

## **CoEP 9**

### **FINANCIAL MANAGEMENT POLICY**

#### **PREAMBLE**

The College has been entrusted with public funds to fulfil its mission of teaching and learning, research and community engagement. In carrying out activities to support its mission, the College must comply with specific financial administration, accounting, control management, audit and reporting requirements as specified in the Financial Administration Act, 2003(ACT 654) as amended in 2016 by ACT 921, the Audit Service Act, 2000(ACT 584), the Public Procurement Act, 2003(ACT 663), the Internal Audit Agency Act 2003 (ACT 658), the Internal Revenue Act, 2000(ACT 592), other regulatory framework of financial administration, Colleges of Education Act, 2012 (ACT 847), Harmonised Statutes of Colleges of Education, International Public Sector Accounting System (IPSAS) and best practices of other tertiary institutions.

The Finance Department of the College shall be responsible for formulation and implementation of the Financial Management Policy of the College. To assist the College to meet these requirements, this policy and a series of detailed procedures have been developed.

#### **1. Purpose/Objectives**

The objective of the Financial Management policy is to ensure that college funds and resources are used only for college purposes and that appropriate financial controls are developed, documented, and applied to prevent the abuse or misuse of college funds and other resources. This policy sets out the principles of financial activities (including gender responsive budgeting) undertaken by, and within the College.

#### **2. Scope**

This policy applies to all employees and persons acting for, or on behalf of the College.

#### **3. Policy Statement**

The College will develop and document financial management practices and controls necessary to give effect to matters contained in the relevant legislation, statutes and standards.

#### **4. Procedures**

The objective of the financial function of the College is to maintain a fiscal sound organization that provides efficient and effective financial management to the College. It also seeks to protect the assets of all the stakeholders; that the College's funds are managed prudently and in accordance with the objectives for which these are raised.

#### **5. Organization**

The organization of the College's Finance Directorate is headed by the Finance Officer and is assisted by:

- Deputy Finance Officer
- Accountant
- Senior Assistant Accountant
- Other Accounting personnel

The Finance Department shall comprise four (4) sections, namely:

- Management Accounting and Payroll Management
- Financial Accounting and Treasury Management
- Research and Academic Project Management
- Procurement

##### **5.1. Management Accounting and Payroll Management**

This section will develop the co-ordination of the College budget reporting system and will ensure that the cost control mechanisms available in the I T system are managed. The section will also be responsible for logistics in the supply chain (i.e. stores management). The responsibilities include:

- Budgets preparation for the approval by Council for both capital and recurrent expenditure including the implementation of budget controls.
- Management accounting, preparation of cost control mechanisms throughout the College; carrying out evaluations of the activities of the College to ensure that internal controls applicable to both financial and programme areas provide reasonable assurance to management.
- Performance report: Ensuring the preparation and submission of management reports to management and bodies like the Ghana Tertiary Education Commission (GTEC), Ministry of Education and the College Governing Council.
- Stores Management: Overseeing the administration for each location (i.e. maintenance, general, electrical, etc) as well as the institution of regular stores verification and reconciliation with the general ledger.

- Payroll Management: Payment Roll management and reconciliation, including the management of link with human resources in the Information Technology System (I.T.S) module.

## **5.2. Financial Accounting and Treasury Management**

This section will oversee all matters pertaining to the recording and reporting of information and transactions through the general ledger and ensuring the integrity of the information through robust financial accounting policies using the highest levels of internal control mechanisms. The responsibility includes:

- Treasury Management: The development of cashiering operations including receiving and disbursing funds and banking.
- Transactions: Preparation and submission of cash transcripts: subvention claims and collection of state funding.
- Bank Reconciliations: Confirmation of bank balances and preparation of monthly bank reconciliation statements.
- General Ledger Reconciliations: Reconciliations of all general ledger figures and reporting on monthly actual figures.
- Financial Accounting: Preparation of annual financial statement in accordance with Generally Accepted Accounting Practice (GAAP) and Appropriate International Accounting Standard (i.e. I.P.S.A.S)
- Accounts Payable: Reconciliation of supplier accounts when due.
- Accounts Receivables: Staff and other receivables: collecting of money due the College and ensuring approved policies and procedures regarding debts are followed to ensure ability to make collections.
- Students Accounts Receivables including:
  - Provision of oversight for all the accounting functions undertaken at all units with limited financial and operational autonomy.
  - Responsible for collecting all legitimate revenue due to the College.
  - Capital projects management and fixed asset control: providing oversight for management of expenditure on physical development and equipment.

