



# KITALE NATIONAL POLYTECHNIC



QUALITY MANAGEMENT SYSTEM BASED ON ISO 9001:2015 STANDARD


## FINANCE PROCEDURE MANUAL

KNP/PM/FO/ 02

VERSION:C

REVISION:1

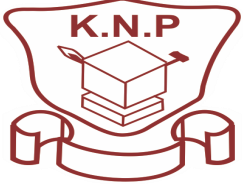
Authorized by: _____ Principal	Sign: 	Date: <u>25<sup>TH</sup> OCT 2021</u>
Issued by: _____ Management Representative	Sign: 	Date: <u>25<sup>TH</sup> OCT 2021</u>

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

### TABLE OF CONTENTS


<b>RECORDS OF CHANGE.....</b>	<b>3</b>
<b>RECORD OF CIRCULATION.....</b>	<b>4</b>
<b>PROCEDURE NUMBER 1: PREPARATION OF FINANCIAL STATEMENTS .....</b>	<b>5</b>
<b>PROCEDURE NUMBER 2: BUDGETING .....</b>	<b>8</b>
<b>PROCEUDURE NUMBER 3: PAYMENT.....</b>	<b>11</b>
<b>PROCEUDURE NUMBER 4: REVENUE COLLECTION .....</b>	<b>14</b>



	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

### RECORD OF CIRCULATION

NAME OF OFFICE	COPY NO.
Principal	1.
Deputy Principal Administration	2.
Deputy Principal Academics	3.
Registrar	4.
Dean of students	5.
Management representative	6.
HOD Agriculture	7.
HOD Building and civil engineering	8.
HOD Business Studies	9.
HOD Electrical /electronic	10.
HOD Hospitality Management	11.
HOD Information Technology	12.
HOD Liberal studies	13.
HOD Maths and Applied sciences	14.
HOD Mechanical Engineering	15.
Examinations Officer	16.
Finance Officer	17.
Procurement Officer	18.
HOD Guidance and Counselling	19.
HOD Library	20.
Industrial Liaison Officer	21.
PC Coordinator	22.
Sports Officer	23.
Farm Management	24.
Internal Auditor	25.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

## **PROCEEDURE NUMBER 1: PREPARATION OF FINANCIAL STATEMENTS**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure effectiveness, efficiency, accountability and consistency in preparation of financial statements in Kitale National Polytechnic

#### **1.2 SCOPE**

This procedure applies to all preparation of financial statements within the polytechnic.

#### **1.3 REFERENCES**

TVET manual and IPSAS accrual basis

#### **1.4 TERMS DEFINITION**

F.O Finance officer

#### **1.5 PRINCIPAL RESPONSIBILITY**

The finance officer shall ensure adherence to this procedure

#### **1.6 INTERFACES/INTERACTIONS**

Principal for the approval of the financial statements

#### **1.7 PERFORMANCE TARGET**

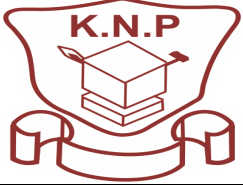
The performance shall be measured through the overall performance of the Department basing on;

<b>PERFORMANCE TARGET</b>	<b>MONITORING AND MEASUREMENT</b>
Accurate and consistent statements	Well balanced trial balance and quarterly financial reports on a monthly/quarterly basis
Statements ready by 15 <sup>th</sup> of every proceeding month	Review date of preparation and approval against stipulated timelines

#### **1.8 RESOURCES**

The resources to be used in the process are listed below:-

- a. Personnel
- b. Computers
- c. Payroll system
- d. Financial management system

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

## 1.9 INPUTS AND OUTPUTS

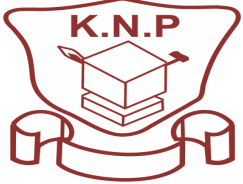
<b>INPUTS</b>	<b>OUTPUTS</b>
Invoices and deliveries notes	Approved Financial statements
Bank statements and bank slips	Recommendations
Budget	
Trial balance	

## 2.0 METHOD

- 2.1 This procedure shall start with the F.O determining the dates for preparation of the various financial statements guided by the PFM Act.
- 2.2 The financial statements shall then be prepared as per the PFM Act both quarterly and annually and they shall include:
  - a. Trial balance
  - b. Statement of financial performance.
  - c. Statement of the financial position.
  - d. Statement of changes of net assets.
  - e. Statement of cash flows.
  - f. Statement of comparison of budget and actuals.
  - g. Notes to the financial statements.


