

EGERTON UNIVERSITY

FINANCIAL RULES AND REGULATIONS POLICY 2014

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1. PREAMBLE

Egerton University was established through an Act of Parliament Chapter 214 on 1st October 1987. As an Institution of Higher Learning, Egerton envisions to be a world class University for the advancement of humanity. For this to be achieved, the University has to utilize its resources in a transparent, efficient, effective and accountable manner and in accordance with other relevant existing Laws.

These financial

2. OBJECTIVES

The objectives of these financial rules and regulations shall include

- (a) Developing, maintaining and promoting sound financial management systems and establishing controls that facilitate and enhance the efficient and effective resource management in the University.
- (b) Planning, coordinating and controlling all the revenue generation and expenditure in order to ensure that the University objectives in relation to the following areas are achieved:-
 - (i) Resource mobilisation and management
 - (ii) Academic and Research programmes
 - (iii) Students' development and welfare
 - (iv) The welfare and development of members of staff
 - (v) Service to our clients and stakeholders.
 - (vi) Investment of excess funds
 - (vii) Proper custody and control of University assets.

3. AUTHORITY

- (a) These Financial Rules and Regulations are made in accordance with the Universities Act No 42 of 2012, and the statutes there under and where any clause in these Regulations contravenes the provisions of the Act, the Act shall prevail.

- (b) The Council shall be the governing body of the University through which the University shall act and:-
- (i) Shall approve the budget, administer the property and funds of the University in a manner and for purposes which shall promote the best interests of the University; but the Council shall not charge or dispose of immovable property of the University without prior approval of the Chancellor;
 - (ii) Shall receive, on behalf of the University donations, endowments there from to the constituent college or other bodies or persons;
 - (iii) Shall provide for the welfare of the staff and students of the University;
 - (iv) May enter into association with other Universities, or other institutions of learning, whether within or outside Kenya, as the Council may deem necessary and appropriate.
- (c) The Council shall cause to be kept all proper books and records of account of the income, expenditure and assets of the University (Universities Act No 42 of 2012,
- (d) The Vice-Chancellor shall be the Accounting Officer of the University. The Deputy Vice-Chancellor in charge of Administration and Finance (DVC A&F) under the direction of the Vice-Chancellor shall be responsible for administration of funds and other assets of the University.

- (e) The DVC (A&F) under the direction of the Vice- Chancellor shall authorize all recurrent and development expenditure subject to the approved budget.
- (f) The Finance and Accounts Controller shall maintain proper books and records of accounts relating to income, expenditure, assets and liabilities of the University.

4. FINANCIAL PROVISIONS

(a) Investment of Funds

- (i) The Council may invest any of the funds of the University in securities as provided in the University Act. The Funds may be invested in Government securities and Bonds or in any other securities which the Treasury may from time to time approve for the purpose.
- (ii) The Council may place on deposit with such bank or banks as it may determine any monies not immediately required for the purpose of the University (Universities Act No 42 of 2012).
- (iii) The University Management may on behalf of the Council, place on deposit with such bank or banks, as already approved by council, any monies not immediately required for the purpose of the University.

(b) Financial Year

The Financial Year of the University shall be the period of twelve months commencing 1st July, to 30th June, of the following year.

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(c) Annual Estimates

- (i) Before the commencement of a financial year, the Council shall cause to be prepared estimates of the revenue and expenditure of the University for that year.
- (ii) The annual estimates shall make provisions for all the estimated revenue and expenditure of the University for the financial year concerned (Universities Act No 42 of 2012).
- (iii) As a state corporation, the University shall prepare and shall, not later than the end of January in every year, submit to the Cabinet Secretary responsible for University Education and to the Treasury for approval, estimates of the University's revenue and expenditure for the following financial year accompanied by proposals for funding of all projects to be undertaken by the University, or the implementation of which will continue during the financial year to which those estimates relate.
- (iv) No annual estimates and proposals for funding projects shall be implemented until they have been approved by the Cabinet Secretary responsible for University E

approved in accordance with (iii) above. (State Corporations Act section 11 & 12).

