Kwame Nkrumah University of Science and Technology, Kumasi

KNUST ACCOUNTING POLICIES AND PROCEDURES MANUAL

FOREWORD

The Kwame Nkrumah University of Science and Technology has for more than sixty years prosecuted its agenda of science and technology education. It has, thus expanded in all its frontiers in terms of number of programmes, facilities, students and staff numbers. This new order brings with it, a myriad of challenges with respect to fund raising, financing of the University's activities and accounting for same. With the advent of information communication technology with its attendant sophistication for fraud and cybercrime, coupled with the restructuring of the University into Colleges with some form of autonomy to the Colleges, there is the need to adopt simple uniform systems and procedures in the way we manage our finances and account for same.

Consequently and in tandem with international best practices, this Manual has been developed as a reference material on all issues that relate to raising, spending and accounting for finance in the University. I believe this Manual would serve as a guide for transacting business relating to finances in the University.

Thank you.

Professor William Otoo Ellis
VICE CHANCELLOR
(March, 2016)

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CHAPTER ONE
REGULATORY FRAMEWORK

1.1 Background Information

This manual is a description of the accounting system and responsibilities of the Finance Office of Kwame Nkrumah University of Science and Technology (KNUST). KNUST is a state-owned university established by an Act of Parliament on 22nd August, 1961. The Statutes of the University state that the purpose of KNUST shall include a Strategic Mandate, Vision, Mission and Core Values.

Our Strategic Mandate

The Act establishing the University defines its mandate, which essentially is to provide higher education, undertake research, disseminate knowledge and foster relationships with outside persons and bodies. The strategic mandate of the University is derived from the Science and Technology in its name.

Our Vision

The vision of the University is to be globally recognised as a premier centre of excellence in Africa for teaching Science and Technology for development, producing high calibre graduates with knowledge and expertise to support the industrial and socio-economic development of Ghana and Africa.

In summary, the vision can be stated as "Advancing Knowledge in Science and Technology for Sustainable Development in Africa".

Our Mission

Our mission is to provide an environment for teaching, research and entrepreneurship training in Science and Technology for the industrial and socio-economic development of Ghana, Africa and other nations. KNUST also offers services to the community, is open to all the people of Ghana and is positioned to attract scholars, industrialists and entrepreneurs from Africa and the international community.

Our Core Values

1. Leadership in Innovation and Technology
2. Culture of Excellence
3. Diversity and Equal Opportunity for All
4. Integrity and Stewardship of Resources

1.2 Aim and Objectives of the Accounting Manual

The purpose of this accounting manual is to have explicit descriptions of accounting procedures, functions and systems of the University. The manual will ensure effective and efficient management of university funds by providing principles, rules and guidelines. It will provide a uniform basis of approved standards and procedures that shall guide users in the performance of their financial management responsibilities. It will also facilitate accurate recording and classification of accounting data in a timely and consistent manner to enable the provision of quality financial information to key stakeholders.

1.3 Financial Governance Structure of the University

There shall be a Standing and Finance Committee of the University which shall be composed of:

The Council Chairman as the Chairman
The Vice Chancellor
The Pro Vice-Chancellor
Two Government Nominees of Council
The Council Nominee
The Professorial Member of Council

In Attendance
The Registrar
The Finance Officer
The Internal Auditor
The Deputy Registrar (General Administration) as Secretary

The functions of the Standing and Finance Committee

1. To consider and advise Council on estimates on all financial matters of the University.
2. To consider the report of Auditors and implement the recommendations thereof.

1.4 Functions of the Accounting Manual

1. To establish secure procedures in the administration of the funds of the University and to provide guidance for the day-to-day operations of the Finance Office.
2. To ensure that an effective system of internal control processes and procedures is in place.
3. To ensure that the required financial reports are produced with relative ease and are relevant, reliable, comparable and understandable.
4. To serve as a basis for developing training brochure for the staff of the Finance Office.
5. To enhance accountability and transparency of financial reports prepared by the University.

1.5 Compliance

The accounting principles of the University shall be consistent with all applicable laws. These include Generally Accepted Accounting Principles (GAAP) and other laws and regulations relevant to the financial management of the University.

The University is a public institution and complies fully with existing laws and regulations governing the conduct of public financial management. The existing regulations include the Financial Administration Act 2003. (ACT 654), the Public Procurement Act 2003, (ACT 663), the Internal Audit Agency Act 2003, (ACT 658), the Internal Revenue Act 2000, (ACT 592), the National Pension Act 2008, (ACT 766) and the Statutes of the University.

Where there is any conflict between this manual and any of the public regulations, the stipulations in the public regulation shall prevail.

Where there is any doubt about the interpretation of the manual, the Vice Chancellor will act as the final arbiter in deciding on the interpretation.

1.6 Maintenance of the Manual

The manual will be updated as and when necessary and any amendments shall be approved by the Vice Chancellor. It is the responsibility of the Finance Officer to ensure that the manual is maintained and updated. Possible recommendations for adjustments to the manual from audits will be incorporated into the manual. The date of update will be stated on the front page of the manual.

The manual will be updated as and when necessary. The Standing and Finance Committee is responsible for maintaining a continuous review of the manual, on the advice of the Finance Officer through the Vice Chancellor.

The Council may approve the manual on the recommendation of the Standing and Finance Committee. The date of the update will be stated on the front page of the manual.

CHAPTER TWO
THE ORGANISATION AND FUNCTIONS OF THE FINANCE OFFICE

2.1 The Finance Officer

The Finance Officer (FO) is the Chief Accounting Officer of the University and he is directly responsible to the Vice Chancellor. He is responsible for the planning and management of the financial affairs of the University in accordance with the University Statutes and relevant laws. He supervises the preparation and implementation of the budget of the University, and deals with the investment of funds under the general direction of the Vice Chancellor.

The receipt of monies, their proper custody and the proper accounting for all income and expenditure, the establishment of procedures for opening and operating bank accounts, the deposit and withdrawal of funds from bank accounts and the realization of investments, as well as the maintenance of adequate records of all assets, liabilities and financial transactions of the University form part of the Finance Officer's duties.

In addition, it is part of the Finance Officer's duties, acting in conjunction with other officers of the University and subject to the Vice Chancellor's approval, to initiate and enforce measures and procedures whereby the financial affairs of the University shall be conducted effectively and efficiently.

Management of pension scheme(s) in accordance with the rules of the scheme(s), the investment of contributions to the scheme(s) and the preparation of pension accounts and reports for audit and publication is another responsibility of the Finance Officer.

All financial transactions and business activities of the University have to be recorded, analysed and collated in due form for audit and publication once a year in accordance with relevant laws. Periodic financial reports and financial statements are prepared and submitted to appropriate authorities as an aid to financial control and for the effective administration of programmes. The training of accounts office staff with a view to increasing their efficiency and their productivity is another function of the Finance Officer.

2.2 Summary of Duties of the Finance Officer

In summary, the Finance Officer performs among others, the following duties as per the University Statutes:

a. Formulation and implementation of policies relating to accounting and financial management and controls in the University.
b. Receipt, proper custody and accounting for all revenue, assets and property of the University.
c. Corporate planning involving budgeting, budgetary control and long-term or strategic planning in respect of all the finances of the University.
d. Liaison with Ministries, Departments and Agencies (MDAs) in respect of financial matters.
e. Treasury Management.
f. The regular appraisal, training and development of all staff under him in consultation with the Registrar.
g. Preparation and consolidation of final accounts and commenting on management reports of external auditors.
h. Ensuring, on behalf of the University Council, that proper records are kept of all University assets and other valuables of every kind in a register.
i. Oversight responsibility for the accounting functions of all the semi-autonomous bodies, self-accounting and income-generating units within the University.
j. Acting as consultant in financial and procurement matters in the University.
k. Attending meetings of the University Council and sub-committees of the Council and the Academic Board.
l. Administration of funds of the Ghana University Staff Superannuation Scheme (GUSSS)
m. Any other functions as may be assigned to him by the Vice Chancellor.

