

***MISSION: - Bringing hopes to A hopeless child!!!***

***VISION: - Creating a community of Social Progress for All!!!***

 **FINANCIAL POLICIES AND PROCEDURES**

***July,2019***

**Owned by KEL-KAMARAMI PLWAS COMMUNITY BASED ORGANIZATION**

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 ***1. INTRODUCTION***

* 1. **Purpose of this document**

 **The purpose of the Financial Policies and Procedures is to document the financial policies and procedures implemented within the KEL-KAMARAMI PLWAS COMMUNITY BASED ORGANIZATION K-KCP:-**

* **It provides information related to funding, purchasing, payroll, budgeting and accounting.**
* **It delineates the different roles of Board, the CEO and staff in dealing with K-KCP financial matters. It forms a key element of the system of internal financial control overseen by the Board.**
* **It provides policy statements to aid in financial decision making and the procedural steps for implementation.**
* **It is also designed to assist staff in handling daily financial transactions.**
* **While this document is fully operational it is routinely reviewed and updated as necessary.**

* 1. **Legislative Background.**

 **The K-KCP was initially established and registered in February, 2018 by Ministry of East Africa Community and Social Protection, Department of Social Development in Siaya County Kenya. The K-KCP was set up to improve the lives of Orphans and Vulnerable Children living with HIV/AIDS and children living with disabilities.**

**1.3. K-KCP Financial System and Budgets**

* **The K-KCP is required to maintain appropriate financial records and uses the CLEAN financial management system (FMS) in support of these requirements.**
* **The K-KCP is wholly funded by the Donors grants to meet pay and non pay expenditure requirements. There are agreed procedures in place governing the release of funds to the K-KCP.**
* **The K-KCP is required to purchase goods and services in line with Kenya government policy to ensure value for money (VFM) and meet regulatory requirements.**
* **The K-KCP is required to apply Kenya government policy on travel and subsistence expenses for its staff and Board members.**
* **The staffs of the K-KCP are NOT civil servants. The K-KCP has arranged a service level agreement with the Payroll Shared Service Centre (PSSC) and procedures.**

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* **The K-KCP operates Kenya Commercial Bank Account to manage its receipts and payments.**
* **K-KCP assets with a life of more than one year and value greater than KSHS.10, 000 are capitalized (designated as fixed assets) and depreciated over their useful economic lives. The K-KCP classifies refurbishment of premises held on long term leasehold, furniture, equipment and specified software as fixed assets.**
* **The K-KCP is required to prepare an operational budget based on the budget allocation notified by the Donor funding the project and manage its expenditure within the approved budget.**
* **The K-KCP is required to prepare accounts and submit to the Office of the Donor funding a project for audit.**
* **The FPPM should to be read in conjunction with other important documents applicable to the financial management of public bodies including: -**
1. **Public Financial Procedures.**
2. **Government procurement procedures.**
3. **The Code of Practice for the Governance of Non-profit bodies.**

**2. INCOME**

**2.1. Policy Statement.**

**To administer strict financial control of funding and expenditure to ensure sufficient cash flow to meet immediate expenditure commitments in accordance with the agreed budget while ensuring the K-KCP observes the objectives and procedures governing the funding of the K-KCP as agreed with the Donor funding a project and does not hold excess funds.**

**2.2. Legal & Policy Framework.**

 **The funding of the K-KCP by the Donor by way of grant is carried out in accordance with general public financial procedures, including in particular the terms of Donor’s Finance Criteria. These procedures provide an important overarching framework in relation to the management of public funding provided to bodies delivering services not administered directly by Donor funding a project and deal, inter alia, with the funding of bodies by installments, the avoidance of over-issues of funds and the recovery of excess payments.**

**A Budget & Funding Procedure between the Donor funding a project and the K-KCP is in place which sets out the agreed objectives and procedures governing the funding of the K-KCP.**

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**2.3. Procedures.**

 **An operational budget is agreed by the K-KCP Board based on prescribed limits set by the Donor. The Executive profiles the budget to forecast monthly cash flow requirements for the year and agrees a schedule of advances (Pay & Non Pay) to meet the forecast cash flow requirements with the Donor. The K-KCP submits requests for funding on an approved PROPOSAL to the Donor and provides all necessary background information for the Donor to understand K-KCP requirements for funding. K-KCP funding requests are approved by the Donor Board or Finance Unit prior to notification issuing to the K-KCP. Income or grant is received by Electronic Funds Transfer (EFT) from the Donor into the K-KCP Bank account. The Donor forwards notification of the transfer to inform the K-KCP that a payment has been made.**