- (vi) The Finance and Accounts Controller under the guidance and general direction of the Deputy Vice-Chancellor Administration and Finance (DVC (A&F)) shall prepare the draft recurrent and development estimates of the University for the financial year commencing the following July. The proposed Budget Estimates shall be presented to the Finance, Human Resources and General Purposes Committee of Council for deliberation and recommendation to Council for approval. The Council approved Budget proposals shall be forwarded to the Cabinet Secretary responsible for University Education and Treasury by the 31st January each year.
- (vii) All expenditures shall be incurred in accordance with the approved budget under sub-section (3) of the University Act or in pursuance of an authorization of the Council given with prior approval of the Cabinet Secretary responsible for University Education.

(d) Accounts and Audit

- (i) Within a period of three months from the end of each financial year, the Council shall cause to be submitted to the Auditor General the University's annual report and financial statements for the year.

- (ii) The Vice-Chancellor, prior to submission of the Annual Report and Financial statements to the Auditor General, shall table the annual accounts and financial reports to the Finance, Human Resources and General Purposes Committee of Council.
- (iii) The Chairman of the financial reports to the Finance, Human Resources and General Purposes Committee of Council or in his absence any other Council Member authorized by Council, and the Vice-Chancellor shall sign the accounts on behalf of the University.
- (iv) The Auditor General shall examine and audit the accounts submitted by the University, express an opinion and certify the result of the examinations and audits. (The Public Audit Act 2003, section 13 & 14).
- (v) The Vice-Chancellor shall submit the Auditors report on the University accounts and financial statements to the Audit, Governance and Risk Management Committee of Council for deliberations and direction.
- (vi) The National Assembly may extend, by a resolution, the time limit for the submission of accounts by the University.

(e) Accountable Documents

All accountable documents shall be in the custody of the **Finance and Accounts Controller**, and he shall ensure that they are entered in a register and are kept safely. These accountable documents shall

include:-

- (i) Cheque books and Cheques counterfoils
- (ii) Log Books
- (iii) Investment Certificates
- (iv) Asset Registers
- (v) Cash Books
- (vi) Receipt Books
- (vii) Local Purchase Orders/Local Service Orders (LPO/LSO)
- (viii) Petty Cash Vouchers
- (ix) Goods Received Notes (GRN)
- (x) Bin Card Registers
- (xi) Payment Vouchers
- (xii) Invoice Books
- (xiii) Title Deeds
- (xiv) Stores Issue Notes

5. AUTHORISATION OF LPO'S/LSO'S

- (a) A Vote Holder shall be a Chairman/Head of Department or any other person appointed in writing by the Vice- Chancellor.
- (b) The LPO / LSO shall be authorised by the Deputy Vice- Chancellor (A&F) or the Finance and Accounts Controller and the Head of

Accounts Controller their requests in accordance with the Financial Rules and Regulations and Public procurement and Disposal Act 2005 and shall ensure that their requests are within their department's approved budgetary provisions and their approved Procurement Plans.

6. CONTRACTS

(a) Building and Civil Contracts

- (i) The Contract format shall be as per the format approved by the Public Procurement Oversight Authority of the Ministry responsible for Finance.
- (ii) Every contract made by the University shall be approved by the relevant committee of the University and shall comply with standard form of contract documents which may be adopted by the University from time to time
- (iii) The Project Architects upon completion of a building and Civil Engineering Contract or any other contract for the supply of capital goods shall furnish the Finance & Account Controller with such information as may be necessary for the maintenance of the contract and asset registers.
- (iv) Payments to contractors shall only be made on a certificate issued by the University appointed project architect/engineer responsible for the contract. The officers concerned shall not certify any payment which will result in the total payments being in excess of the contract sum (including any sum

provided for contingencies] without approval of the Council. Interim certificates shall show the total contract sum, the value of work done to date, the amount of retention money and any relevant taxes to be withheld. The interim certificates should be supported by bill of quantities.

- (v) The Project Architect/Engineer shall advise the DVC (A&F) in writing on any variations from the contract in the additions or alterations on the original contract sum. The DVC (A&F) shall then report the same to the appropriate committee as soon as possible for consideration.
 - (vi) The interim certificate of payment for any contract shall be prepared by the University's project Architect/Engineer with a detailed statement of account and such other vouchers, documents and information that are necessary for the purpose of audit and financial control and in accordance with the Contract Terms.
 - (vii) In every case where an Architect, Engineer, Clerk of Works, or other consultant not being in the permanent employment of the University is engaged to act as supervising of and
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until specifically provided by a resolution of the Council.