## 2.3 Trial balance

- 2.3.1 The trial balance shall be derived from the transactions of the general ledger.
- 2.3.2 The total transaction from the general ledger per vote head shall be extracted at the end of the month and used to generate the trial balance.
- 2.3.3 The trial balance shall be used to generate the notes to the financial statements.
- 2.3.4 On quarterly basis the F.O shall prepare the quarterly financial statements and forward to the principal for approval.
- 2.3.5 In approving, the principal shall forward the report to the governing council for approval.
- 2.3.6 In the event of disapproval, the principal shall return the report to the F.O with recommendations.
- 2.3.7 Upon approval, the principal shall forward the financial statements to the treasury as per the PFM act.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

### **3.0 LIST OF APPLICABLE REPORTS/RECORD**

- a. Monthly trial balances
- b. Quarterly and annual statement of financial performance.
- c. Quarterly and annual statement of financial position.
- d. Quarterly and annual statement of changes in net assets
- e. Quarterly and annual statement of cashflow.
- f. Quarterly and annual statement of comparison of budget and actual.
- g. Quarterly and annual notes to the financial statements.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

## **PROCEDURE NUMBER 2: BUDGETING**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure effectiveness and transparency in budgeting.

#### **1.2 SCOPE**

This procedure applies to all budgeting within the institute.

#### **1.3 REFERENCES**

PFM Act, treasury circulars

#### **1.4 TERMS DEFINITIONS**

- a. M.O.E - Ministry of Education
- b. F.O - Finance Officer
- c. H.O.D - Head of Department
- d. B.O.C - Board of council
- e. VIREMENT- Inter vote borrowing

#### **1.5 PRINCIPAL RESPONSIBILITY**

The F.O shall ensure adherence to this procedure

#### **1.6 INTERFACES/INTERACTIONS**

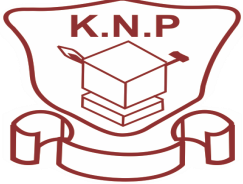
- a. Head of departments to provide annual departmental budget for compiling the college budget
- b. Board of council to review, amend and approve the budget
- c. The principal`s office to implement the approved budget and continuous reviewing.

#### **1.7 PERFORMANCE TARGET**

The performance shall be measured through the overall performance of the department basing on;

<b>PERFORMANCE TARGET</b>	<b>MONITORING AND MEASUREMENT</b>
Timely preparation of annual budget	Approved annual budget for the next financial year should be ready by 28 <sup>th</sup> February of the current financial year.
Accurate and comprehensive budget	Countercheck final budget with estimates from the H.O.D and H.O.S. check for approval.
Aligning the anticipated budget with the procurement and strategic plan	Review the consolidated budget basing on the procurement and strategic plan



	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>		<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>
			<b>Version</b>	<b>C</b>
			<b>Revision</b>	<b>1</b>

## 1.8 RESOURCES

The resources to be used in the process are listed below:-

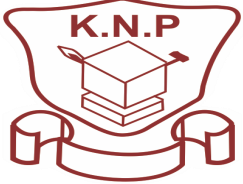
- a. Head of departments budget
- b. Strategic plan

## 1.9 INPUTS AND OUTPUTS

<b>INPUTS</b>	<b>OUTPUTS</b>
Revenue projections	Communication, comments, draft budget and approved budget.
Administration proposal	
Departments budget	
Guidelines from the ministry of education and treasury	
Previous approved budget	
Strategic plan	

## 2 METHOD


- 2.1 F.O shall communicate to HODs to submit departmental budgets in November of the current financial year.
- 2.2 Upon receiving, the HODs shall liaise with the staff in the department to plan and prepare the departmental budget.
- 2.3 In preparation of the budget the HOD shall consider:
  - a. Re-current item
  - b. Student population per department
  - c. Physical facilities that require maintenance
  - d. Nature of courses offered
- 2.4 The HODS shall then forward a draft budget to the F.O for verification guided by the income and expenditure estimates and record in the submission register
- 2.5 In the event of disapproval , the F.O shall return the draft budget to the respective HODs with recommendations
- 2.6 Upon verification, the F.O shall convene a meeting with the finance budgetary Committee comprising of HODs for further deliberation/adjustments necessary.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>	
		<b>Dept</b>	<b>FINANCE</b>
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>
		<b>Version</b>	<b>C</b>
		<b>Revision</b>	<b>1</b>