## **5.3. Research and Academic Project Management**

The College intends to establish a research fund and to ensure proper oversight. This section is to ensure that appropriate governance and accounting is in place for all projects using funders' money throughout the College. It will also give expert advice on the methods and information required for proposals and by being involved from onset will be able to closely monitor funder's requirements and give assurance of compliance with conditions.

The section will also perform the necessary training to ensure prompt reaction to researchers' requirements throughout the system. The core function will include:

- Budget preparation and fund-raising.
- Disbursement of research and project funds
- Research and project report preparation and dissemination.

### **Cash Management**

Purpose: To establish policy guidelines which address the management and investment of College funds as follows:

- The Council may invest the funds of the College that are not required for immediate use as it considers appropriate.
- The Investment Committee is responsible for the college cash management system. The Finance Officer is responsible for the College investment activities carried out in accordance with the policy established by the Investment Committee.
- The Investment Committee is responsible for developing, implementing, and maintaining a cash management system that meets the following objectives:
  - Provide capacity to forecast operating cash requirement and provide an early warning system for potential problems.
  - Assist the treasury office in maximising the rate of return on the investment of College cash balances by providing cash flow forecasts that establish the amount of cash needed to meet daily working capital requirement as well as the amount of cash that can be committed to long-term rather than short-term investments.
  - Identify individual accounts and trends that contribute to negative cash flow situations and recommend corrective action steps.
  - Establish and maintain appropriate corporate banking relationships to provide for the receipt and recommend corrective action steps.
  - Establish and maintain a bank line of credit to provide for unexpected cash needs.

The Finance Officer will be responsible for providing input on long term strategic cash needs and the effect on the operating budget.

After receiving the approved budget, the Finance Officer prepares quarterly cash forecast (plans) indicating the timing of the cash requirements. These cash plans are approved by the Investment Committee. Any excess funds would then be invested in call Accounts whereas cash not needed for daily working capital requirements will be invested in short term securities

The Finance Office will report on the performance of the investments at meeting of the Finance Committee.

## **CASH COLLECTION AND DEPOSIT**

Purpose: to establish sound internal control practices to safeguard cash receipts and deposits against theft or loss.

### **POLICY:**

#### **Cash**

- i. The term cash includes currency, cheques and money orders and direct deposit to the bank.
- ii. All monies received within units from whatever source must be recorded on a daily basis together with the form in which they were received. Receipts must be given where money is paid using official receipt stationery.

#### **Endorsement**

- iii. All cheques must be restrictively endorsed to the College immediately upon receipts. The endorsement must include ***“for Deposit only to the College”***. Endorsement stamps are available from the Cash Office.

#### **Frequency of Deposit**

- iv. To safeguard cash and to ensure the timely and proper posting of accounts, cash receipts from the units must be deposited intact on the day of receipt at the bank or for deposit in the College Cash Office. If this is not possible (e.g. The cash receipts were received after the cashier's office has closed for the day), the cash receipts from the units must be safely secured overnight and deposited on the next business day, or deposited in the after-hours depository available in the Bank.

#### **Place of Deposit**

- v. Cash must be deposited with the College Cash Office or at designated Bank.

#### **Safekeeping of Cash**

- vi. Cash must be physically protected through the use of vaults, locked cash drawers, cash registers, locked metal boxes, etc. Each establishment is responsible for making whatever provisions are necessary to properly safeguard cash receipts prior to deposit with the College Cash office/Bank.

### **Segregation of Duties**

- vii. Accountability for the handling of cash must be assigned to a specific individual or individuals and there must be a clear separation of duties between the individual(s) receiving cash and the individual(s) responsible for maintaining the accounting system on a monthly basis.

### **Reconciliation**

- viii. The cash office must acknowledge each deposit with a written receipt and each unit must reconcile cash received and deposited to the College Financial Accounting System on a daily basis.

### **Compliance**

- ix. Each H.O.D./Head of Unit is responsible for complying with this policy and for developing detailed written operating procedures. The cash office is available for consultation and review of detailed procedures.

### **Private Use of Balances**

- x. All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into the petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

## **INCOME**

Purpose: to provide a general guide on the procedures to be followed in income mobilization and generation and the revenue accounting roles and responsibilities in the College.