 **K-KCP cash flow is monitored by the K-KCP Finance Unit. The FMS is updated with details of the transfer of funds and the transfer notification received from the Department is filed on the Bank Statement of Accounts file. A reconciliation of bank statements against receipts and payments is carried out on a monthly basis by HEO Finance Unit and reviewed by the Director. A report showing expenditure on a monthly basis is circulated to budget committee members. The K-KCP provides a quarterly report of expenditure to the Donor funding a project. An annual reconciliation with Donor records of funding with K-KCP records of income is conducted.**

**2.4. Responsibility and Approval**

**The Finance Manager Record Income Received, Finance Manager Maintain Bank File. Finance Manager Monitor Cash flow and request funding.**

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**3. PURCHASES AND PROCUREMENT**

* 1. **Policy Statement**

 **The K-KCP will ensure that its procurement activity operates in accordance with best practice, utilizing appropriate systems and available staff resources efficiently in order to ensure value for money purchasing in line with K-KCP strategic priorities and budget limits, with probity and accountability and in compliance with government policies as outlined in the National Public Procurement Policy Framework (NPPPF).**

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**3.2. Legal & Policy Framework.**

* **The Government publication booklet “Public Procurement Guidelines- Competitive Process” sets out the steps to be followed in conducting an appropriate competitive process under and national rules. The K-KCP must comply with the provisions of national legislation and national agreements covering tax clearance requirements, prompt payments, health and safety, pay agreements etc. in so far as they apply to it.**
* **The Public Service Management Act of Kenya law requires the provision of cost effective services to achieve better use of resources and to comply with the requirements of the legal policy framework.**
* **The Code of Practice for the Governance of Non-profit Bodies reaffirms the requirements of NGOs, CBOs to strive for economy, efficiency, transparency and effectiveness in their expenditure.**
* **The Kenya National Public Procurement Policy Framework is the national policy underpinning public procurement reform and requires all bodies to develop a corporate procurement plan.**
* **The K-KCP has developed a Corporate Procurement Plan which aims to build on existing good practices and provide a focus for further development and improvement in this critical function. It is the formal outcome of a review of procurement processes. It sets practical and strategic goals and objectives for improved procurement outcomes and appropriate measures to achieve these aims.**

 **3.3. Responsibilities both the K-KCP Board and K-KCP Secretariat have responsibilities in respect of procurement and these are set out under.**

* **It is the responsibility of the K-KCP Board as the governing body of the K-KCP to satisfy itself that the requirements for public procurement are adhered to.**
* **The Director shall annually report to the Board and affirm adherence to the relevant procurement policy and procedures and the development and implementation of the Corporate Procurement Plan.**
* **The Director is ultimately responsible to the Board for ensuring the development and implementation of procurement policy by the secretariat and reporting to Donor.**
* **K-KCP budget holders (Generally at Staff level and delegated by staffs on an operational basis to management within respective teams) are responsible inter alia.**
* **For ensuring that VFM is achieved in the procurement of goods and services,**
* **For adherence to the legal and policy framework.**
* **For ensuring budget compliance and,**
* **For reporting to the Finance Unit on budgetary performance, requirements and priorities.**
* **The K-KCP has appointed a Procurement Officer to assist in the development and application of best practice procurement guidelines in the K-KCP and to co-ordinate the development and implementation of the Organization Procurement Plan.**

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* **The K-KCP Finance Unit will co-ordinate and manage K-KCP budget and control procedures. Appropriate segregation of functions will apply to ensure that where practical staff directly involved in ordering is not also involved in receiving goods/ services and/ or payment for same goods and services. By ensuring that a minimum of 3 staff are involved across these functions the K-KCP seeks to ensure appropriate segregation and oversight.**
* **All staff have a responsibility for implementing public procurement policy and should be aware that personal purchases may not be made using K-KCP facilities.**

**3.4. K-KCP Procurement Procedures**

**(The Procurement Approval Checklist at Appendix has been developed to assist purchasing sections apply K-KCP Procurement Procedures correctly and uniformly).**

**The purchasing section must ensure compliance with these procedures and retain a full record of the procurement process (including business specification, quotations, request for tender documentation, records of tenders received, the evaluation process, approval by senior manager/ Board, contract award letters, communications with unsuccessful tenders etc.) on the relevant procurement file in the Line Section. The procurement procedures used will be proportionate to the risk, cost, strategic importance and complexity associated with the purchase.**