- 2.7 The F.O shall then forward the draft budget to the principal for approval guided by the income and expenditure estimates of the previous budgets' variance and departmental needs.
- 2.8 In the event of disapproval, the principal shall forward the same to the chairperson of the budgetary committee for amendments
- 2.9 Upon approval, the principal shall convene a meeting of the finance committee B.O.C for discussion/amendments.
- 2.10 The principal shall then forward the budget to the full B.O.C for adoption.
- 2.11 The F.O shall make copies to the principal, M.O.E. and the M.O.E forwards it to treasury for approval. In the event of approval, a copy is sent to the procurement for preparation of procurement plan and implementation and this procedure shall be deemed complete. The finance officer shall then communicate to H.O.D for implementation at department level
- 2.12 In the event of any emerging shortfall in vote head allocation the F.O shall be required to present revised budget to the full B.O.C with the permission of the principal.

### **3 LIST OF APPLICABLE REPORTS/RECORDS**

- a) Annual budget
- b) Minutes
- c) Departmental estimates
- d) Communication

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

### **PROCEEDURE NUMBER 3: PAYMENT**

#### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure efficiency and effectiveness in making payments in Kitale National Polytechnic

#### **1.2 SCOPE**

This procedure covers all payments made by K.N.P

#### **1.3 REFERENCES**

- a. Current M.O.E Financial management manual
- b. Public procurement and disposal ACT 2005
- c. Public procurement and disposal guidelines 2006

#### **1.4 TERMS AND DEFINITIONS**

- a. Voucher - A document that acts as evidence in settlement of bills
- b. P.O – Procurement Officer

#### **1.5 PRINCIPAL RESPONSIBILITY**

The finance officer shall ensure that this procedure is followed and maintained


#### **1.6 INTERFACES/INTERACTIONS**

- a) Procurement department to provide annual procurement plan, invoices, delivery note, local purchase order, contract certificates and acceptance report from acceptance committee.
- b) Head of departments to provide approved requisitions and budgets to be facilitated.

#### **1.7 PERFORMANCE TARGET**

The performance shall be measured through the overall performance of the Department basing on;

<b>PERFORMANCE TARGET</b>	<b>MONITORING AND MEASUREMENT</b>
Accurate processing of payments	Review payments made against approved claim forms, invoices and local purchase order.
Timely payments	Review the date of payments against work certificates; goods receipt note, creditor aging analysis and contracts.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

## 1.8 RESOURCES

The resources to be used in the process are listed below:-

- a. Computers for processing data
- b. Stationery for office use
- c. Personnel for service provision
- d. Suppliers invoices for processing payments

## 1.9 INPUTS AND OUTPUTS

<b>INPUTS</b>	<b>OUTPUTS</b>
Certified Invoices by procurement	Payment voucher Cheques Updated cashbook/general ledger Updated cheque register
Approved bill of quantities	
Approved monthly payroll	
Funds	
Claim form	
Approved budget	

## 2.0 METHOD

**2.1** Payments shall be done to the following:


- a. Suppliers
- b. Any person/persons or organization that have offered services to the institution for payment

2.1.1 This procedure shall start with any person/persons or organization, presenting a claim form, an invoice together with the delivery note to the P.O

2.1.2 The P.O shall verify, the invoice and the delivery note basing on the tallying

2.1.3 In the event that they do not tally, the P.O shall return it to the supplier for amendment.


2.1.4 In case they do tally, the P.O shall forward the documents to the F.O who shall consult with the principal for facilitation of payment based on the balance on the vote head.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

- 2.1.5 Upon approval by the principal, the F.O shall facilitate payments as in form of cheques and raise a payment voucher and forward to the principal for approval based on the relevant documents attached.
- 2.1.6 The cheques shall be signed by the designated signatories.
- 2.1.7 The F.O shall then record the payment voucher number and the amount in the general ledger.
- 2.1.8 When issuing the cheque, the accounts officer shall ensure that the payee signs the cheque register on receipt of the cheques.
- 2.1.9 For any cash payment, the accounts officer shall prepare the payment voucher and forward to the principal for approval, based on the relevant documents attached. The payee shall sign on the documents attached to verify receipt and this procedure shall be deemed complete.