2.3 Organisation of the Finance Office

The Finance Office is organised to ensure that core functions are segregated to ensure more effective and efficient management of the funds of the University. The main Finance Office is organised into the following units:

a. Budget
b. Payroll
c. Payables
d. Receivables
e. Information Systems Unit
f. Superannuation (Pensions)
g. Students Section

h. Treasury, and
i. Final Accounts.

The Finance Office also has sub-offices in all Colleges headed by College Finance Officers. Other self-accounting units of the Finance Office include the following:

a. Photocopy Unit
b. Printing Press
c. Halls of Residence
d. University Hospital
e. Basic Schools, and
f. Senior Staff Club.

2.4 Basic organogram showing reporting line of the Finance Officer

CHAPTER THREE
REVENUE

3.1 Policy on Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the University. Revenue for the University shall comprise any contribution from the Government – for staff compensation, goods, services and investment, school fees and other charges payable by students, and all other payments by individuals and institutions for goods and services rendered by the University.

3.2 Responsibility of the Finance Officer

The Finance Officer, as the custodian of all University funds, is responsible for all revenue accruing to the University.

3.2.1 Policies and Procedures

1. Fees shall be recognised as revenue when students validly register for that period. Registered students will be closely reviewed each academic year to determine whether the amount is still collectible and whether the balance of the fees receivable is adequately reserved with the allowance for receivables.

2. Subvention from the Government shall be recorded as and when received and any deferred subvention shall be recorded in the period in which the subvention is actually received. When funds are received from the Government in the form of settlement of any indebtedness of the University such as utilities, liabilities or other assets, such expenditure shall be added to the subvention received for the period to which it relates.

3. Rent will be recognised in the period to which it relates. Any rent receivable will be reviewed periodically to determine if the amounts are collectible and what collection actions are being taken.

4. All other income will be recognised in the period to which it relates.

5. Grants which are classified as exchange transactions with the grantor shall be recognised as revenue when the grant money is earned. Each restricted grant shall be set up as a separate cost centre to allow for accurate and consistent recording of the expenses of each grant.

6. Income and expenses may not be offset.

3.3 Financial Regulations

3.3.1 Revenue

1. The Finance Officer shall receive on behalf of the University all subventions, assets and revenues payable to the University and his receipt shall be sufficient discharge for same.
2. He shall be responsible to the Vice Chancellor for the safe custody and proper disposition of all University funds and assets;
3. A person who collects or receives monies in trust for the University shall issue receipts for the amount received.
4. All monies received shall be recorded and balanced on daily basis.
5. Monies received shall be banked not later than the close of the next working day following the receipts of the funds.
6. All monies received shall be banked intact and no payment shall be made out of amounts collected before banking.
7. Monies received shall be kept under lock and key.
8. No personal money or property shall be kept in the University safe.
9. Personal cheque(s) must not be cashed out of the money received on behalf of the University.

3.3.2 Receipts

1. Official receipts of the University shall be printed only on the authority of the Finance Officer.
2. ii. Only pre-numbered official receipts of the University issued by the chief cashier or duly authorised accounts staff shall constitute proper discharge.
3. iii. All accounting officers to whom receipt books are issued shall keep their own stock registers and ensure that both receipt books and stock registers are kept under lock and key. Accounting officers shall be held responsible for the loss of any used or unused receipt book.
4. iv. A receipt shall be cancelled and fresh one issued whenever a mistake is made on the original receipt. Any cancelled receipt shall be retained in the receipt book. No alteration or cancellation shall be made on a receipt.
5. v. Notice of the loss of receipt books or any value books must be given to the Finance Officer by the Head of Department where the loss occurred promptly. The Finance Officer, in turn, shall cause the loss to be published in the appropriate University organ, the Government Gazette and/or the national newspapers.
6. In handing over duties to another officer, certificates signed by both officers are required in respect of all receipt books and value forms held on charge by the outgoing officer. The certificates made in the prescribed form shall be supported by a detailed list showing

the quantities and serial numbers of each type of book and the officer taking over shall sign below the last entry in the register.

7. Electronic receipts may be issued upon the approval of the Finance Officer.

3.3.3 School Fees and Other Charges

1. All school fees and other charges payable for each academic year will be discussed and recommended by a committee setup by the Vice Chancellor for his approval.
2. The Finance Officer is responsible for ensuring that all students' fees due the University are received.
3. All fees and charges shall be paid at designated banks approved by the Vice Chancellor on the recommendation of the Finance Officer.
4. Fees may also be paid by banker's draft issued in the name of the University, the College or the Hall as appropriate.
5. An official receipt shall be issued to a student for fees and charges paid upon the submission of a valid pay-in-slip (PIS).
6. Official receipts issued for pay-in-slip shall be reconciled with the bank statement after the end of the registration for the semester.
7. Steps should be taken immediately to resolve any outstanding payments.

3.3.4 Other Income

1. All other income to the University may be paid at a designated office or at the bank as may be directed by the Finance Officer.
2. Where payment is made at the bank, valid pay-in-slip shall be submitted at the designated office for an official receipt to be issued upon confirmation of payment.
3. Official receipts shall be issued when the payment is made at the designated office.

3.3.5 Cash Surpluses

Any unexplained cash surpluses shall be promptly brought into account as revenue by the issue of a receipt for the surplus. Cash surpluses shall not be set-off against subsequent shortages unless the Finance Officer, after investigation, is satisfied that any such surpluses relate to a specific shortage and gives his written authority for such set-off.

3.3.6 Losses and Shortages of University Cash and Property

Losses include over-payment, incorrect or irregular payment, abandoned claims, the withholding of money due the University and the writing off of any sum which appears as an asset in a previous account.

Losses may only be written off with the approval of the University Council on the recommendation of the Standing and Finance Committee. Any losses of cash or property which occurs must be reported immediately to the Registrar, the Finance Officer and the Internal Auditor. The Head of the Department where the loss occurred shall make a full report on the loss for consideration by the Vice Chancellor.

3.4 Debt Collection

3.4.1 Policies and Procedures

1. The Finance Officer shall ensure that all outstanding monies due the University are collected promptly by ensuring that:
   a. All persons owing the University are billed promptly in respect of services or goods supplied by the University.
   b. All credit arrangements are properly Authorised by management.
   c. Separate records are kept for all receivables.
   d. All income accruing are credited to the appropriate income accounts and monies received are posted to the correct receivables account.
   e. A schedule of debtors is prepared on a monthly basis based on age analysis.
   f. Overdue debts report should be prepared and be accompanied by action to be taken in collecting the debts.
2. Requests to write off debts must be referred in writing to the Finance Officer for submission to the Vice Chancellor for consideration and approval by Council.

CHAPTER FOUR
EXPENDITURE

4.1 Definition

Expenditure is the payment of cash or cash equivalents for goods or services or a charge against available funds in settlement of an obligation as evidenced by an invoice, a receipt, a voucher or other such documents.

4.2 Policies and Procedures

4.2.1 Recognition

Expenditure shall be recognised in the financial statements when the University incurs an obligation for the assets, goods or services and the cost can be reliably estimated.

4.2.2 Expenditure on Goods and Services

Any expenditure incurred on goods and services, the benefits of which will be consumed within one year, shall be expensed in the period in which the benefit is consumed by the University.

4.2.3 Expenditure on Capital Items

Capital expenditure includes all expenditure on non-current assets, the benefit of which is expected to be consumed in more than one year. Expenditure on capital items shall be capitalised in accordance with the University Capitalisation Policy, Section 8.3 (Table 2).

4.2.4 Research Expenditure

Research expenditure shall be fully written off in the period in which the expenditure is incurred.

4.2.5 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of that asset and therefore should be capitalised. All other borrowing costs are recognised as expense.

4.2.6 Books and Periodicals

Expenditure on books and periodicals shall be written off in the year of acquisition.

4.3 Internal Control Procedures and Policies on Expenditure

4.3.1 General

1. Heads of Colleges, Faculties, Institutes, Departments, Schools, Divisions or Units may initiate expenditure under the following headings:
    a. Staff Compensation
    b. Administrative Expenses
    c. Services Activity Expenses
    d. Investment Activity Expenses
    e. Other approved Departmental Expenditure

2. Votes under staff compensation will however be controlled by means of the approved staff requirement for the academic year. These will be governed by the Conditions of Service and will be subject to the Registrar's approval.