* **The number of suppliers invited to tender should be sufficient to ensure adequate competition and should be selected on an objective and non-discriminatory basis.**
* **All tenders should be evaluated based on quality, price, safety and service support.**
* **The criteria for evaluation should be clearly set.**
* **All tenders should be dated stamped. A tender opening report should be prepared. An independent witness should attend the opening of the tenders.**
* **Report to be prepared on tenders received, declined, offers not responded to.**
* **The evaluation and selection process should be fully documented.**
* **Once the tendering process has taken place a report making a recommendation for selection is submitted to for appropriate approval. For higher expenditure items, and in line with delegated authority levels, a recommended selection can be placed before the Board for approval to proceed with the contract.**
* **Unsuccessful candidates should be notified and debriefed.**
* **Formal offer of contract and request for Tax Clearance Certificate issued to successful candidate.**
* **Formal contract should state: -**

 **1. Terms and conditions.**

 **2. The fee clearly state that no conflict of interest arises**

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**Thresholds above which advertising of contracts in the Official Journal is obligatory are revised every two years and up to date thresholds should be checked on the Organization procurement website.**

**3.6. K-KCP Procurement Approval Levels.**

 **It is the policy of the K-KCP that decisions on major purchases and programmes of expenditure are made based on the strategic needs and priorities of the K-KCP, within approved budget limits, procurement requirements, and VFM considerations based on the submission of a clear specification of requirements and assessed business case with clear responsibility and accountability. Ongoing expenditure programmes are required to be reviewed and approved regularly at the designated level within the K-KCP. New programmes and major purchases are also approved in this way.**

* **The Board has agreed a schedule of reserved functions and delegations to the Director.**
* **Board approval is required for proposals and contract terms for all major investments and capital projects including purchases of services, equipment and materials over KSHS.500,000 in value exclusive of VAT, ensuring alignment with medium to long term goals.**
* **Board has agreed delegations to the Director to sanction proposals for purchases up to KSHS.500, 000 exclusive of VAT. The Director can further delegate authority to sanction purchases not exceeding KSHS.200, 000 exclusive of VAT.**

**3.7. Purchase ordering.**

 **Prior to placing an order with a supplier the purchasing section should request a Purchase Order from the Finance Unit raised on the FMS.**

**The following information should be submitted to the Finance Unit:-**

* **Name of the supplier.**
* **Address of the supplier.**
* **Specification of Item(s) .**
* **Quantity ordered and agreed price if applicable.**
* **Budget Code, Cost Centre Code and Job Code for all items on the order.**
* **The CO/EO in Finance Section raises a standard Purchase Order on the FMS.**
* **The Purchase Order is submitted to the Line Section.**
* **The Line Section can forward to supplier.**
* **The Purchase Order should be signed by the approving officer in the purchasing section if approval in writing has not already been received and a copy retained on file in the purchasing section.**

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**3.8. Receipts of supplies and services**

**When ordered supplies are received the delivery docket should be checked and signed and certification should be retained on file.**

**The delivery docket should be reviewed with the Purchase Order to ensure all goods ordered were actually received. If some goods ordered were not received a record should be made of this to ensure that the invoice excludes the goods not received. If the delivery is disputed the delivery docket and Purchase Order should be retained on file.**

**The invoice should be matched to the delivery docket. The following are the actions to be taken if deliveries are disputed:**

1. **Quantity delivered Action taken Documentation Short Accept delivery Request credit note if invoice is incorrect Short Request additional items Ensure invoice issued is for correct quantity In excess of order.**
2. **Accept delivery OR Return excess Raise additional Purchase Order for excess OR if invoice is for quantity delivered, request credit note. Otherwise record invoice if correct.**
3. **Once matched the delivery docket is attached to the invoice (when received).**
4. **In the case of services, the Line Section must certify the delivery of the specified services by the provider on receipt of the invoice. A record should be kept in the Line Section of service delivery to facilitate the checking and approval process.**
5. **Delivered equipment or furniture must be entered into the fixed asset register and the asset tagged as appropriate.**

 **3.9. Invoice payment.**

* **Supplier invoices should be directed to the K-KCP Finance Unit. They must be date stamped with the date received in the K-KCP and recorded on the Financial Management System (SAGE).**
* **The Finance Unit will then return the invoice to the purchasing section. Invoices should be checked to ensure that only goods received have been invoiced. If a query arises, contact the supplier immediately and follow the instructions above.**
* **The invoice should be checked by the person who placed the order and signed off by their line manager that the invoice is correct (including arithmetical correctness, compliance with agreed price and other contract terms and delivery).**