### **3.0 LIST OF APPLICABLE REPORTS/RECORDS**

- a) Payment vouchers
- b) Cheque issuing register.

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

## **PROCEEDURE NUMBER 4: REVENUE COLLECTION**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure efficiency in the collection of revenue at K.N.P

#### **1.2 SCOPE**

This procedure is applicable to all revenue collection activities at K.N.P.

#### **1.3 REFERENCES**

- a. Current M.O.E Financial management manual
- b. Current approved fee structure for K.N.P
- c. Examination guidelines from KNEC, KASNEB CITY AND GUILDS
- d. Academic policy

#### **1.4 TERMS AND DEFINITIONS**

Revenue- any monies received by the institute from the various bases

- a. Revenue base-Source of revenue
- b. F.O- Finance Officer
- c. A/O-Accounting Officer(principal)

#### **1.5 PRINCIPAL RESPONSIBILITY**


The F.O shall be responsible for ensuring that this procedure is implemented

#### **1.6 INTERFACES/INTERACTIONS**

- a. Registry department to provide students enrolment, students deferment, class set up with the essence of revenue projection
- b. Departments for students record on attendance of lessons in their respective courses.
- c. Tenants for rent collections and hire of facilities.

#### **1.7 PERFORMANCE TARGET**

The performance shall be measured through the overall performance of the Department basing on;

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>		<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>
			<b>Version</b>	<b>C</b>
		<b>Revision</b>	<b>1</b>	

<b>PERFORMANCE TARGET</b>	<b>MONITORING AND MEASUREMENT</b>
Timely revenue collection	Review revenue collection documents such as fee collection guidelines, finance policy and relevant agreements.
100% revenue collection from all revenue sources	Review of revenue collection documents against expected government capitation, student invoices and job orders.

## **1.8 RESOURCES**

The resources to be used in the process are listed below:-

- a. Management information system (UNISOL) for accurate and timely service provision.
- b. Personnel for the implementation of professional and administration policies.

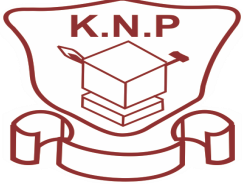
## **1.9 INPUTS AND OUTPUTS**

<b>INPUTS</b>	<b>OUTPUTS</b>
Bank pay in slips	Cash returns
Cheques	Updated general ledger
Cash, Money orders	Updated debtors register
	Receipts
	Bank reconciliation statement

## **2.0 METHOD**

**2.1** This procedure shall start with the F.O using the budget to establish all revenue bases for the institute. These shall include:

- a. Student fees
- b. Grants
- c. Production Units
- d. Rent receivable
- e. Hire of facilities
- f. The Miscellaneous Sources

	<b>KITALE NATIONAL POLYTECHNIC</b> <b>ISO 9001:2015</b>	<b>Ref: KNP/PM/FO/02</b>		
		<b>Dept</b>	<b>FINANCE</b>	
	<b>Title:</b> <b>FINANCE PROCEDURE MANUAL</b>	<b>Issue date</b>	<b>25<sup>th</sup> October, 2021</b>	
		<b>Version</b>	<b>C</b>	
		<b>Revision</b>	<b>1</b>	

- 2.2** The receiving accounts clerk shall receive money in form of : Bank pay-in slips, cheques, MPESA, PAYBILL and print official receipt which will contain the following details.
- a. Date of receipt
  - b. Name of person /organization
  - c. Amount received
  - d. Respective vote heads
  - e. Signature of receiving cashier
- 2.3** The receiving cashier shall reconcile monies soft copy against the monies in form of bank pay-in slips, cheques, and hand over to the F.O. The report shall be accompanied by
- a. Pay-in slips
  - b. Cheques
  - c. MPESA, PAYBILL
  - d. Print out(for daily collection)
- 2.4** The F.O shall verify the report from the receiving accounts clerk, counter sign , facilitate the banking and communicate the same to the principal for information as per internal communication procedure and this procedure shall be deemed complete
- 3.0 LIST OF APPLICABLE REPORTS/RECORDS**
- a. Monthly trial balance
  - b. Updated general ledger
  - c. Quarterly financial reports.
  - d. Annual financial reports.