

# **GREAT LAKES UNIVERSITY OF KISUMU (GLUK)**



## **FINANCE POLICY**

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Signed:

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Vice Chancellor, Secretary to Council Date:

\_\_\_\_\_  
Chairman of Council Date:

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## **ABBREVIATIONS AND ACRONYMS**

CHoF	Cash Hand over Forms
DN	Delivery Note
DPAF	Daily Payment on Account Form
DRCF	Daily Revenue Collection Form
DSA	Daily Subsistence Allowance
FGPC	Finance and General-Purpose Committee
GAAP	Generally Acceptable Accounting Standards
GLUK	Great Lakes University of Kisumu
GRN	Goods Received Note
LPO	Local Purchase Order
MDBR	Monthly Direct Banking Register
NHIF	National Health Insurance Fund
RCCS	Revenue Certificate for Consultation Services
VC	Vice Chancellor

**EXECUTIVE SUMMARY**

Great Lakes University of Kisumu Financial Policy is a set of regulations developed by the university to guide financial operations in accordance with best practice in financial management.

The Policy describes the university financial systems, responsibilities and controls. It is intended to facilitate effective management of financial resources. It aims at ensuring that necessary funds are raised, properly kept and they are disbursed and controlled efficiently in order to realize the university’s vision, mission and objective.

Signed:

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\_\_\_\_\_

Vice Chancellor, Chair of the University Senate

Date:

## **1.0. GENERAL UNIVERSITY INFORMATION**

Great Lakes University of Kisumu is committed to maintaining high standards of education and training of professionals who are responsible stewards of resources and services in the society. GLUK graduates after going through the learning experience with the institution go out equipped with the following rare and important attributes; high level of integrity, transparency and accountability, they are selfless, inclusive and participatory providing space and voice for all people. Our curricula prepare them to meet the needs of the market and professional bodies. The following section provides guidelines that are applied to determine the eligibility of the applicants seeking admission to various programmes offered at GLUK.

### **1.1. VISION, MISSION, PHILOSOPHY & CORE VALUES OF THE UNIVERSITY.**

#### **1.1.1. Vision:**

The Great Lakes University of Kisumu (GLUK) is established as a centre of excellence bridging academics with community and institutional based development.

#### **1.1.2. Mission:**

The Mission of GLUK is to develop effective and concerned managers or leaders with a vision for the transformation of situations in the African context.

#### **1.1.3. Philosophy of the University:**

GLUK believes that all people and communities have capacities and are fully engaged in individual, collective and collaborative actions to solve their own problems.

#### **1.1.4. Core Values and principles:**

All members of the University in their individual and collective capacities shall be fully committed to high standards of good governance and shall act in a manner consistent with the following values and principles which shall provide the framework within which all the University activities shall be performed:

- i. Excellence.
- ii. Respect for dignity of every person.
- iii. Results orientation.
- iv. Integrity and honesty.
- v. Accountability and prudent stewardship of resources.
- vi. Mutual respect.
- vii. Inclusive participation.

## **1.2. PURPOSE**

The overall purpose of the policy is to ensure effective management and accountability of financial resources and serve the following overall objective:

### **1.2.1. Set standards**

The policy document sets the standards by which efficiency and performance can be appraised.

### **1.2.2. Ensure effective accountability**

The systems, controls, and undersigned responsibilities contained in the document will ensure proper accountability of financial resources.

### **1.2.3. Define financial and accounting policies**

Specific financial and accounting are defined in writing. This will give guidance in financial decision and recording financial transactions.

### **1.2.4. Reference source**

The policy provides a reference to staff in their day to day stuff. It also provided reference to the management, auditors and funding partners.

### **1.2.5. Application**

The policy document is applicable to all department of GLUK.

## **1.3. General**

The policy document will facilitate compliance with Generally Accepted Accounting and Auditing standards, statutory regulations and shall also provide basis for continuity in the event of staff changes. The policy shall also provide the basis for promoting its role in ensuring proper stewardship and accountability of her financial resources at its disposal.

## **2.0 THE FINANCE AND ACCOUNTS DEPARTMENT**

This is a department of the GLUK. It is the Administrative Centre through which the university implements and coordinates the financial and accounting function and undertakes those responsibilities, which express the Trustees and the University Council. It is headed by the Financial Officer and assisted by generalist Accountants, Project Accountants, Accounts Assistants, Clerks and Cashiers. It implements the decisions of the Council through the Senate and cooperates with all authorities in matters of statutory obligations.



## **2.1. Vision**

To offer world class finance/accounting services

## **2.2. Mission Statement**

In accordance with the university, the development of effective concerned managers/leaders with a vision for the transformation in the African context, the Finance and Accounts department will work towards the provision and promotion of efficient, transparent and accountability of the financial resources of the university in accordance with Generally Acceptable Accounting standards as envisioned by the University Council.