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* **A Payment Authorization Memo (PAM) is completed by the purchasing section and submitted with relevant backing documentation to the Finance Unit for payment. The signed invoice, delivery docket (or equivalent) and Purchase Order should be attached to this. The form is checked and certified by staff in the purchasing section to indicate compliance with K-KCP financial procedures - that the purchase has been approved, tax compliance requirements confirmed, goods/services received, the documentation is correct, budget code and job code are correct, payment correctly stated and is now due.**

* **The purchasing section should ensure that payee bank account details and the total amount payable are included on the PAM. Supplier bank account details should be received in writing and confirmed by phone.**
* **The PAM should be submitted to the Finance Unit promptly to ensure payment is processed within fifteen days of receipt of invoice.**
* **On receipt of a PAM from the Line Section, the Staff in Finance Unit will check the documentation for completion, calculation and appropriate certification.**
* **If the invoice is for the provision of professional services ‘Professional Services Withholding Tax’ (PSWT) must be deducted at the standard rate of tax, currently 20%.**
* **If all in order, an EFT Requisition Form is completed by the Staff Finance Unit and the payment is put on Business on Line for authorization. The EFT and total amount payable must be included on the requisition form .**
* **The Requisition Form should be checked and signed off by the Account Manager or higher in Finance Unit to confirm that the PAMs were certified, appropriate documentation attached and payment details are correct.**
* **A file containing the signed EFT requisition forms, PAMs and back up documents is presented for authorization/ signature by 2 BOL Authorized Users/ signatories. For BOL authorized users/ signatories.**
* **When recording the payment on the FMS the EFT number should be recorded for ease of the audit trail.**
* **Paid invoices are filed in date order on Payment Files in the Finance Unit.**

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**3.10. Interest on Late Payments.**

* **Department of Finance has directed public bodies to endeavor to issue payments within fifteen days of receipt of invoice and to report on their performance in this regard.**
* **Line Sections should ensure that payments are prepared and passed to the Finance Unit in good time to ensure payments are processed in a timely manner.**
* **Prompt payment legislation5 provides that penalty interest and compensation will become payable if payments for commercial transactions are not met within 30 days, unless otherwise specified in a contract agreement.**
* **Late payments should be flagged by Line Sections and it is good practice to indicate the reason for the delay.**

* **The Line Section will calculate the penalty interest for the number of days overdue and the compensation and add the amount to payment due on the invoice.**
* **The Interest rate to be applied plus 7 percentage points.**
* **Compensation is calculated as follows: -**
1. **Penalty Interest Amount Due not exceeding Kshs.100, 000 - Compensation of Kshs.40, 000.**
2. **Penalty Interest Amount Due exceeding kshs.100,000 but not exceeding kshs.1,000,000 - Compensation of kshs.70,000.**
3. **Penalty Interest Amount Due exceeding kshs.1000, 000 - Compensation of kshs.10, 000.**
4. **The cost will be borne by the relevant budget line.**
5. **The Finance Section will maintain a record of penalty interest and compensation applied to payments.**
6. **In order to minimize the number of lLP payments the Finance Unit will assist sections in monitoring receipt and payment of invoices. Invoices received in the line section should be given to the Finance Section as soon as they are received and before they are processed to ensure accurate monitoring of invoices.**
7. **Finance Section will run an Aged Creditors Report on a weekly basis and will contact Line Sections who have invoices longer than 15 days and not yet paid reminding them of the ILP deadline**

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**3.11. Supplier Statement Reconciliations.**

* **Supplier Statements should be registered in Finance Unit prior to disbursement to Purchasing Sections.**
* **Finance Unit will perform an initial check and if all in order – statement reconciles – then statement can be filed away.**
* **Where variations arise, the purchasing section should perform a reconciliation exercise, identifying and understanding any variations in K-KCP records and those of the statement.**
* **The K-KCP Creditor Statement Reconciliation Form should be completed and returned to Finance Unit for filing.**
* **The Finance Unit will conduct a credit reconciliation procedure involving all significant suppliers at least once yearly.**

**3.12. Recording Transactions.**

* **Through the Supplier Process, the sequence to follow is New Purchase Order.**
* **Place Orders.**
* **Deliver Orders.**
* **Update Orders.**
* **Pay Supplier**

**For the most part, a Purchase Order will have been raised in advance and will appear in the Place Orders window. If a Purchase Order has not been raised, it is necessary to do so before proceeding to the next step. Enter details from the Payment Authorization. Record the payment.**