3. **Usage of Internally Generated Funds** – Funds generated by Departments/Units shall be considered additional to allocated votes and shall be controlled by the Heads of Department.

4. **Savings and Surpluses**
    a. Savings in departmental votes at the end of the financial year shall be carried over to the following financial year and shall be available to the departments in addition to the current vote.
    b. (b) Savings on central votes shall be transferred to the general revenue and shall be appropriated as the Vice Chancellor shall direct.
    c. (c) When there is the need for a Department/Unit to exceed its annual vote, permission should be sought from the Vice Chancellor. The excess shall be recovered from subsequent allocations.

5. The Heads of Colleges, Faculties, Schools, Departments, Institutes and Units shall not commit the University to expenditure without reserving sufficient funds to meet the cost of purchase.

6. Approval for payment shall be made in accordance with authorisation thresholds set by the University.

7. The Finance Officer shall maintain proper records of income and expenditure, assets and liabilities and report periodically on the finances of the University to the Vice Chancellor.

8. Upon advice by the Vice Chancellor as Chairman of the Budgetary Committee on allocation of votes to the Colleges and Institutes, each College/Institute shall reallocate its votes to the

departments within it, subject to the ratification by the Board of the College/Institute. The Finance Officer should be notified of such allocations.

4.3.2 Disbursements for Goods Received and Services Rendered

Payments from bank account(s) shall be made only on the basis of completed and approved payment vouchers for goods and services. Such payment vouchers entered in the cash book shall be supported by original copies of:

a. Bills, invoices or contract documents of the goods supplied or services rendered;
b. Authentic receipts issued by the payee in acknowledgement of the amount paid. This receipt should indicate the name and address of the payee;
c. Copies of order notes and Goods Receipt Vouchers, and
d. Payment vouchers duly pre-audited by the Internal Audit Unit.

The following procedures shall be observed when making a payment for goods received or services rendered:

a. The goods or services should have been received and taken charge of;
b. The prices charged are in accordance with the contract and are fair and reasonable;
c. That the calculations are arithmetically correct;
d. All vouchers shall be signed by the payee, and
e. All cheques issued to outsiders should be crossed.

4.3.3 Petty Cash Transactions

a. Imprest may be kept by all Heads of the University to cater for petty cash expenses.
b. Imprest may be used for payment for fuel, general transport expenses, office tea, coffee and other routine petty office expenditure.
c. No single payment may exceed 20% of the gross imprest except for the payment for fuel.
d. Imprest should be reimbursed on production of valid receipts/bills or certificates for expenses made. It must be ensured that reimbursement does not exceed the authorised imprest.
e. Where it is not possible to obtain official receipts for payments, an honour certificate duly authorised by Head of Department may be used.
f. All documents and petty cash books should be produced to the Internal Audit for verification before a payment voucher is prepared.
g. All imprest holders shall retire their imprest at the end of each financial year to the Finance Officer.
h. Any requests for increase in the imprest amount should be approved by the Finance Officer upon recommendation of the Internal Auditor.

4.3.4 Honour Certificates

Honour certificates shall only be used for petty cash payments where for a valid reason a receipt cannot be obtained. An honour certificate shall be certified by the Head of the Unit.

> ***Sample:*** ***"I certify that the above payment was made by me in the interest of the University and that no receipt could be obtained."***

4.4 Disbursement of Central Votes

The disbursement of central votes shall be subject to the approval of the Vice Chancellor acting on the advice of the Registrar and the Finance Officer.

4.5 Special Advances

1. Heads of Department may be granted special advances to enable them pay for goods and services where it is not possible to obtain such goods and services before payment is made.
2. Special advances must be accounted for within 21 days reckoned from the date payment is made.
3. Heads of Department who fail to account for special advances after 3 months will have the amount recovered from their salaries with interest at the prevailing bank rate.
4. Heads of Department who have not accounted for previous advances will not be granted further advances.
5. Any special advance granted to a Head of Department shall be treated as a receivable until it is retired.

4.6 Pre-financing

Staff are encouraged to use the laid down procedures for purchases and payments and as much as possible avoid pre-financing. However, where an employee pre-finances expenditure on behalf of the University, the transaction shall be approved by the Head, Dean, Provost or Director depending on the threshold of the amount for reimbursement. The appropriate withholding tax shall be applied where necessary.

4.7 Travelling & Transport Claims

Claims for official travel expenses shall be submitted on appropriate forms through the applicant's Head of Department or the Registrar as appropriate. Travel and Transport allowances are governed by the Conditions of Service and other regulations that show applicable rates.

No one shall Authorise the reimbursement of his own claim or expenses. All such claims should be Authorised by a senior employee except where it is impracticable.

4.8 Overseas Subsistence Allowances

Overseas subsistence allowances are payable at estacode rates to staff who travel overseas on duty. The approval of the allowance is communicated to the Finance Office by the Registrar or Secretary of the appropriate committee. All overseas travels shall be guided by the University's International travel policy. Overseas payment shall be supported by the Vice Chancellor approval (permission to travel).

4.9 Council Allowances

Allowances for members of the University Council shall be paid after authorisation by the Council Chairman.

CHAPTER FIVE
VALUE BOOKS

5.1 Policies and Procedures

1. All accounting officers to whom any value books are issued shall keep their own inventory register of the value book.
2. The value books of the University include but are not limited to:
    a. Official Receipts
    b. Cheque Books
    c. Goods Received Vouchers (GRVs)
    d. Requisition Books
    e. Local Purchase Orders (LPOs)
3. The following detailed information shall be recorded for each value book:
    a. Date of receipt
    b. Serial no. (from-to)
    c. Date of issue
    d. Person to whom it is issued
    e. Date of completion
    f. Signatures for issue and return
4. Accounting officers responsible shall ensure that value books are kept under lock and key.
5. All cancelled leaflets of value books shall be retained in the value book.
6. The Finance Officer shall be notified on the loss of value books by the officer involved promptly.
7. The Finance Officer and the Internal Auditor shall undertake investigations to confirm the loss of the value book.
8. The Finance Officer after confirmation shall cause the loss to be published in the appropriate University organ, government gazette and/or national newspaper.
9. An outgoing officer shall include in his handing over notes all value books in his custody.

5.2 Destruction of Payment Vouchers, Receipt Books, Debit Notes and other Accounting Documents

1. No payment voucher, receipt book, debit note, journal voucher and other accounting documents may be destroyed before ten years after audit.
2. Before any vouchers, receipts, debit notes, labour cards, or other accounting documents are destroyed, they shall be listed and examined by a Board of Survey. Upon the approval of the report of the Board of Survey by the Vice Chancellor, the document shall be destroyed by the Finance Officer and the Internal Auditor.

3. Preservation of records shall be governed by the Limitation Decree 1972 (NRCD 54) and Public Records and Archives Administration Act 1997, (Act 535), which make it necessary to keep financial and accounting records until such time as claims by or against government are statute-barred.

5.3 Register of Contents of Safe

All documents and other valuables, except money, which are kept in safes, shall be recorded in a register to be kept by the Head of Department. The Finance Officer and the Internal Auditor shall have access to the register of contents in any University safe.

CHAPTER SIX
DONOR-FUNDED PROJECTS

6.1 Policies and Procedures

The University policy is to ensure Full Economic Costing (FEC) approach. This is an activity-based costing approach which aims to ensure that the full cost of research or academic projects, including overheads is calculated and included in research project budgets.