(d) Where the

- c) The following information shall be recorded on each Goods Received Note in a manner approved by the Finance and Accounts Controller and the User Department.
- i. The LPO number
 - ii. The expenditure code to be charged
 - iii. The signature of the person carrying out the checks and his/her designation
 - iv. Invoice number
 - v. Brief description of goods
 - vi. Delivery Note number
 - vii. Cost of the items
 - viii. Any

and all necessary support documents are attached.

vii. Availability of funds has been confirmed

viii. The person who receives the goods is not the same as the one who approves the payment.

e) Where the Inspection and acceptance committee has queries regarding the pricing and/or quantity of the items, it

10. FINANCIAL APPRAISAL

- (a) Proposals for new development or improvement of terms of service being reported to a Council Committee for approval shall have a Vice-Chancellor's report on the financial implications.
- (b) Under the direction of DVC (A&F) the Finance and Accounts Controller shall submit reports on the revenue, expenditure and budget of all University units to the Finance, Human Resources and General Purposes Committee of Council on a quarterly basis.

11. EXPENDITURE CONTROLS

- a) Vote Holders shall be responsible for maintaining strict control and supervision of the expenditure of their departments/faculties subject to the approved budget.
- b) The Finance and Accounts Controller shall provide to the vote holders quarterly, a statement showing their respective budget, expenditure level to date and the balances in their vote heads.
- c) It will be the responsibility of the Finance and Accounts Controller to ensure strict adherence to generally accepted accounting principles and relevant Government financial regulations as issued from time to time.

12. INCOME CONTROLS

(a) Collections

- (i) The recording and accounting of all monies due to the University shall be under the general supervision of the

Finance and Accounts Controller.

- (ii) All students must pay all the fees due through the University's fees bank account.
- (iii) All other monies received on behalf of the University shall be banked promptly and intact, within twenty four hours or during the next working day to the University's bank accounts. No payment shall be made out of revenue collected. The employee who receives monies on behalf of the University shall maintain a record, in a form approved by the Finance and Accounts Controller of all amounts banked. University officers receiving monies on behalf of the University are personally responsible for the safe keeping of such monies.
- (iv) Every vote holder shall furnish the Finance and Accounts Controller on monthly basis with all particulars of charges in relation to revenue collected for work done, goods supplied, or services rendered on behalf of the University and of other sums accruing to the University.

(b) Control

- (i) Any proposal which seeks to vary an existing source of revenue, or establish a new source of revenue, shall not be adopted without the prior approval of the University Council after consideration of a report from the Finance, Human Resources and General Purposes Committee.
- (ii) Prior to approval, the relevant an Contrthe

report from the Vice-Chancellor concerning the financial implications of the proposal.

- (iii) Tuition and service charge fees shall be reviewed from time to time with approval of the University Council.

(c) Recovery of Debts

- (i) The Finance and Accounts Controller shall cause debts due to the University to be recovered.
- (ii) Where the University has been unable to collect any of its debts, the Vice-Chancellor shall institute legal proceedings on behalf of the University.
- (iii) The Finance and Accounts Controller under the direction of the Vice-Chancellor shall be responsible for the ordering and controlling of all receipt books and other documents which acknowledge sums paid to the University.
- (iv) Any amounts due to the University that prove to be bad debts after every recovery efforts has been made shall be written off only with approval of the University Council and in consultation with the Ministry responsible for University education and the Treasury.

13. ACCOUNTING DOCUMENTATIONS

(a) Movable and Immovable Assets

- (I) There shall be a central University store within the division of DVC (A&F) from where all departments shall order the

(viii) The Vote Holders are responsible for

review from time to time by University Management and the following are the current maximum.

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14. IMPRESTS

(a) Imprest shall not be given

Controller and in the case of a campus, the Principal.

- (b) The following procedures shall be followed before an imprest is paid.
 - (i) The member of staff shall complete the imprest form.
 - (ii) The Vote Holder shall approve the imprest.
 - (iii) The Debtors section shall confirm that the applicant has no other outstanding imprest (except as provided for in 14(a) above).
 - (iv) The Vote Book section shall confirm that there are sufficient funds available in the respective vote and if so commit the expenditure.
 - (v) The imprest shall be approved by the Deputy Vice-Chancellor (A&F)/Finance and Accounts Controller and in case of a campus, the Principal.
 - (vi) The imprest shall be processed for payment within four (4) working days after receipt at the Vote Book section of Finance Department.
- (c) All imprests shall be surrendered within 48 hours or the next working day on return from official journey or after procuring goods and/or services and entered in the official register maintained by the Debtors section.
- (d) Purchase of goods or services through imprest shall be done in accordance with the Public Procurement and Disposal Act, 2005

and the relevant Regulations.