## **2.3. Core Philosophy**

The university is committed to employing and retaining accounting staff with appropriate qualification and experience.

GLUK believes that all people and communities have capacities to undertake individual, collective and collaborative actions to solve their own problems. The Finance and Accounts staff shall be expected to act at all times in a manner to foster:

- i. Good stewardship.
- ii. Confidentiality for all information of the university.
- iii. Highest integrity.
- iv. Professionalism.
- v. Accountability.
- vi. Honesty.

## **2.4. Broad Objectives**

The objectives of the Finance and Accounts Department shall include:

- i. Maintenance of financial prudence.
- ii. Monitor and evaluate budget in comparison with actual performance
- iii. Accurately process and record transactions.
- iv. Put in place systems, policies and procedures that safeguard university assets.
- v. Maintain internal control procedures.
- vi. Ensure compliance with all statutory obligations.
- vii. To make correct payments on time.

### **3.0. FINANCE AND ACCOUNTS DEPARTMENT TERMS OF REFERENCE**

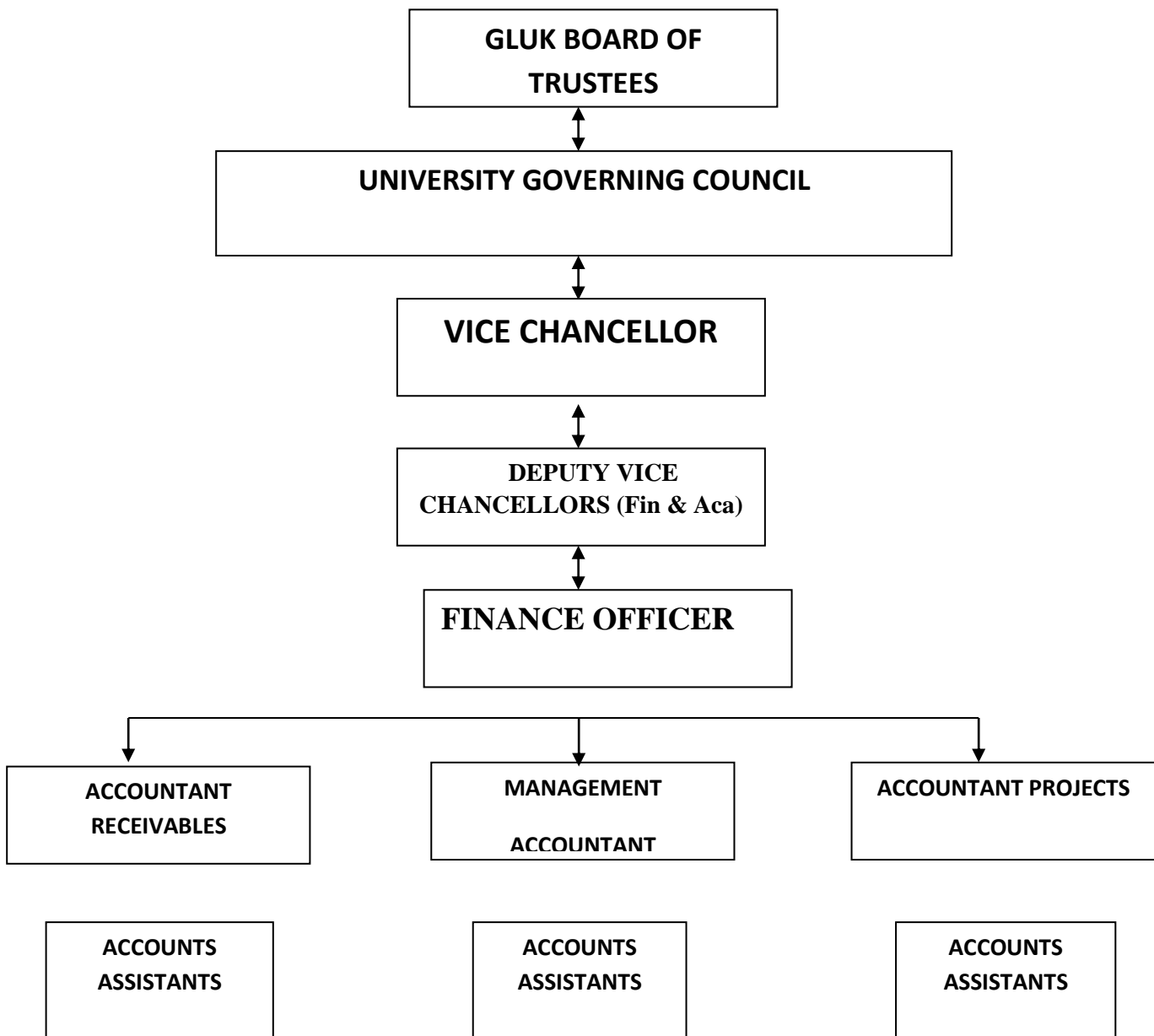
- i. Ensures that the financial regulations and procedures are strictly followed.
- ii. Preparation of annual estimates of expenditure both recurrent and capital.
- iii. Coordinates preparation of the university budget.
- iv. Prepares the revised estimates of expenditure whenever need arises.
- v. Must ensure that the expenditure of the university is within the amount of money budgeted and provided for in the current year.
- vi. Maintains records of expenditure showing:
  - a. The total amount of expenditure approved for the whole year.
  - b. The amount of expenditure incurred.
  - c. Any liabilities known in respect of the current year.
- vii. Maintains records of income showing:
  - a. The total amount of income approved for the whole year.
  - b. The amount of income earned during the year.
  - c. The amount of income held by debtors at any time of the year.
- viii. Must ensure that all payments are made on the authorized forms against relevant invoices and other documents.
- ix. Prepares financial returns needed by the university, university council and other legal authorities.
- x. Collects and accounts for all receipts.
- xi. Keeps all accounts of all revenues received and regularly banks these.
- xii. Keeps and maintains inward Cheque Register.
- xiii. Renders loss reports to University Council of cash stamp valuable and other university documents.
- xiv. Procures and takes custody of counterfoil receipts.
- xv. Makes regular payment of staff salaries, wages and allowances.
- xvi. Ensures that all fees charged are in conformity with scales of fees authorized by the University Council.
- xvii. Ensures that procedures for waiving of university fees are adhered to.
- xviii. Renders frequent surveys of cash, fixed fee and miscellaneous receipt forms.
- xix. Makes sure all cheques are duly filled in before signatures are appended.

