effective financial controls over all SWA finances;
- (b) Ensuring that all revenue accruing within the SWA System is effectively and efficiently accounted for;
- (c) Ensuring that all cash collected in all SWA units is banked promptly and intact;
- (d) Maintaining books of accounts inclusive of records relating to income, expenditure and investments;
- (e) Preparation of annual estimates and budgetary control systems relating to SWA funds;
- (f) Providing professional guidance on financial matters to SWA Management including Strategic management Units (SMU's);
- (g) Preparation of monthly management reports and submission of copies to Deputy Vice-Chancellor (A&F), Finance officer and Director (SWA);
- (h) Ensuring that all payments processed through the cash books are genuine in all respects and are duly approved by the authorized officer such as the Director or SMU Manager;
- (i) Management and supervision of accounting staff in SWA head office in the SMU's;
- (j) Ensuring that all income and expenditure relating to Income Generating Activities of SWA (incorporating SMU's) are operated in accordance with approved policies and regulations.

## **12.5 Income**

- (a) Accommodation fee shall be paid to SWA central collection account. 70% of the collection shall be transferred to SMUs whereas 30% shall be retained by central.
- (b) Excess accommodation fees paid is not refundable in any academic year to continuing students. It is refundable upon clearance and after graduation.
- (c) Disbursement to SMU's shall be made not later than seven (7) days upon receipt of request.
- (d) For proper cash flow management accommodation fees paid to the Central Halls collection account shall be disbursed appropriately to the SMU's throughout the academic year.

## **12.6 Expenditure**

- (a) Where payment is in respect of food stuff, only invoices issued for goods delivered within the month shall be processed for payment and the L.P.O deemed as executed whether in full or partially as supported by the relevant Delivery Notes and Goods Received Notes. No further delivery shall be accepted after the end of the month to which the LPO relates.
- (b) Rent receivable from tuck shops leased to qualifying students shall be charged to the respective student accommodation account during the period of the academic year in advance. The account will be credited progressively with any subsequent payments or approved credits.

## **12.7 SWA Internal Audit Section**

The SWA Internal Audit Section is responsible for reviewing internal control systems established by SWA management in order to examine, evaluate and report on the accounting and other controls regarding its operations. In reviewing internal controls, the main objective is to determine whether existing internal controls are well designed and effectively operational and, if not, advise SWA management on their weaknesses.

The Internal Audit functions shall be as provided for in College Internal Audit operations.

## **CHAPTER 13**

### **SUBSIDIARY COMPANIES**

The University of Nairobi may incorporate subsidiary companies. The University shall exercise control over partially or wholly owned companies in pursuance of its objectives to ensure preservation and enhancement of its investments.

As separate legal entities, these companies shall draw their mandates from the companies Act, and their memorandum and articles of association in pursuance of the objectives for which they are set by the University. Subsidiary companies shall be run by boards of directors appointed by the university Council. Financial Regulations applicable to subsidiary companies shall be in compliance with the University of Nairobi Financial Regulations. In particular, regulations in respect of:-

- Capital Development
- Investment
- Procurement

Shall be in accordance with the state corporations, Act, the Universities Act 2012, the public procurement and disposal Act 2005 and any other statutory guidelines as issued from time to time.

Revenues, income, fees, accruals and all other receivable accruing to the subsidiary companies shall be subjected to the procedures outlined in Chapter 6 of the Financial Regulations.

All other expenditure incurred by the subsidiary companies shall be in accordance with Chapter 4 of these regulations.

The acquisition, management and disposal of all assets of the subsidiary companies shall be in accordance with the Public Procurement and disposal Act 2005 and any other law for the time being in operation.