



**JARAMOGI OGINGA ODINGA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**DOCUMENT : PROCEDURES FOR PROCESSING OF FINANCE
DOCUMENTS**

DOC. NO. : JOOUST/PAF/FIN/OP 37

**AUTHORISED BY : DEPUTY VICE CHANCELLOR SIGNATURE: 
PLANNING, ADMINISTRATION AND FINANCE**

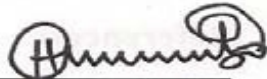
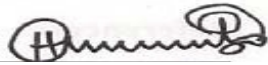

ISSUED BY : FINANCE OFFICER

SIGNATURE: 

0.1 DOCUMENT DISTRIBUTION

S.NO	TYPE	OFFICE
i	Original	QMR
ii	Copy	(DVC), PAF
iii	Copy	FO
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0.2 DOCUMENT CHANGES

DATE	CHANGES	AUTHORIZED BY
27/04/2012	Added time limits to the procedure methods to make them efficient, effective and measurable.	
29/4/2013	Procedure reviewed to reflect Change of status from BUC to JOOUST	
30/04/2015	Procedure reviewed for adequacy	

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1.0 Purpose: This procedure is to ensure efficient, effectiveness and transparency in the processing of Finance document.

2.0 Scope: This framework shall cover the processing of all financial documents in JOOUST.

- 3.0 References:**
- i. ISO 9001:2008 Standard
 - ii. JOOUST Quality Manual
 - iii. International Financial Reporting Standards (IFRS),
 - iv. International Accounting Standards (IAS) in the preparation and presentation of the financial statements in relation to:
 - IAS 1: Presentation of Financial Statements
 - IAS 2: Inventories
 - IAS 7: Cash Flow Statements
 - IAS 16: Property, Plant and Equipment
 - IAS 18: Revenue
 - IAS 20: Accounting for Government Grants and Disclosure of Government Assistance
 - Any other relevant standards as may be directed by the Auditor General.
 - v. JOOUST Statutes
 - vi. JOOUST Financial Management Policy Manual
 - vii. JOOUST Procurement and Disposal Policy Manual
 - viii. Public Procurement and Disposal Act, 2005
 - ix. Public Procurement and Disposal Regulations, 2006
 - x. Public Procurement and Disposal General Manual, 2009
Government circulars, Acts and Regulations applicable from time to time.

4.0 Terms and Definitions

- i. **BUC:** Bondo University College
- ii. **Council:** The supreme decision making body in the management of the University.
- iii. **UMB:** University Management Board.

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- iv. **Vice Chancellor (VC):** The Chief Executive Officer/ Accounting Officer.
- v. **DVC (PAF):** Deputy Vice Chancellor, Planning Administration and Finance
- vi. **FO:** Finance Officer.
- vii. **Head of Department (H.o.D):** Includes all heads of academic and administrative Departments.
- viii. **IFRS:** International Financial Reporting Standards.
- ix. **IAS:** International Accounting Standard.
- x. **User:** The Department or officer initiating the process.
- xi. **Local Purchase Order (LPO):** Refers to the official purchase orders issued by the University.
- xii. **Local Service Order (LSO):** Refers to the official service orders issued by the University.
- xiii. **Purchase Requisition Note (PRN):** Refers to the official requisitions issued by the User Departments to the Procuring entity.
- xiv. **EA:** Expenditure Accountant
- xv. **PV:** Payment Voucher
- xvi. **RC:** Revenue/Receiving
- xvii. **RA:** Receivables Accountant
- xviii. **AA:** Asset Accountant
- xix. **PC:** Petty Cashier
- xx. **VBA:** Vote book accountant
- xxi. **JOOUST:** Jaramogi Oginga Odinga University of Science and Technology

5.0 Responsibility:

The Finance Officer shall be responsible for the implementation and effective supervision of this documents processing procedure.

6.0 Method

6.1 Processing of Financial Documents.

6.1.2 The user or the department shall initiate and duly fill appropriate financial

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document e.g. claim, imprest, LPO, LSO. PRN Requisition and any other document that may be necessitated by the circumstance.

- 6.1.3 The respective HoD shall verify, confirm and authorize the necessitated document.
- 6.1.4 The concerned department shall forward authorized document to Finance Department and be received by the secretary to the FO who shall duly record the document in the received document book and serialize them.
- 6.1.5 The FO secretary shall forward the serialized documents within 24 hours to the Vote book section that will verify the availability of the budgeted funds to the authorized document.
- 6.1.6 The VBA shall within 24 hours pass the document to the FO for payment Approval.
- 6.1.7 The FO shall within two days forward the approved document to the DVC (PAF) for authorization for payment.
- 6.1.8 The DVC PAF shall within two days forward the authorized document to the VC for final approval for payment.
- 6.1.9 The VC's Secretary shall forward the approved document by the VC to the Expenditure Accountant (EA) for payment through cash or cheque.
- 6.1.10 The EA shall within less than 24 hours pass the payment by cash to the petty cash cashier to make final payment to the customer and the payment by cheque shall be raised for payment through cheque system.
- 6.1.11 The EA shall within less than 24 hours forward the written cheque to the FO for signature.
- 6.1.12 The FO shall within less than 24 hours forward the signed cheque to the VC for second signature.
- 6.1.13 The EA shall within two days post/send the dully signed cheque to the various customers and entered into or recorded or posted in creditors' ledger.