- xx. Plays the key financial advisor to the Senate and the University Council in matters of finance.
- xxi. Accords access of requisite records to the External Auditor.

## 4.0. ORGANIZATIONAL STRUCTURE

### 4.1. Organogram

The Scala diagram below represents the relationships of the Finance and Accounts officers and the overall university governance and management.



## 5.0. FINANCE STRUCTURES

### 5.1. University Council

The University Council shall comprise **at least one** member who has expertise in financial matters. The membership to the Council shall be as prescribed in the Constitution ensuring adequate representation for the university, founder members and identified special interest groups. Eligibility for membership shall among other criteria as may be deemed necessary by the university include ability to read and write. Special desired characteristics shall include knowledge in finance, legal, management, marketing, entrepreneurship.

The University Governing Council shall appoint from among its core members a special technical committee called the **Finance and General Purpose Committee of Council (FGPC)** to implement and carry out its mandate regarding all Financial Terms of Reference in the Constitution. The Committee shall consist of not less than 3 and not more than 5 core Council members including the Chairperson. The Chairperson, who must be experienced in finance and management, shall be appointed from among core Council members. The Council reserves all rights of approval for all financial transactions and decisions as mandated by the AGM of members.

On behalf of the Council, the FGPC shall have the following responsibilities:

- i. Receives and scrutinizes periodic financial management reports and annual audited reports.
- ii. Review revenue targets, comparing actual collections with targets.
- iii. Review expenditure plans (estimates), checking that funds are being spent in accordance with plans and allocations.
- iv. Obtain the cash analysis books (collection, payments and banking) from the Chief Financial Officer and review the fund balances, banking versus collections, expenditure versus allocations, etc.
- v. Review the financial aspects of long term and annual development plans.
- vi. Arrange for normal annual audits and also arrange for special audits where irregularities are suspected.
- vii. The proceedings of the FGPC shall be reported to the Council at the subsequent Council meeting for decisions and ratifications of authority.

### 5.1.2. Meetings and financial agenda schedule

The Council Governing Council shall hold four meetings in a year on quarterly basis. The meetings shall transact two broad categories of financial agenda; 1) routine financial agendas, and 2) exceptional agenda. Table 1 below gives detailed list of both routine and non-routine agendas by quarterly meetings.

**Table 1: University Council agendas by meetings**

	Quarter	Month	A G E N D A	
			Non-routine	Routine
1	First	By September (Jul-Sep)	1) Audit report and management letter	1) Quarterly Income statement
2	Second	December (Oct-Dec)	Management accounts	2) Quarterly budget variance report
3	Third	March (Jan-March)	1) Doubtful debts provision 2) Bad debts listing 3) Internal audit report	3) Statement of Financial Position 4) Aged debtors Analysis 5) Aged creditors Analysis
4	Fourth	June (April-Jun)	1) Next year's plans and budgets	6) Quarterly internal audit report 7) Dormant creditors list

### 5.2. Senate

There shall be a Senate which will assist the Vice Chancellor in the day-to-day management of the affairs of the university and all its units. The Senate shall hold meetings fortnightly.