- (e) All due unsurrendered imprest shall be recovered in full until it's fully liquidated.

15. AUTHORISATION FOR PAYMENTS

- (a) (i) The schedule payments in respect to Recurrent Expenditure shall be made subject

16.

17. ESTABLISHMENT RECORDS AND PAYMENTS

(a) Records

- (i) Under the direction of DVC(A&F), the Registrar Administration shall maintain all necessary personnel records concerning pay, pension, insurances, taxation and security funds.
- (ii) Vote Holders shall provide the Deputy Vice-Chancellor (A&F) with such certified information as the Finance and Accounts Controller considers necessary for the exercise of his functions under these Regulations.

(b) Payments

- (i) Under the direction of the Vice-Chancellor, the Deputy Vice-Chancellor (A&F) shall authorize the implementation of salary, wages and other allowances as reviewed from time to time.
- (ii) Under the direction of the Deputy Vice-Chancellor (A&F), the Registrar Administration shall be responsible for the approval and processing of all salaries, wages, gratuities, pensions, compensation and other emoluments.
- (iii) The Finance and Accounts Controller shall be responsible for the actual disbursement of salaries and wages and all related payments on behalf of both employees and the University.
- (iv) The Finance and Accounts Controller shall be responsible for

all payments on behalf of the University

- (v) The Deputy Vice-Chancellor (A&F) may grant an employee a salary advance equivalent to his/her one month's Net pay to be recovered within a maximum period of six months.
- (vi) The Deputy Vice-Chancellor (A&F) may grant an employee salary in advance equivalent to his/her net pay to be recovered in full at the end of the month advanced.
- (vii) All salary arrears and refunds shall be authorized by the Vice-Chancellor/Deputy Vice-Chancellor (A&F).

18. INSURANCES

(a) Responsibility for Insurance Cover

- (i) Under the direction of the DVC (A&F), and after all Tendering processes are completed, the Finance and Accounts Controller is responsible for all insurance matters on behalf of the University.
- (ii) In compliance with the Financial Rules and Regulations, the Finance and Accounts Controller shall effect payment of the insurance premiums by the due dates, maintain adequate records of insurance transactions and hold in safe custody all insurance policies of the University.
- (iii) Under the direction of the Vice-Chancellor, the DVC (A&F) shall undertake a regular review of the University's Insurance policies and submit to Council for approval.

Chancellor (and functionally to Audit, Governance and Risk Management Committee of Council)

(b) The Finance and Accounts

21. DISPOSAL OF UNIVERSITY ASSETS

The disposal of University assets shall be made in accordance with the :

- (a) Universities Act No 42 of 2012,
- (b) Pup9u4rhe

disbursed under the supervision of the Finance and Accounts Controller. The Accountant in Research Accounting Unit shall on behalf of the Finance and Accounts Controller ensure that:

- (a) The Research conditions set out by the sponsors and evaluated by

- (b) The Income Generating Units shall be required to be self-financing and shall be expected to make profits/surpluses, part of which shall be appropriated to the University and the other part being ploughed back for the development of the unit.
- (c) In all these units the University Financial Rules and Regulations shall be applied unless exempted legally.
- (d) Under the direction of the DVC (A&F), Finance and Accounts Controller shall be responsible for the running of the Income Generating Units.

25. ENDOWMENT FUND

- (a) The University shall endeavour to solicit for funds which shall go towards the establishment of an Endowment fund.
- (b) All monies collected by the University and declared specifically to be payable to an Endowment fund shall be invested as directed by the University Council and in line with Government policy. The interest earned thereon shall be deposited into a revenue account while the principal amount shall not be expended without prior authority of the Chancellor as provided for in the Statutes such earned interest shall be controlled by an Endowment Committee: comprising of the Chairman of Council, Chairman of Finance Investment and General Purposes Committee, Vice- Chancellor, Deputy Vice-Chancellor (A&F), Deputy Vice-Chancellor (Academic Affairs), Deputy Vice- Chancellor (R&E) and the Finance and Accounts Controller.

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