**3.13. Revenue Requirements**

**3.13.1. Professional Services Withholding Tax.**

* **The K-KCP is obliged to comply with the provisions of the Finance Act in respect of the deduction of Tax at the appropriate rate in respect of payments for professional services.**
* **Relevant payments to suppliers are made net of Tax.**
* **The Tax payment is recorded on the FMS in a control account and should be cleared each month when remitted to Revenue.**

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* **A monthly return is sent to Revenue (Revenue Online Service) and the Tax that has been deducted is remitted with the return.**
* **Each supplier receives a form that details the gross payment, Tax deducted and the net payment. This form is included with their remittance advice. The K-KCP retains a copy of each form .**
* **On an annual basis a return (Form F35) is prepared and reconciled with the nominal ledger. This is remitted to Revenue with any underpayment of Tax in the year.**
* **Comprehensive information on Tax is available in a booklet “A Revenue Guide to Professional Services Withholding Tax” which is published on the website.**

**3.13.2. Value Added Tax (VAT).**

* **The K-KCP was required to register for VAT because it receives scheduled services from Donors abroad. The K-KCP registered for VAT with the Revenue Commissioners with effect from November 2018.**
* **There is no minimum threshold for scheduled services.**
* **The purchasing section must ensure they make appropriate provision for VAT in the relevant budget line.**
* **The purchasing section should indicate where VAT is due when passing the PAM to the Finance Section.**
* **Finance Section will retain a schedule to record VAT due and arrange payment to Revenue.**
* **The VAT liability will become due, following either date of payment or date of receipt of invoice, whichever is the sooner. The K-KCP is required to file a VAT Return (VAT 3) 3 times yearly and remit the due payment by the 19th of the month following the period end e.g. Jan-April Return due by May 19th.**
* **Comprehensive information on VAT is available on www.revenue.ie.**

**3.13.3. Tax clearance certificates.**

* **The Board is obliged to comply with the Revenue Commissioners and Department of Finance Directives on tax clearance certificates.**
* **In the case where any contract with a value of Kshs.100,00 or more within any 12 month period inclusive of VAT is awarded. The contractor is required to produce a valid tax clearance certificate.**
* **In the case of all tenders in excess of kshs.100,000 the tender documentation should state that it is a condition for the award of a contract that a tax clearance certificate will be required.**
* **The tax clearance requirement applies even where the provision of goods or services is not the subject of a formal written contract.**

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* **Payments to suppliers/contractors are at all times conditional on the contractors being in possession of a valid appropriate certificate.**
* **It is the responsibility of the person awarding the contract/ authorizing payment to ensure that a valid tax certificate has been obtained and forwarded to the E.O in the Finance Unit.**
* **Furthermore a contract should not be awarded/ payment made where such certificate has not been received. The EO in the Finance Unit will maintain a suppliers list with tax clearance details.**
* **Periodically the EO in Finance will circulate to Line Sections a listing of all suppliers and the date of the tax certificate on file.**

**4. TRAVEL AND SUBSISTENCE (T&S) and MISCELLANEOUS EXPENSE CLAIMS**

**4.1. Policy statement.**

**It is K-KCP policy to reimburse employees and Board members for properly authorized and reasonable expenses incurred on K-KCP business in accordance with standard Service rates approved by the Board and the provisions listed hereunder.**

 **The K-KCP uses Transfare, an electronic web based system, to process expense claims.**

**4.2. T&S Procedures**

* **It is the responsibility of the claimant to ensure that they correctly enter their claim information on Transfare and commit the claim for authorization by their designated Head of Department.**
* **Staff should forward relevant receipts indicating the claim number to the Finance Unit so that it may be associated with the claim for checking and later retention on file.**
* **The onus is on each claimant to be aware of the regulations and to ensure their claim is made in accordance with the provisions set down in the regulations.**
* **T&S expenses are payable only in respect of necessary absence from normal place of work. All travel should be planned so as to reduce the total amount of travel to the minimum consistent with efficiency. Return tickets, contract, season or other economically advantageous tickets should be used wherever a saving in travelling expenses can be secured.**
* **All T&S claims must be checked and approved by the head of department (or a designated substitute at same grade or higher than head of department) prior to payment. (The procedures for checking claims are outlined at 4.2.4 below).**
* **Approved claims processed by Finance Unit by the fifth working day of the month shall be paid by EFT on or before the final week of that month.**

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**4.2.1. Use of own transport.**