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6.2 Processing of Account Payables

- 6.2.1 The secretary to the FO shall receive all the documents pertaining to the Account Payables from Central Stores and Procurement Department, the documents include LPO, LSO, GRN, inspection report, letter of contract etc.
- 6.2.2 The FO secretary shall in less than 24 hours forward the received documents to FO for authorization to be acted on by the EA.
- 6.2.3 The EA shall match the document and vouch their authenticity
- 6.2.4 The EA shall process the matched documents and prepare a payment voucher attaching the relevant supportive document.
- 6.2.5 The EA shall within two days forward the prepared P.V to the Vote book for voting
- 6.2.6 The In-charge Vote Book shall forward voted P.V. to the F.O. for approval for payment
- 6.2.7 The FO shall within 24 hours forward the approved P.V. to the DVC (PAF) for authorization for payment
- 6.2.8 DVC (PAF)'s secretary shall forward the authorized PV to the DVC for final authorization for payment
- 6.2.9 The DVC(PAF)'s secretary shall forward the fully authorized PV to the EA for a cheque to be raised against the processed PV
- 6.2.10 The EA shall within two days forward the written cheque to the FO for signature.
- 6.2.11 The FO shall forward the signed cheque to the DVC (PAF) for second signature.
- 6.2.12 The EA shall within two days post/send the dully signed cheque to the various customers and entered into or recorded or posted in creditors' ledger

6.3 Revenue Management

- 6.3.1 The Revenue / Receiving Cashier (RC) shall receive all the JOOUST revenue due to the University.
- 6.3.2 The RC shall receipt the received revenue immediately and official JOOUST receipt issued to the client

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- 6.3.3 The RC shall bank all received income to respective Banks immediately or in the next Bank working day
- 6.3.4 The In-charge of cash book shall post to the cash book the receipted income against the receipt
- 6.3.5 The In-charge of cash book shall balance off the posted Cash book at the end of each month
- 6.3.6 The Accountant shall reconcile the balanced Cash book against the Bank statement at the end of each month
- 6.3.7 The FO shall sign the monthly Bank reconciliations shall and have them filed at the end of each Month

6.4 Processing of Accounts Receivables (Debtors)

- 6.4.1 The Account Receivable Accountant (ARA) shall open Account Receivable Ledger for all the JOOUST debtors
- 6.4.2 ARA shall invoice all the JOOUST debtors and issue them with serialized invoice receipts
- 6.4.3 ARA shall enter all the invoices into the Debtors Account in the ledger.
- 6.4.4 ARA shall give all the JOOUST Debtor time limit within which to settle their Accounts
- 6.4.5 ARA shall issue official receipt to the settled accounts/debtors
- 6.4.6 The In-charge of cash book shall post the official receipts both in the cash book and debtors ledger
- 6.4.7 The received money shall be handled as above in **9.4 (Revenue Management)**

6.5 Processing of Payments (Claims, imprest, Refunds Payment Vouchers Etc)

- 6.5.1 The user or the department shall initiate and duly fill the appropriate financial document e.g. claim, imprest, LPO, LSO. PRN Requisition and any other document that may be necessitated by the circumstance.
- 6.5.2 The respective HoD shall verify, confirm and authorize the necessitated document.

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- 6.5.3 The Department or user shall forward the authorized document to Finance Department and be received by the secretary to the FO who shall duly record the document in the received document book and serialize them.
- 6.5.4 The FO secretary shall in less than 24 hours forward the serialized documents to the Vote book section that will verify the availability of the budgeted funds to the authorized document.
- 6.5.5 The In-charge of vote book shall within 24 hours pass the voted document to the FO for Approval for payment.
- 6.5.6 The FO shall within two days forward the approved document to the DVC (PAF) for authorization for payment.
- 6.5.7 The DVC PAF secretary shall pass the authorized document to the VC for final approval for payment.
- 6.5.8 The VC’s secretary shall forward the approved document from VC to the PA for payment through cash or cheque.
- 6.5.9 The PA shall within 24 hours pass the payment by cash to the petty cash cashier to make final payment to the customer and the cheque payment shall be raised for the payment through cheque system
- 6.5.10 The PA shall forward the written cheque to the Finance Officer for signature.
- 6.5.11 The FO shall forward the signed cheque to the VC for second signature.
- 6.5.12 The PA shall within two days post/send the dully signed cheque to the various customers and entered into or recorded or posted in creditors’ ledger

6.6 Asset Management

- 6.6.1 The AA shall receive the list of all assets purchased by the JOOUST.
- 6.6.2 The AA vouch the list against the LPO, GRN, Delivery Note, procurement minutes and the Invoice to verify the assets so purchased.
- 6.6.3 The AA shall on a monthly basis verify the asset and enter in the assets register / asset ledger.
- 6.6.4 The AA shall maintain the assets ledger/register and update on a monthly basis whenever a new asset is acquired.