The University has clear and transparent procedures in accounting for project funds which are essential to ensure that the funds are managed in an appropriate manner.

a. All project budgets and accounting procedures shall be made available to the Finance Officer to ensure full compliance with the project conditions.
b. Project funds shall not be used for purposes or activities not approved in the project budget.
c. Where research projects are to be undertaken on behalf of external bodies, the Provosts, Deans and Directors shall be responsible for ensuring that:
    i. financial appraisal is conducted before any contract is agreed upon; and
    ii. terms and conditions relating to such grants are available to ensure its smooth implementation and appropriate monitoring.
d. Each project shall be assigned to a specific unit and shall have a Principal Investigator (PI) or a Coordinator. The grant holder is responsible for meeting the conditions of the funding. The project coordinator shall ensure that the project funds are at all times used for approved project activities and budgeted items only. Losses arising from failure to meet the conditions of funding shall be the responsibility of the Provost, Dean or Director and shall be charged to the unit.
e. Procurement of goods and services shall be in accordance with the Ghana Procurement Act. Where the project has its specific procurement rules, such rules should be stated clearly in the contract and shall be applied.
f. The head of the unit where the project is implemented is responsible for ensuring that every formal application for a grant is examined and shall also ensure that there is adequate provision of resources to meet all commitments.
g. The Finance Officer shall ensure that the full cost of research contracts is established. The research agreement must be in line with the University's policy with regard to indirect costs and other expenses and should also take account of different procedures for the pricing of research projects depending on the nature of the funding body. Where there is a conflict between University policy and the procedures of the funding body, the issue shall be referred to the Vice Chancellor.

h. The Office of Grants and Research (OGR) shall have records of all projects accepted by the University.
i. Cost to be charged to research activity shall be in line with the financial agreement (budget) of the research project. However, where the financial agreement is silent on the cost to be charged to the research project, full cost shall be charged. The Finance Officer shall be responsible for determining the indirect cost to be charged.
j. Proper financial records relating to the research project and contracts shall be kept by the Finance Officer.
k. The Head of the Office of Grants and Research of Principal Investigator shall ensure that proper procedures are followed to close a project.
l. A pool bank account shall be opened for all research projects at the College/Institute through the Finance Office and approved by the Vice Chancellor. A control account shall be maintained for individual projects in the pool. A new bank account may be opened for an individual project only with the prior approval of the Vice Chancellor.
m. Where a separate bank account is opened for any donor-funded project, the donor shall have access to the bank statement direct from the bank upon request through the Finance Officer.
n. In the absence of prescribed financial reporting procedures for any project, the financial procedures of the University shall be applied. In all cases Generally Accepted Accounting Principles (GAAPs) shall be applied.
o. A project may specify its own External Auditors. Otherwise, the Finance Officer shall appoint External Auditors for a project where there is the need for audit.

6.2 Cost Sharing

1. **Definition:** A cost sharing commitment is an obligation by the University to contribute to the total cost of a project by providing goods or services at no cost to the funder. The University may also commit itself to a cash contribution towards project expense, e.g. for the purchase of equipment.

2. **Types of Cost Sharing**
   a. Mandatory Cost Sharing: Cost sharing required by the funder as a condition for an award.
   b. Voluntary Cost Sharing: Cost sharing not required by the funder as a condition for an award but the University offers cost sharing in the proposed budget to be more competitive.

3. **Policy on Valuation of Cost Sharing**
   Below are some guidelines for valuing some possible sources of cost sharing for funded projects:

a. **Salaries and associated costs:** Valued at the contractual payroll rates and other indirect benefits.
b. **Equipment:** Valued at the fair value of the equipment.
c. **Supplies (including donated supplies):** The supplies should be valued at the fair market value at the time of their use.
d. **Travel expenses:** Should be valued consistently with the university's travel reimbursement policy and rates.
e. **Space**: (including donated space by a third party): The value shall not exceed the fair rental value of comparable space and facilities in a privately-owned building in the same location.
f. **Volunteer services:** Rates for volunteer services shall be consistent with those paid for similar work in the University. In the event that the required skills are not found in the University, rates shall be consistent with those paid for similar work in the labour market.
g. **Donated land and buildings:** These shall be **valued at the lesser** of: (a) the certified value of the remaining life of the property recorded in the University's accounting records at the time of donation, and (b) the current fair market value. The fair market value must be determined by a qualified independent valuer and certified by a responsible University official.
h. **Donated equipment:** Usually, only depreciation or user charges for the equipment may be claimed as cost sharing. However, the full value of the equipment may be claimed with permission from the funder. The full value is defined as the fair market value of equipment of the same age and condition at the time of its use. If depreciation is charged as cost sharing, it must be excluded from the indirect cost.

CHAPTER SEVEN
PROCUREMENT

7.1 Definition

Procurement relates to the purchase of goods, works and services. All purchases shall be made in accordance with the Ghana Public Procurement Act of 2003, (ACT 663) and the Financial and Administration Act 2003 (ACT 654).

7.2 Policies and Procedures

1. Identify the needs/requirements in terms of goods, works or services based on procurement plans, budgets, proposals or requests from user departments.
2. Where the amount required is above the threshold of the spending officer of the user department, the request shall be forwarded to the Director of Procurement for further action. Where the request is within the threshold of the user department, the following steps shall be followed:
    a. The Provost, Dean, Director or Head of Department, is ultimately responsible for purchases within his/her unit in accordance with the procurement process.
    b. Contact the suppliers (through registered suppliers list) and request a quotation or a proposal. Normally, a minimum number of three quotations/proposals is required to meet competition requirements. All suppliers shall be VAT registered.
    c. Review the quotations or proposals based on pre-set criteria (such as price, quality, delivery time, etc).
    d. Negotiate and conclude an agreement/contract with the most appropriate supplier.
    e. The transaction must be conducted at an arm's length.
    f. Check that all steps are transparent and that documentation is complete.
    g. Where the goods, services or works can be obtained in-house, the department which provides the goods, services or works may be contacted directly.

7.3 Procedure for Taking Delivery of Goods Procured

1. All goods procured through the procurement unit shall be delivered at the Procurement Unit.
2. In the case of goods procured directly by the user department, the goods should be delivered to the Head of the user Department.
3. All goods received shall be supported by suppliers' VAT invoices, way-bills, delivery notes and packing lists where applicable.
4. The receiving officer shall enter particulars of the goods on a Goods Received Voucher (GRV) after satisfying himself that the quality, weight and quantity are correct and agree

with the purchase order and invoice. Any discrepancies shall be reported to the head of department immediately.

5. Where the goods received are of a technical nature, an expert shall inspect the goods to ensure that they meet the required specifications.
6. When goods procured arrive and the inspection team finds any defects or variation in price, the inspection team shall reject the order immediately.
7. All goods received shall be verified by the Internal Audit.
8. Heads of the units where inventory is held are responsible for the safe custody and control of inventory to ensure that the inventory is adequately protected against loss, damage and misuse.
9. Suppliers shall produce a valid tax clearance certificate when receiving payments exceeding 1,000 currency points.

7.4 Contract of Works

The Director of Procurement shall be notified of all variations in contract of works. He in turn, shall ensure that appropriate procedures are followed for variations.

7.5 Discrepancies, Shortages and Claims

Discrepancies and shortages discovered by storekeepers in their store houses shall be reported to the Finance Officer and the Internal Auditor immediately. Where storekeepers are found liable for shortages discovered in stores, they shall be charged at replacement costs.

7.6 Stocktaking

1. Any department of the University which holds stocks of allocated or unallocated stores shall take stock at the end of every financial year and at other times as may be directed by the Head of Department or the Internal Auditor.
2. The stocktaking shall be supervised by the Internal Auditor.
3. Stocks shall be valued at the lower of historical cost and Net Realisable Value (NRV) and the total value shall be reconciled with the stores accounts.
4. Discrepancies discovered at stocktaking shall be investigated by the Internal Auditor who shall report his findings to the Finance Officer.
5. Stock certificates: original copies of all stock sheets, certified by the Head of Department and countersigned by the Internal Auditor and the store-keeper shall be forwarded to the Finance Officer for incorporation into the final accounts of the University.

CHAPTER EIGHT
NON-CURRENT ASSETS AND DEPRECIATION

8.1 Definition

Non-current assets include both tangibles and intangibles. Tangible assets include land, buildings, furniture, equipment, plant and machinery and other biological assets used in the operations of the University.

8.2 Measurement and Recognition

8.2.1 Property and Equipment

Land, buildings, furniture and fittings, motor vehicles, equipment, computer equipment, bore-holes and other water systems should be measured at costs less accumulated depreciation and impairment losses. The cost of an asset comprises the purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to operate as intended by the University. The cost of an asset also includes initial estimate of the present value of the cost of dismantling and removing the item and restoring the site in which it is located.