* **Employees required to use their own transport for K-KCP business should be authorized to do so in advance and will be requested to complete a form of undertaking (normally at induction).**
* **The Finance Unit will arrange to set up a User Account on Transfare for staff on completion of the form of undertaking.**
* **Employees should ensure that they have adequate business insurance cover while on Council business.**
* **The kilometer rates payable to members of staff include the cost of motor insurance and therefore no element of insurance costs on privately owned motor vehicles can be reimbursed to staff.**
* **The Board cannot accept liability for any loss or damage resulting from the use of privately owned motor vehicles on Board business.**

**4.2.2. Administration of T&S Claims for Staff**

* **Staffs are informed that it is the responsibility of the claimant to claim correctly and in accordance with the relevant regulations. (Department of Finance Circulars concerning travel and subsistence are posted on the shared drive).**
* **Staffs are requested to commit their claims on a weekly basis.**
* **Overnights must be approved by the head of department in advance.**
* **Foreign Travel must be approved by the CEO in advance.**
* **Claims are checked and must be authorized by a designated head of department prior to being processed for payment.**
* **Claims processed by the Finance Unit by the 5th working day of the month will be paid by the final week of that month, i.e., the month following the travel, unless, during the checking process, a query is raised on the T&S claim and that query has not been resolved prior to the cut off deadline.**
* **Where appropriate, receipts submitted for recoupment of expenses relating to a journey e.g. toll bridge, parking etc. should be marked clearly with the Transfare Claim Number and posted to the Finance Unit. Receipts and other back up information will be retained on T&S files.**
* **T&S transactions are uploaded by the Finance Unit to the K-KCP system each month.**
* **The Finance Unit can provide expenditure reports detailing claim amounts by individual staff to management.**

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**4.2.3. Administration of T&S Expense Claims for Director, Board Members & Consultative Forum Members.**

* **The Director expenses are approved by the Board Chairman.**
* **The Director will forward a report from Transfare of uncommitted claims to the Chairman of the Board for sign off.**
* **On return of the Chairman signed report, the Director will forward the report to the Finance Unit and arrange to commit the approved claims on Transfare.**
* **The Head of Human Resources and Board Support (HoHRBS) will facilitate the processing of the Chairman approved claims on Transfare by authorizing claims through for payment (Note - HoHRBS does not approve the claim).**
* **The Finance Unit can arrange to process for payment the authorized claims on receipt of the signed reports. The signed reports will be retained on file in the Finance Unit. (Note - The Finance Unit is not authorized to process for payment Director T&S claims until the Finance Unit receives the Chairman of Board signed reports).**
* **Board Members’ expenses are approved by the Board meetings and paper records for individual member files are retained in the Finance Unit.**
* **Consultative Forum Members’ expenses are approved by the HoHRBS and paper records for individual members files are retained in the Finance Unit.**

**4.2.4. Procedures for Checking T&S Expense Claim Forms.**

* **The Head of Department is required to check that T&S expenses were appropriately incurred by the claimant in respect of a necessary absence from their normal place of work.**
* **The head of department should reject claims where there insufficient information available to make this determination.**
* **When authorized by the head of department the claim is passed to the Finance Unit. Transfare does this automatically.**
* **The Finance Unit checking process includes analyzing distances claimed for journeys, entitlement for subsistence rates and receipts for expenses.**
* **Incomplete or incorrectly completed forms will be rejected and the claimant will be notified on Transfare.**
* **Serious discrepancies which might constitute irregularities should be notified to the Finance Unit. Follow-up action will include contacting the claimant to request an explanation for the discrepancies appearing on the claim.**
* **The Senior Departmental Head will be notified in cases of serious and/ or repeated irregularities identified in individual claims. If considered to be of sufficient seriousness, these may be further referred to the HR side for appropriate action.**

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**4.3. Miscellaneous Expenses**

 **Miscellaneous expenses are reimbursed to staff in respect of necessary local expenditures including costs for postage, small stationery requirements and other items best dealt with by local purchase (prior approval from the Finance section is required for “other items”). The K-KCP uses the Transfare system to process miscellaneous expense claims.**

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**4.3.1. Miscellaneous Expense Procedures.**

* **It is the responsibility of each employee to ensure that they correctly enter their claim information on Transfare and commit the claim for authorization.**
* **Head Office staff should use the upload facility for receipts on Transfare. Receipts can be scanned and then saved from Outlook to their personal folder. The receipts can then be uploaded onto Transfare through the claim.**
* **Staff should forward relevant receipts indicating the claim number to the Finance Unit so that it may be associated with the claim for checking and later retention on file.**
* **Approved claims processed by the Finance Unit by the fifth working day of the month can be paid in that month.**
* **Payments to staff are made by EFT in the final week of the month.**