### **POLICY:**

- i. The **income** of the College includes:
  - Subventions from the Government of Ghana
  - Monies that accrue to the College in the performance of its functions consisting of:
    - Fees paid by students duly registered by the College;
    - Fees, charges and dues in respect of services by or through the College;
    - Proceeds from the sale of publications of the College;
    - Grants, subscriptions, rents and royalties;
  - Interest from investments;
  - Donations and gifts; and

- Monies from any other source approved by the Council.

### **Maximisation of Income**

- ii. The Finance Officer is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices or other official documents in use and electronic collection systems must have the prior approval of the Finance Officer.
- iii. Levels of charges for contract research, services rendered, goods supplied, rents and lettings are determined by procedures approved by the Finance Committee. Proposals to amend charges should be sent to the Finance Officer for approval by the Council taking into account the College academic policies and needs. The approval of fees and charges shall include any instalment and credit arrangements.

### **SIGNATORIES TO BANK ACCOUNTS**

Purpose: To define and outline College policy with respect to the establishment and management of bank accounts.

### **POLICY**

- i. Details of bank mandates and of authorized signatories and limits shall be provided for in the procedures which are available internally to the Finance Department. Details of bank mandates and of authorized signatories shall be approved by the Finance Committee.
- ii. Officers responsible for committing or authorizing the receipt/disbursement of funds shall judiciously and honestly carry out their duties in the best interest of the College. For this and other control reasons, two signatories are required on all cheques drawn on the College controlled bank accounts.
- iii. All cheques drawn on behalf of the College must be signed in the form approved by the Finance Committee. The number of authorized signatories that exist in the College must be kept to a minimum. A review must be undertaken at least once a year by the Finance Officer to ensure that only current members of the College are included.

- iv. All requests for the creation of authorized signatories must be in the prescribed format. A copy of the relevant form may be obtained from the Finance Department.
- v. In accepting the role of an authorized signatory the individuals concerned must familiarize themselves with the Financial Regulations and ensure compliance thereto.
- vi. It is forbidden for a member of staff to apply another person's signature even if this is done at their request. In such cases both persons are at fault and may face disciplinary and/or criminal sanctions.
- vii. Details of authorized persons and their limits shall be provided for in the college detailed financial procedures.

## **STATEMENT OF FINANCIAL PERFORMANCE**

**Purpose:** To summarise the main reporting requirements prescribed by the statutes and regulations of the College.

## **POLICY**

- i. The statement of financial performance presents the College's financial performance over a specific period of time. The adopted format provides how detailed sub-classifications are to be presented and what information is to be disclosed on the face of the statement of the financial performance or in the notes, in addition to the minimum requirements.
- ii. The statement of financial performance should present the following amount for the reporting period:
  - Total income of the College showing sub-classification using a classification basis appropriate to the College operation; and
  - Total expenditure of the College showing sub-classification using a classification basis appropriate to the College operations.
- iii. The income and expenditure for each unit and sub-classification shall be reported gross in the College's statement of financial performance.
- iv. The income and expenditure may be reported on a net basis only when they arise from transactions which the College administers on behalf of other parties and which are recognized in the statement of financial performance.

## **6. Responsibility for Monitoring and Compliance**

- The Finance Committee
- Principal and the Finance Officer.

## **7. Key stakeholders**

- Finance Department and employees of the College.

## **8. Approval Body**

- College Governing Council

## **9. Initiating Body**

- The Finance Department

## **10. Definition of Terms**

- College means St. Louis College of Education, Kumasi.
- IPSAS means International Public Sector Accounting Standard
- I.T.S means Information Technology System

## **11. Owner**

- College Governing Council

## **12. Related Legislation**

Colleges of Education ACT, 2012 (ACT 847)

Harmonised Statutes for Colleges of Education, 2015

Public Financial Management Administration ACT, 2003 (ACT 654) as amended 2016 (ACT 921)

Internal Audit Agency ACT, 2003 (ACT 658)

Audit Service ACT, 2000 (ACT 584)

Public Procurement ACT, 2003 (ACT 663)

Internal Audit Agency Act, 2003 (ACT 658)

**Internal Revenue ACT, 2000 (ACT 592) as amended**

## **13. Further Information**

ST. LOUIS COLLEGE OF EDUCATION, KUMASI

P. O. BOX 3041, KUMASI GHANA.

TEL. 0322008651

EMAIL. info@slce.edu.gh