8.2.2 Investment Property

These are land or building facilities used by the University for rental purposes including any property held by the University for rentals or capital appreciation or both. All investment properties should be recognised at cost.

8.2.3 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. To meet the definition, the asset must be identifiable, i.e. separable from the rest of the University assets or arising from legal rights. The intangible asset should be carried at cost less amortization and any impairment losses. All internally generated intangible assets must be fully written off unless there is ready market available.

8.2.4 Biological Assets

Biological assets are living animals and plants. Biological assets should be Recognised at fair value less estimated cost to sell unless fair values cannot be measured reliably. Where the fair value of the biological assets cannot be reliably measured, they shall be recognised at cost (book value).

8.3 Capitalisation policy

The general Capitalisation policy is that all non-current assets shall be Capitalised on a regular and consistent basis. The subsequent expenditure incurred on these assets shall either be Capitalised or expensed within the relevant accounting period. If the subsequent expenditure was incurred to maintain the existing capacity of the asset, the expenditure shall be wholly written off within the relevant accounting period. However, if the expenditure was incurred to improve the earning capacity of the assets the expenditure shall be capitalised and depreciated over the remaining economic useful life (EUL) of the asset.

For the acquisition of newly acquired non-current assets, the decision to capitalise or otherwise shall depend on the cost incurred. The threshold for capitalisation of cost is detailed below:

Table 1.0 Capitalisation

SN	**Description of item**	**Threshold in [1]currency points**
1	Land	Full Capitalisation
2	Land Improvement	5,000
3	Buildings	Full Capitalisation
4	Building Renovation	5,000
5	Purchased Equipment	1,500
6	Constructed Equipment	1,500
7	Production Equipment	Full Capitalisation
8	Furniture and Fittings	500
9	Donated Asset	1,000
10	Software	1,500
11	Computers and other IT equipment	1,500
12	Infrastructure	5,000
13	Motor Vehicle	Full Capitalisation

[1] One (1) Currency point is equivalent to GHS 1.00 at the time of writing.

Table 2.0 Capitalisation policy

Asset	Capitalisation Policy
Land	The full cost should be capitalised. Cost includes the purchase price and other consideration given in acquiring the land.
Land Improvements	Improvements to be capitalised include the cost of landscape, surface parking lots, and outdoor public recreational fields having a cost in excess of 5,000 currency points. All costs of land improvements associated with newly constructed buildings will be capitalised.
Buildings	The full cost should be capitalised.
Infrastructure	Infrastructure includes relays of utilities and service lines, tunnels, parking lots, sports grounds, public recreational fields, campus lighting, entertainment parks that are not part of a building construction or cost of land. This should be Capitalised at the cost of construction.
Building Renovations	Building renovations to be Capitalised are significant alterations or structural changes that: a. cost in excess of 5,000 currency points and b. meet one or more of the following conditions: i. The project extends the useful life of the building beyond what was originally estimated. ii. The project substantially changes the use or purpose of the original space. iii. The project expands the total square footage of the building. Renovation costs which do not meet either of these criteria is treated as maintenance expenditure and charged to the statement of income and expenditure.
Planning Costs	Capital project planning costs associated with the planned construction, renovation, or purchase of a specific building will be Capitalised in advance of the capital project being approved to the extent that such costs exceed 5,000 currency points. Planning costs include but are not limited to feasibility studies, preliminary drawings, and initial cost estimates. Previously capitalised planning costs will be written off to expense in the period when it becomes clear that the specific project will not move forward in the approval process.

Demolition of Buildings	The book value of the building will be written off when a building is demolished. If the land is maintained and the original value cannot be determined, the land will be recorded at a nominal value of GHS 1.00.
Purchased Equipment	Purchased equipment to be capitalised shall have a useful life of more than one year or a cost of 1,500 currency points or more per unit.
Constructed Equipment	For equipment constructed at the University, the acquisition cost to be capitalised include cost of materials, labour and other directly attributable cost charged to the equipment. The total cost shall exceed 1,500 currency points.
Production Equipment	The full cost should be capitalised. The cost includes the purchase price and other consideration given in acquiring it and any direct cost in bringing the equipment into use.
Software	Operating or Application software included in the price of the hardware will be Capitalised. When purchased separately, software will be Capitalised if the cost exceeds 1,500 currency points. Internally developed software with material and labour costs in excess of 1,500 currency points shall also be Capitalised.
Donated Assets	Land and buildings received as a gift will be Capitalised at the fair market or appraised value at the date of the gift. If market value or appraised value is not available, the gifts will be recorded at GHS 1.00 nominal value. Equipment received as a gift having a fair market or appraised value of 1,000 currency points or more shall be Capitalised. Otherwise it should be recorded at GHS 1.00 nominal value.
Sales or Disposal of Capitalised Assets	The carrying amount of land, buildings, and equipment will be removed from the books. Any profit or loss realised shall be separately recognised in the income and expenditure statement.

For a repair or improvement to be capitalised, the expenditure must extend the useful life of the asset repaired or improved. For example painting would not be capitalised, but replacing the boiler or repairing the roof would be capitalised, if the cedi value is in excess of 5,000 currency points.

8.4 Donated Assets

Generally, donated assets will be Capitalised at their fair value. Where fair value is not obtainable, the asset concerned will be treated at its nominal value (GHS 1.00). Any donated assets that meet the capitalisation criteria will be recorded as deferred income and as a fixed asset. The deferred income amount shall be reduced by the periodic depreciation charges that are Recognised in the statement of income and expenditure for the donated assets.

8.5 Revaluation of Non-Current Assets

The University may revalue its non-current assets, and the revalued amounts are incorporated in the books and depreciated over their remaining useful life. If the University decides to revalue non-current assets the revaluation should be carried out regularly so that the market value does not differ materially from its carrying amount at the balance sheet date. If an item is revalued, the entire class of assets to which that class of assets belongs should be revalued. Any revaluation loss should be expensed for the period unless it reverses an earlier revaluation increase. However, revaluation surplus will be treated as equity, unless it reverses an earlier revaluation loss.

8.6 Depreciation

All capital assets will be depreciated over their estimated useful lives. The straight line basis will be used, with depreciation charged in full on assets existing at the end of the year.

The following assets will be depreciated over their estimated useful life as below:

Freehold land	--	nil
Leasehold property	--	over the life of the lease.
Building and building improvements	--	50 years
Infrastructure	--	50 years
Motor Vehicles	--	5 years
Computers and related equipment	--	4 years
Furniture & Fittings	--	4 years
Equipment	--	5 years
Production Equipment	--	10 years
Parking lot and landscaping	--	10 years
Bed Mattresses	--	4 years

Where the University revalues any of its assets, depreciation shall be based on the revalued amount over the remaining useful life after revaluation.

8.7 De-recognition

An asset should be removed from the statement of financial position on disposal or when it is withdrawn permanently from use and no future economic benefits are expected from this asset. The gain or loss is the difference between the proceeds and the carrying amount on the date of disposal and should be Recognised in the statement of income and expenditure.

8.8 Disposal of University property

No University property may be disposed of without the prior recommendation of a duly constituted Board of Survey. A Head of Department, who for any good reason wishes to dispose of any University property in his charge, shall request the Registrar to convene a Board of Survey to charge of the disposal of the assets in accordance with its mandate.

Recommendations of the Board of Survey shall be subject to the approval of the Vice Chancellor except in the case of fixed assets, e.g. buildings, plants, vehicles and heavy equipment. The disposal of such assets shall be subject to the approval of Council.

8.9 Custody and Control of Plant, Vehicles, Equipment and Furniture

8.9.1 University identification marks

1. All plant, vehicles, equipment or furniture belonging to the University shall be marked and numbered with the University's name or initials before they are put to use.
2. Equipment and furniture manufactured by a department of the University shall similarly be marked and numbered.
3. Donor funded assets for projects that are still on-going shall be identified and marked separately.