#### 5.2.1 Financial management functions

The team is responsible for:

- i. The day – to – day management of the university finances.
- ii. Engagement and termination of the services of middle and junior department staff, according to staff establishment list.
- iii. Short-listing of candidates for senior finance and accounts position for appointment by the University Council.
- iv. The perusal and approval of estimates – both development and recurrent, to be approved by the University Council.
- v. Ensuring that the financial policies of the university are adhered to by all concerned.

- vi. Ensuring that a high degree of discipline and devotion to duty is maintained by finance department staff.
- vii. The suggestion of any changes they may find necessary for the efficient running of the university finance department to the University Council.
- viii. The preparation of the University Financial Annual Report.
- ix. Ensuring that they meet at least once a month to discuss funds management, or more often if needed.

### **5.2.2 Financial Management meetings**

As a forum for implementation of its functions, the Administration shall meet on weekly basis to discuss:

- i. Weekly collections.
- ii. Weekly creditors proposed payment plan.
- iii. Following week projected procurement plan.

The Standing Committee of senate shall also meet at least once in every month to discuss funds management, or more often if needed. The financial agenda for monthly meetings shall include routine and non-routine agenda. Minutes of the meeting shall be maintained to give reference to all financial decisions made.

The monthly routine agenda shall include but not limited to discussion of monthly:

- i. Monthly income and expenditure statement.
- ii. Cash flow statements.
- iii. Bank reconciliation(s).
- iv. Budget variance reports.
- v. Aged debtors listing.
- vi. Aged creditors listing.
- vii. Monthly budget variance report.
- viii. Dormant creditors report.

Non-routine agenda shall be deliberated on in the months as shown in Table 2 below:-

**Table 2: Senate non-routine meeting schedule by month**

<b>S/n</b>	<b>Month</b>	<b>Non-routine agenda</b>
1	March	1) Previous year's annual Audit report 2) Auditors management letter
2	August	1) Internal Audit report 2) Bad debts writing off proposal
3	November	1) Fixed asset register update report 2) Next year's budget proposal to Council

### **5.3. Finance Departmental Meetings**

#### **5.3.1. Meeting Schedules**

- i. These shall be held regularly, both **weekly** and **monthly**. They shall be convened by the head of the department.
- ii. Such meetings shall offer a forum for staff to understand university policies and procedures, to discuss problems, offer suggestions, etc. They shall be geared towards promoting harmonious working relations, and contribute to staff morale.
- iii. Important reporting dates and datelines shall be monitored in these meetings, any defaults should be promptly addressed and minutes kept of reasons and corrective actions taken.
- iv. Meeting minutes file shall be updated and maintained as appropriate.

#### **5.3.2. Agenda of Meetings**

Weekly meetings shall among others transact the following agenda:

- i. Weekly collections.
- ii. Budget comparison report.
- iii. Weekly creditors proposed payment plan.
- iv. Following week projected procurement plan.

The departmental monthly meetings shall transact two types of meetings; routine and non-routine agenda items. Routine agenda items shall include receiving and discussing:

- i. Previous month's and cumulative income and expenditure statement.
- ii. Balance sheet.
- iii. Bank reconciliations.

- iv. Aged debtors lists.
- v. Aged creditors lists.
- vi. Budget variance reports.
- vii. Dormant creditors report.

Non-routine agendas shall be transacted in specific months as indicated here below in Table 3.

**Table 3: Finance department non-routine agenda by month**

	<b>Month</b>	<b>Non-routine agenda</b>
1	Feb/March	1. Previous years financial report draft 2. External Audit report
2	July	1. Internal audit report
3	October	1. Next year's budget proposals
4	November	1. Fixed assets updates register 2. end of year closing activities

The Finance department shall adopt and use the above agenda schedule (both routine and non-routine) as marking important date lines for reporting. The Chief Financial Officer shall ensure strict adherence to the dates and any deviations shall be promptly addressed by taking remedial actions and a report filed with the Vice Chancellor on the same.

Rest of the things are covered on the Financial Procedures – the SOPs

## **6.0. REFERENCES:**

This policy was informed by relevant national legislation and documents such as:

1. The Commission for University Education Standards and Guidelines
2. Universities Act 2012 (revised 2016)
3. Universities Code of Conduct
4. Statutory/Regulatory Bodies requirements
5. GLUK Quality Policy and Manual
6. Kenya Constitution