**4.3.2. Checking Miscellaneous Claim Forms.**

* **The claim is checked against receipts by Account Manager in the Finance Unit.**
* **Claim form passes to HEO in the Finance Unit for approval.**
* **Approved claims are exported from Transfare and imported into the FMS.**
* **Payments on Miscellaneous Expenses Claims are made monthly by EFT.**

**4.4. Payment of Expense Claims.**

* **Every month a file of authorized expense claims are exported from Transfare and imported to the FMS.**
* **A schedule of payments is prepared by Account Manager in the Finance Unit. This file will list names of claimants and amount to be paid for each claimant.**
* **The file should be rechecked by Finance Staff or higher and the approval form signed and dated as approval for payment.**
* **The Finance Unit will arrange payments to staff, Board members and Consultative Forum members by EFT.**

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**5. PAYROLL**

* 1. **Policy Statement.**
* **The K-KCP implements Kenya government policy in relation to the pay and pensions of K-KCP staff.**
* **The K-KCP has service arrangements in place for the administration of HR and Pension Services through People point and payroll through the Accounts department.**

**5.2. Payroll Procedures**

**5.2.1. New Employees.**

* **The People Point new hire form is completed by HR with verified employee information and forwarded to People Point.**
* **For any new employees or staff transfers to the K-KCP, the HR Unit will transfer the information to People Point who in turn will advise the Accounts department.**
* **It is the responsibility of the employee to ensure that the details provided are correct.**

**5.2.2. Employee’s leaving**

* **HR will notify People Point in good time to effect the orderly determination of final salary payments & pension.**
* **A P45 is required to be issued to all employees leaving K-KCP and will be issued by the PSSC.**

 **5.2.3. Fortnightly Payroll.**

* **Payroll is run every second Thursday of the month.**
* **Change instructions are managed in line with the service agreement.**
* **Finance Unit will update the social welfare refunds register by the Monday preceding deadline for issue of instruction to enable HR to include these details in the payroll changes.**
* **The Accounts department is responsible for calculation of payroll and will undertake a check on the payroll file before finalization.**

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* **The payroll reports will then issue to K-KCP HR Unit on Friday evening.**
* **HR Unit will complete a check on the payroll each fortnight.**
* **Check Gross Pay for all staff on Payrun.**
* **Review Variation report and query unexpected variations.**
* **The HR Unit will retain a record confirming that they have completed the checks on the payroll each fortnight.**

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* **It is not possible to re-calculate an employee’s payment at this stage in this payrun process but any errors identified can be rectified in a future payrun. If there is a significant error identified in a person’s pay HR can instruct Accounts department to pull the payment from the payrun. A separate payment can issue to the employee as a temporary measure.**
* **The HR Unit are not required to notify their approval to Account department for the payrun to proceed and it will run as proposed if there is no intervention from the K-KCP.**
* **HR Unit advice the Finance Unit of the amount of funds to be transferred to Accounts to implement the payrun as calculated and checked.**
* **The Accounts Department will forward a funds transfer request form to the K-KCP on the Monday preceding the Thursday payrun requesting the transfer of funds to the Staff bank account. The transfer must be completed by Wednesday preceding the payrun.**

**5.2.4. Voluntary Deductions**

* **The K-KCP facilitates appropriately authorized voluntary deductions being made from employees pay and paid over to the relevant institutions.**
* **The deductions are made solely as a measure of convenience to the employee. The employee has ultimate responsibility for ensuring that the correct deductions are made.**
* **The Account Department administers the voluntary deductions on behalf of K-KCP employees.**
* **The Account Department will forward a schedule of deductions made each month to the K-KCP Finance Unit.**
* **The Finance Unit will arrange to remit these payments to the relevant institutions.**
* **The related creditors will be paid on a monthly basis, thereby bringing the balance on the FMS control account to nil on a monthly basis.**

 **5.2.5.Payroll Records**

* **HR Unit will create and maintain Personnel files for all employees. The following pay related information will be retained on these files and on People Point.**
* **Contract of employment.**
* **Employee set up form.**
* **P45 from previous employer.**
* **Authorization of pay increases.**
* **Copies of payroll instructions issued to People Point/ Accounts department.**
* **Bank Account Details (Finance Unit to be provided with updated details to facilitate expense payments.**
* **HR Unit will forward a copy of payroll reports and copy of payroll check form to the Finance Unit.**