8.9.2 Assets register

Every unit shall maintain an asset register into which they shall enter the following particulars of all tangible non-current assets:

a. date of purchase (delivery or manufacture);
b. cost;
c. description (quantity and serial number);
d. name and address of supplier, and
e. location and condition.

8.9.3 Verification of Assets

The Internal Auditor shall verify at least once during each year the existence of all tangible non-current assets in the assets register.

CHAPTER NINE
LEASES

9.1 Lease of University Property

When the University leases out any of its property to a third party, the transaction shall be accounted for in the records in accordance with the substance of the transaction. If the effect of the substance of the transaction is an operating lease, the following shall apply:

a. The property will remain an asset of the University.
b. All rentals receivable shall be charged to the income statement.
c. The rental charge for each period shall be on straight line basis.
d. Any resulting difference between charge for the year and actual payments shall be accounted for in the statement of financial position as asset or liability as the case may be.

If the substance of the transaction is a finance lease the following shall apply:

a. The University effectively transfers ownership and risk of the assets to the lessee;
b. All rentals receivable shall be Recognised in the income statement, and
c. In the statement of financial position, the gross investment in the lease shall be recognised as an asset.

9.2 University as a lessee

When the University leases any property from a third party, the transaction shall be accounted for in the records in accordance with the substance of the transaction. If the substance of the transaction is a finance lease the following shall apply:

a. The asset shall be Capitalised in the books at the lower of the present value of minimum lease payments and the fair value of the asset on the day of inception of the lease. A corresponding obligation shall be Recognised and recorded for the lessor;
b. Any finance charges shall be allocated to the financial statement on a straight line basis, and
c. The asset shall be depreciated in line with the existing policy of the university on similar assets.

If the effect of the substance of the transaction is an operating lease, the following shall apply:

a. The University shall not recognise the non-current assets in the books;
b. All rentals payable shall be charged to the income statement;
c. The rental charge for each period shall be on straight line basis, and

d. Any resulting difference between charge for the year and actual payments shall be accounted for in the statement of financial position as asset or liability as the case may be.

CHAPTER TEN
PAYROLL

10.1 Payroll
There shall be established in the University, a payroll department to be headed by a senior member of the Finance Office. The Head of the payroll unit shall be responsible to the Finance Officer and will work closely with the Registrar's office.

10.2 Policies and Procedures
1. Processing and payment of staff salaries shall be made on monthly basis. Subsequently, pay slips shall be distributed to the staff of the University using a medium approved by the Finance Officer.
2. The authority for payment of salaries to full-time or part-time employees is the letter of appointment duly signed by the Registrar. All additions to and removal from the payroll shall be done upon receipt of a letter duly signed by the Registrar. However, any anomaly identified shall be corrected with immediate effect, and full recovery made, if any.
3. A full-time employee is paid a salary and allowances upon receipt of a letter from the Registrar on the assumption of duty.
4. Staff on post-retirement contract shall be paid only on receipt of appointment and assumption of duty letters. Payments of their salaries and allowances shall be in accordance with the terms of the appointment letter.
5. Part-time salary claims shall be processed for payment upon receipt of completed standardised form(s) duly endorsed by the employee's Head of Department.
6. Annual pay increase may be awarded to staff in line with approved Government of Ghana pay policy.
7. All requests for extra working hours (overtime) shall be approved by the Vice Chancellor.
8. The payroll database shall be maintained by the payroll unit of the Finance Office.
9. Emolument reports shall be sent by an approved means to all units of the University for confirmation, verification and record purposes.
10. The payroll system should be post-audited by the Internal Audit unit.
11. A subvention report based on salaries paid for the month shall be sent to the government by the 10th day of the month following.
12. Book and Research Allowance shall be paid to only staff that were entitled to salaries at the point of submitting claims to government.

13. Payment of arrears for salaries and allowances shall be spread over such period as deemed fit by the Finance Officer.
14. Permanent staff who for some reason need to be re-instated, shall have their salaries paid only on receipt of resumption-of-duty letters from the Registrar.
15. Changes to basic salaries and allowances shall be initiated by the Registrar's Office and shall be approved by the Vice Chancellor.
16. The Finance Officer shall review and approve the payroll before payment is made.
17. All full-time staff shall be paid through the bank.
18. Allowances that are applied for must be periodically reviewed by the Internal Auditor.
19. Overtime allowance for a month shall not exceed 75% of the basic salary for the same month.
20. Extra-Teaching Load allowance for a month shall not exceed 75% of the staff normal teaching hours respectively for the same month.

10.3 Staff Loans and Advances

1. Short-term salary advances may be granted by the Finance Officer on the recommendation of the applicant's head of department. Such salary advances shall not exceed two months' basic salary and shall be repayable with interest, where applicable, within the approval period. The maximum repayment period for a salary advance is 12 months.
2. A salary advance or a loan shall not be paid to any employee within the first 12 months of service to the University.
3. Loan applications may be endorsed for only staff who have been in the service of the University for at least 12 months.
4. All applications for salary advances and loans must be made on the appropriate forms for approval by the Finance Officer before payment.
5. A member of staff may not be granted a salary advance more than once every 12 months.

6. Only full-time University staff may be granted advances or loans of any nature.
7. The 50% net monthly salary threshold shall apply to staff who require endorsement for loans (credit) and salary advances.

CHAPTER ELEVEN
FUND MANAGEMENT

11.1 Bank Accounts

1. No bank account of any type may be opened in the name of the University or any department/unit of the University unless authorised by the Vice Chancellor on the recommendation of the Finance Officer.

2. The mandate of the bank account shall be approved by the Vice Chancellor. The approved signatories to University cheques shall have the power to accept bills of exchange on behalf of the University.

3. The Finance Officer and Internal Auditor shall have the right at all times to call for and be supplied with statements of any official bank accounts and any other information relating to the University's banking transactions.

4. The Finance Officer shall maintain a register of authorised signatories to the official bank accounts of the University and update it regularly.

11.2 Bank Reconciliation

1. Bank statements shall be obtained by the accounting staff responsible for each College, Unit or Centre.
2. Bank statements shall be obtained on regular basis and all unusual transactions and changes shall be reported to the Finance Officer for redress if it cannot be rectified immediately by the bank.
3. Bank statements are to be reconciled by the unit head on a monthly basis. The cash book and the reconciled bank statements will be adjusted to agree monthly.

11.4 Investment of Funds

1. University funds not needed for immediate use by the University will be transferred to interest yielding investments, unless the funds are designated for a particular purpose.
2. Colleges/Faculties/Schools/Institutes or Centres may invest funds of the University in such manner as the Finance Officer may approve of in order to preserve the value of the funds.
3. No funds shall be invested in Government securities.
4. The treasurer shall maintain an electronic register of all investments of the University and keep track of due dates of interests and dividends and ensure prompt receipts.

5. The funds may be invested in the purchase of securities for such periods and on such terms as the Finance Officer recommends.
6. The interest received in respect of securities shall be paid into University bank account as revenue, except where the securities are held on behalf of a trust fund and an enactment or agreement requires that the interest shall be paid into the trust fund.
7. The Finance Officer may, where it appears expedient, cause the investment to be redeemed and the proceeds either credited to the University bank account or re-invested on behalf of the University.
8. All investment will be recorded at cost.

CHAPTER TWELVE
BUDGET

The purpose of this section is to detail all the processes and procedures involved in the University's budget preparation and approval. The budget shall cover a period of one financial year.

12.1 Budget and Budgetary Control

1. The Finance Officer is responsible for the preparation of the budget of the University.
2. The budget shall be prepared in line with the University's strategic objective and the National Council for Tertiary Education (NCTE) norms.
3. The Budget Officer in consultation with the Finance officer shall issue budget guidelines to all Colleges/Units/Centres of the University, specifying the modalities and requirements for the preparation of their functional budgets. This shall be at the beginning of each academic year.
4. The guidelines shall include but not limited to the following:
    a. Revenue Estimates;
    b. Student Numbers;
    c. Expenditure Estimates, and
    d. Estimates on Capital/Development Projects.
5. The Registrar's Office shall be responsible for providing the following:
    a. Staff at Post;
    b. Expected Recruitments;
    c. Expected Promotions, and
    d. Expected Retirements.