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- 6.6.5 The AA shall produce monthly assets schedules.
- 6.6.6 The AA shall depreciate the assets on a yearly basis on appropriate rate as per the finance manual.
- 6.6.7 The AA shall update asset schedule and forwarded to the Final accounts for further processes.

6.7 Petty Cash Management

- 6.7.1 The PC shall receive fully approved document due for payment e.g. Claims, Imprest, P.V. etc
- 6.7.2 The PC shall within two days pay the received approved documents from the petty cash float in the office
- 6.7.3 The VBA shall post the paid documents to the petty cash book and balanced off to determine the amount for re imbursement
- 6.7.4 The PC shall prepare the recoupment of the office float when the float is exhausted
- 6.7.5 The processing of the office float reimbursement shall follow the processes as 9.6 above
- 6.7.6 The PC shall take the processed Cheque to the bank for encashment
- 6.7.7 The PC shall within one week file all the paid document appropriately

6.8 Investment Appraisals

- 6.8.1 FO shall carry out investment appraisals on proposed projects as per JOUST policy and present the same to JOOUST Council for consideration and approval and onward concurrence by the Treasury
- 6.8.2 FO shall bi-annually make recommendations to the principal on Short Term investments to improve working capital requirements like call deposits, 3 months FDR for action on behalf of Council
- 6.8.3 FO shall ensure consideration is given to the expected return on investment using modern techniques of investment evaluation
- 6.8.4 FO shall ensure the investment so made are retired and realized as appropriate

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when their terms end.

- 6.8.5 FO shall make proposals on retired investments to be considered for re-investment.

6.9 General Ledger Transactions

- 6.9.1 The FO shall ensure there is JOOUST general ledger by end of every quarter.
- 6.9.2 The In-charge of general ledger shall enter all the nominal transaction of the Cash Books.
- 6.9.3 The In-charge of general ledger shall record transactions in the General Ledger and balanced off at the end of every quarter of the Financial Year.
- 6.9.4 The In-charge of general ledger shall forward the balance carried down to be transferred to the Trial Balance by June 30th every Financial Year and these will form the basis for the preparation of the JOOUST Final Accounts.

6.10 Preparation of the JOOUST Final Account

- 6.10.1 The In-charge Final Accounts shall prepare the Final accounts by 31st of July Every Calendar year The In-charge Final Accounts shall prepare the quarterly Final Accounts and yearly Final Accounts
- 6.10.2 The In-charge Final Accounts shall ensure the final account show the summery of all the financial activities to the periods to which they relate to.
- 6.10.3 The FO shall ensure the Final Accounts shall be prepared in accordance to the IFRS and the IAS
- 6.10.4 The FO shall ensure final accounts shall include but not limited to :
- 6.10.4.1 Comprehensive statement of Financial Performance
- 6.10.4.2 Comprehensive statement of Financial Position
- 6.10.4.3 Comprehensive statement of Change in Equity
- 6.10.4.4 Comprehensive statement of Cash flows
- 6.10.5 The FO shall ensure the annual Final account is remitted to the relevant authorities are required by Law.

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6.11 Protection of Financial Documents

- 6.11.1 The FO shall put in place a mechanism to protect Finance documents
- 6.11.2 The FO shall make sure all the finance documents are marked and serialized as appropriate
- 6.11.3 The FO shall ensure all finance document are filed as appropriate.
- 6.11.4 The FO shall ensure there is a finance mechanism for easy traceability and retrievability of the finance documents
- 6.11.5 The FO shall ensure all duly filled and completely processed finance Documents having been audited as per the law shall be moved and store in the archive room.

6.12 Student Finance Management

- 6.12.1 The Student Finance Accountant shall receive the list of all admitted student in JOOUST together with their fee payment information one month before reporting date.
- 6.12.2 The Student Finance Accountant shall open student ledger for each student.
- 6.12.3 The Student Finance Accountant shall invoice all the students appropriately and debit the invoices to the student’s ledger as appropriate.
- 6.12.4 The Student Finance Accountant shall post student receipts to their respective ledger.
- 6.12.5 The Student Finance Accountant shall balance the students ledger and produce the student balances at the end of every semester.
- 6.12.6 The Student Finance Accountant shall produce and issue the students fee statement at the end of every semester.
- 6.12.7 The Student Finance Accountant shall file and keep all the documents pertaining to the student.

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