   These shall aid the estimation of personnel emoluments.
6. The Planning Unit in the Vice Chancellor's Office shall be responsible for providing full-time equivalent ratios per Department/Faculty/College.
7. The functional estimates must contain requirements of development and recurrent funds for the following fiscal year. The University's Annual Estimates comprise development estimates and recurrent estimates.
8. The Budget Unit shall collate and compile a draft master budget based on the functional budgets received from various Colleges, Units and Centres.
9. The Finance Officer shall review the draft master budget with the respective Colleges, Units and Centre Heads.
10. The reviewed draft budget shall be forwarded to the Budget Committee for consideration.

11. The Budget Committee shall forward the draft budget to the Standing and Finance Committee of Council for its consideration and recommendation to the University Council.
12. The University's budget shall be approved by the University Council after consideration by the Standing and Finance Committee.
13. The approved budget is then communicated to all Colleges, Units and Centres by the Finance Officer for implementation.

12.2 Revision and Supplementary Budget

The Finance Officer may submit a revised or supplementary budget in consultation with Colleges, Units and other Centres for consideration of Council through the Budget and Standing and Finance Committees of Council. The approved revised or supplementary budget shall be communicated by the Finance Officer.

12.3 Budgetary Control

1. Provosts, Directors, Deans and Heads of other units shall be responsible for generating income and controlling expenditure within the approved budget.
2. A commitment shall be kept by each College/Unit/Centre.
3. Provosts, Directors, Deans and Heads of other units shall submit a monthly report of actual and budgeted expenditure/revenue and the resulting variance, if any, with justifications to the Finance Officer.
4. Actual and budgeted revenue shall be compared half-yearly to determine if allocated votes shall continue or be reviewed.
5. The Finance Officer shall keep the Vice Chancellor and the Standing and Finance Committee of Council informed of the financial implications of changes in policy, pay awards, and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.
6. The Finance Officer shall prepare a quarterly variance analysis report on the budget to the Finance Committee of Council.

12.4 Virement of Votes

Virement of votes from one expenditure area to another shall receive the prior approval of the Vice Chancellor. Virement will normally be approved provided:

a. That the votes earmarked for compensation shall not be vired for other purpose without the prior approval of the University Council.
b. The virement will not cause an excess on the total vote for the year.
c. That due regard will be given to the necessity for economy before granting a request for virement.

12.5 Disbursement of Central Votes

The disbursement of central votes shall be subject to the approval of the Vice Chancellor acting on the advice of the Finance Officer.

12.6 Internally Generated Income

Income generated by College/Institute/Faculty/Department/Unit shall be considered additional to allocated votes and shall be controlled by the Provost/Director/Dean/Head.

12.7 Savings and Surpluses

Savings in departmental votes at the end of the financial year shall be carried over to the following financial year and shall be available to the department in addition to the current vote.

a. Savings on central votes shall be transferred to the general revenue and shall be appropriated as the Vice Chancellor shall direct.

b. When there is the need for a Department/Unit to exceed its annual vote, permission should be sought from the Vice Chancellor. The excess shall be recovered from subsequent allocations.

CHAPTER THIRTEEN
FINANCIAL REPORTING

13.1 End-of-Month Accounting Procedures

1. The Accountant shall prepare the monthly financial statements.

2. The cut-off for information in the monthly statements is two weeks after the end of the month.

3. Upon completion of the monthly bank reconciliations, the accountant will complete the monthly journal entries. There are two types of monthly journal entries: those that remain constant from month to month (recurring) and those that are specific to that month.

4. The Accountant will maintain a file for each month which includes working papers which document the balance of each balance sheet items. All balance sheet items will be reconciled monthly to help ensure that accurate statements are provided to the Centre for management information.

5. Once the final general journal entries are posted, the monthly financial statement wyll be printed.

6. In addition to the regular expenditure returns, the monthly financial statements shall comprise:
    a. A statement of income and expenditure;
    b. A statement of financial position;
    c. A statement of cash flow;
    d. Narrative notes, and
    e. Any other information necessary.

7. The Finance Officer shall approve the financial statements of all units for consolidation into the University's accounts.

13.1.1 Expenditure returns

1. Expenditure returns shall be submitted monthly.
2. The reports shall be made in a form approved by the Finance Officer.

3. The reports shall reach the Finance Officer not later than the 10th day of the month following, for onward submission to the National Council for Tertiary Education (NCTE) and the Ministry of Finance (MoF).

13.2 End of Year Accounting Procedures

Policies

1. The Finance Officer is responsible for the preparation of the year-end financial statements for external auditing.
2. The financial statements shall be submitted to the University Council for Authorisation.
3. The reporting period shall be 1st January to 31st December of each year.
4. The reporting and functional currency is the Ghana Cedi and the Ghana Pesewa.

Procedures

1. All self-accounting units shall submit their separate financial statements to the main finance office for consolidation.
2. The financial statements shall cover the following:
   a. Statement of financial position;
   b. Income and expenditure statements;
   c. Statement of changes in net assets/equity;
   d. Cash flow statement ;
   e. When the entity makes its approved budget publicly available, a comparison of budget and accrual amounts, and
   f. Notes, comprising a summary of significant accounting policies and other explanatory notes.

13.3 Statutory Audit

1. The Finance Officer shall contact the University's external auditors as soon as the financial statements are Authorised for issue by the University Council.
2. The Finance Officer will ensure that adequate space is provided for the independent auditors during their visit.
3. The Finance Officer will work with the external auditors to determine what confirmations will be required.
4. The Finance Officer shall cooperate with the University auditors to ensure a smooth process of external confirmation and free access to all information and explanation as they may require.

5. The Finance Officer will be responsible for preparing as many of the schedules which the external auditors may require. The completed monthly reconciliations for December 31st will partially fulfill this requirement.
6. The Finance Officer will be available at all times throughout the audit to facilitate the work of the independent auditors.

13.4 Foreign Currency transactions

Where the University transacts business in foreign currencies, the following rules shall apply:

a. The transaction shall be translated to the cedi using the exchange rate on the date of the transaction.
b. Any monetary items existing on the reporting date shall be translated at the rate on the reporting date.
c. Any resulting exchange difference should be treated in the income statement.
d. The Bank of Ghana website shall be the official reference point for all exchange rates.
e. The "BUY" rate shall be used for all currency translations.

CHAPTER FOURTEEN
GENERAL INTERNAL CONTROLS

14.1 Definition

Internal Control is a term used to describe a procedure or series of procedures (checks/controls) designed to regulate activities and ensure that approved objectives are achieved. Internal controls are systems put up by management to safeguard assets, ensure adherence to management policies and to secure as much as possible the completeness and accuracy of records.

14.2 Policies and Procedures

Whenever there is a change in operating structure of the University, the Finance Officer and the Internal Auditor will meet to determine whether the internal control system continues to be adequate in meeting the needs of the University. If appropriate, the changes will be reflected in this accounting manual.

The following are the key features of the internal control system of the University:

a. Requests for payments, commitment of expenditure against budget, preparation of payments voucher and the preparation of cheques shall all be performed by separate independent units or persons of the University to enhance segregation of duties and internal checks;
b. All withdrawals from banks shall be signed by two signatories consisting of the Finance Officer (or his representative) as Class A and the Vice Chancellor or the Registrar (or their representatives) as Class B. No two from the same class shall sign to withdraw cash;
c. No withdrawal shall be made from the University bank accounts without any properly approved payment vouchers, and
d. Any requests for financial information and documents of the University shall be approved by the Finance Officer.

CHAPTER FIFTEEN
FINANCIAL MANAGEMENT INFORMATION SYSTEM

15.1 Policies

As much as possible, all procedures as defined by this manual shall be implemented by a Financial Management Information System. The information system should track financial events and summarize financial information in addition to producing auditable financial statements. The financial information system should have facilities for recording financial events, internal controls over data entry, transaction processing and reporting. The system should eliminate unnecessary duplication of data entry.

15.2 Procedures

15.2.1 Authentication and Authorisation

The Financial Management Information System and other related accounting software shall only be accessible to end users after they have been properly authenticated and Authorised.

Authentication is the process of establishing a user identity and as such no two users shall share a username. Every user would be given a unique user name which the Financial Management Information System would use to track all activities of the user. No user shall at any time give his/her login credentials to another person. The Systems Administrator at the Finance Office is responsible for the creation and deletion of user accounts with the approval of the Finance Officer.

Authorisation is the process of granting a user access to specific resources. Heads of all accounting units would be responsible for determining the access levels of all other personnel under their units and assigning or revoking such levels to users under their units. They would be responsible for periodically vetting the authentication system to ascertain that users are only able to access resources that have been assigned to them and are not able to do anything beyond their Authorisation level.

The Finance Officer and his assigns would have access to view the financial data of all units in the University.

15.2.2 Vetting of Electronic Systems Access and Authorisation

Heads of accounting units will at the beginning of each week audit the Authorised users for the various accounting systems and the levels of access each user has. Any anomaly detected shall be immediately investigated and rectified by the head of the unit. Staff who leave the unit or are transferred shall immediately have their access revoked by the head of the unit. Passwords will be changed once every three months.

15.2.3 Recording of Financial Transactions

All financial transactions shall be recorded at the time of occurrence in the Financial Management Information System of the University. If for any reason an immediate recording cannot be done, appropriate measures shall be taken to ensure that such transactions are electronically recorded.

15.2.4 Backup and Recovery

Backup procedures are designed to prevent data loss whereas recovery procedures involve using data backups to restore lost data. Backup and recovery form a critical part of Business Continuity and Disaster Recovery Planning.

The Financial Information System and other related accounting software will be backed up regularly. The Systems Administrator shall be responsible for backing up all electronic data hosted at the University's Data Centre. Heads of accounting units shall be responsible for backing up all other data/information, whether hard or soft copies, at their units on a weekly basis on external devices.

15.2.4.1 Responsibility of the Systems Administrator

The Systems Administrator shall be responsible for all electronic backup of systems maintained at the University's Data Centre. The following table details the backup procedure.

Day	Time	Backup Type	Action
Monday	23:00	Differential Database Backup	Notify Designated Officer by email
Tuesday	23:00	Differential Database Backup	Notify Designated Officer by email
Wednesday	23:00	Differential Database Backup	Notify Designated Officer by email
Thursday	23:00	Differential Database Backup	Notify Designated Officer by email
Friday	23:00	Full Database Backup	Notify Designated Officer by email
Saturday	23:00	Differential Database Backup	Notify Designated Officer by email
Sunday	23:00	Differential Database Backup	Notify Designated Officer by email

The backup plan detailed above allows for a maximum loss of a day's data. Recovery would only be possible up to the last backup taken. All backups shall be maintained for a period of at least one full year.

There shall be a secondary data centre where copies of all backed up data would be maintained. This secondary data centre would act as the disaster recovery site. The secondary data centre shall be sited in another geographical location from the main data centre.

The Systems Administrator would create and maintain a standby server so that when the active server fails, the passive server would become the active server allowing for minimum downtime.

15.2.4.2 Responsibility of the Finance Officer

The Finance Officer shall be responsible for periodically testing the recovery plan detailed above through the Director of UITS.

15.2.5 Audit Trails

The Financial Management Information System shall contain detailed audit trails which shall show who did what and when.

The head of an accounting unit shall be responsible for:

a. Randomly checking the activities of users on the Financial Management Information System.
b. Periodically testing the auditing system so as to ascertain that all key transactions recorded or changed shows who effected the change and when it was done.

15.3 Changes in Account Codes and System Modification

The Final Accounts Section shall be responsible for the generation of new codes. All changes in account codes and modifications in the system shall be approved by the Finance Officer.

15.4 Reporting

The Financial Management Information System would be required to produce the following reports:

a. Trial Balance
b. Income and Expenditure Statement
c. Statement of Financial Position
d. Cash Flow Statement
e. General Ledger Account Transactions
f. Tax Deduction
g. Chart of Accounts
h. General Ledger
i. Transaction Audit Trails
j. User Audit Trails
k. User Authorisation

CHAPTER SIXTEEN
MISCELLANEOUS PROVISIONS

16.1 SRC and GRASSAG

1. All students' dues shall be paid at the bank into a designated account opened for that purpose approved by the Vice Chancellor.
2. A reconciliation of all receipts and bank statements shall be done with the student executives under the supervision and direction of the Finance Officer.
3. The association must prepare a budget and approved by the Dean of Students.
4. The Finance Officer shall be a principal signatory to SRC and GRASSAG accounts. The other signatories shall be the President and the Financial Secretary of the association.
5. All requests for payments shall be endorsed by the Dean of Students.
6. All requests for payments must be pre-audited before cheques can be issued.
7. All payment documents shall be kept by the Finance Officer.

16.2 Other Student Associations

1. All students' dues shall be paid at the bank into a designated account opened for that purpose approved by the Patron.
2. A reconciliation of all receipts and bank statements shall be done with the student executives under the supervision and direction of the Unit Accountant.
3. The fees shall be allocated to respective associations based on an agreed formula approved by the Patron.
4. The College Finance Officer shall be a principal signatory to all other student association accounts at the College. The other signatories shall be the President and the Financial Secretary of the association.
5. All requests for payments shall be endorsed by the patron of the association.
6. All requests for payments must be pre-audited before cheques can be issued.
7. All payment documents shall be kept by the College Finance Officer.

16.3 Welfare Funds

Welfare funds (e.g. Finance Office Welfare) shall not be treated as part of University funds.

16.4 Endowment Funds

These are funds held in trust for third parties and therefore shall not be included in the income and expenditure accounts. However, any balance on such accounts at the end of the financial year shall be treated as a liability.

16.5 Bursaries and Scholarships

Bursaries and scholarships paid from the University's funds shall be expensed.

16.6 Insurance of University Property

The Finance Officer shall ensure that all insurable properties of the University are properly insured against burglary, fire, accident, flood and other disasters. Fully depreciated asset should not be insured comprehensively.

16.7 Capital Work in Progress

Any capital work in progress should be accounted for at cost based on the architect's certificate certified by the Development Office. The cost shall include both direct and indirect cost and should not be depreciated until the asset is brought into use.

CHAPTER SEVENTEEN
PRIOR PERIOD ERRORS

17.1 Definition

17.1.1Prior Period Errors

Prior period errors are omissions from, and mis-statements in an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The general principle is that an entity must correct all material prior period errors retrospectively in the first set of financial statements Authorised for issue after their discovery by:

a. restating the comparative amounts for the prior period(s) presented in which the error occurred, and
b. restating the opening balances of assets, liabilities and equity for the earliest prior period if the error occurred before the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

17.1.2 Accounting Estimates

Accounting estimates is an approximation of the amount of an item in the financial statements in the absence of a precise means of measurement.
Accounting estimates for the purpose of the University may include:

a. Allowances to reduce inventory and receivables to their estimated realisable value;
b. Estimated Useful Life of assets;
c. Accrued revenue;
d. Provision for deferred tax;
e. Provision for a loss from a lawsuit;
f. Profits or losses on construction contracts in progress, and
g. Provision to meet warranty provision.

Where estimation techniques are required to enable the accounting policies adopted to be applied, the University shall adopt the estimation technique that will enable its financial statements to give a true and fair view and are consistent with the requirements of accounting standards.

17.2 Changes in Accounting Estimates

1. **A change in accounting estimate** is an adjustment to the carrying amount of an asset or liability, or related expense, resulting from reassessing the expected future benefits and obligations associated with that asset or liability.
2. Changes in accounting estimates resulting from new information or new developments are not correction of errors.
3. The Finance Officer is responsible for making accounting estimates.
4. These estimates are often made in conditions of uncertainty. Thus accounting estimates are a very important part of the process of financial reporting and may change as circumstances change or experience grows.
5. The effect of a change in an accounting estimate shall be Recognised prospectively by including it in income and expenditure statement in:
    a. the period of the change, if the change affects that period only, or
    b. the period of the change and future periods, if the change affects both.