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* **The Finance Unit will retain a soft copy of the payroll reports and will retain a hard copy Form, confirmation from HR and a copy of the EFT Requisition File.**
* **The Finance Unit will update the FMS with details of payroll and note completion of posting on payroll check. All salary deductions will be posted to balance sheet control accounts.**
* **Soft and Hard copies of Voluntary Deductions Payment Instructions from Accounts department will be retained on file in the Finance Unit.**
* **The K-KCP will make available all necessary records to fulfill requirements of preparation and audit of K-KCP annual accounts.**

* 1. **Revenue .**
* **Payroll taxes, levies and social security charges will be deducted from employee’s salaries.**
* **The net pay due to employees will be paid by EFT on a fortnightly basis.**
* **The Accounts department will arrange posting and payment.**
* **The Returns will be posted on a monthly basis in accordance with the Revenue deadline.**
* **The Accounts Department will undertake the end of year process for filing of tax and levies.**

**5.5. Pensions K-KCP staff are not civil servants and are not pensionable.**

 **5.6. Action and Responsibility**

**Action Responsibility Notification of K-KCP payroll instructions to Accounts department People Point sets out roles and responsibilities of parties to agreement.**

* **Checking of Payroll file.**
* **HR Updating Social Welfare returns register Account Manager Finance Unit Recording of payroll on FMS EO Finance Unit Set up on BOL of Payover of pensions, PRD, voluntary deductions (as notified by the DFIN) CO/EO Finance Unit Payment Authorizations for payover of payroll deductions HEO/ AP (or higher) Finance Unit Payroll Forecast EO/ HEO/AP Finance Unit Payroll records EO Finance Unit**

**6. BANK / TREASURY**

**6.1. Policy statement**

* **All Organization funds should be managed in accordance with current best practice i.e. such funds are received and banked in a timely manner, are available to meet authorized commitments as they fall due, and that the security, movement and application of such funds is properly authorized and controlled.**
* **Funds shall be managed so as to optimize benefit to the Organization, and the community generally, in terms of security, return and liquidity.**
* **The K-KCP bank account is housed in the Bank of KENYA COMMERCIAL BANK in Kenya.**
* **Internet banking (Bank of Kenya Commercial Bank Business on Line Service) is utilized by the K-KCP and the Current account can be monitored on line.**

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* **The K-KCP will arrange payments by EFT to the maximum extent possible in line with the Kenya government policy.**
* **The K-KCP does not currently use a Credit Card account.  A review of banking needs will be conducted annually.**

**6.2. Payment Procedures**

* **Line Sections are responsible for ensuring payments are presented to the Finance Unit in a timely manner to ensure suppliers are paid appropriately for the goods and services received by the K-KCP and in accordance with late payment regulations.**
* **Payment will be arranged by the Finance Unit in the most economical and effective method and in accordance with Kenya government policy e.g. e-payments. Procedures for making payment by EFT and cheque are set out below.**
* **A Payments File will be prepared each week, providing documentation for each transaction.**

**6.3. Bank reconciliations**

* **Bank Reconciliations for the Current Account are performed monthly.**
* **The reconciliations are performed electronically on the system.**
* **A hardcopy of the bank reconciliation reports are printed off, signed and approved by Account Manager Finance Unit or higher and kept on file.**

**6.Deposit Account**

* **The K-KCP does not have an interest bearing account.**
* **Funding to the K-KCP is provided by Donor Organizations or Foundations to meet current cash flow requirements.**

**6.1. Business Needs Review.**

 **A review of K-KCP banking requirements will be conducted annually.**

**6.2.. Use of Cheque Book .**

* **Occasionally payment is made by cheque if the payee is unable to receive an EFT .**
* **A log of cheques should be maintained on excel and the following details recorded: a) Cheque number b) Date c) Payee d) Amount.**
* **All cheques should be recorded.**

 **7. FIXED ASSETS**

* 1. **Policy statement.**
* **All fixed assets (including land, buildings, equipment etc.) shall be managed in accordance with current best practice i.e. that such assets are safeguarded by appropriate identification, recording, verification of existence, monitoring of condition and replacement costs.**
* **Disposal and replacement of equipment should be driven by the business needs of the K-KCP and not by their book value.**
* **Fixed assets will be purchased in accordance with Procurement policies.**

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**7.2. Asset Acquisition Procedures**

* **All capital items purchased with a life of more than one year and value greater than Kshs.10, 000 will be capitalized and depreciated over their useful economic lives. Asset Type Depreciation Rates Furniture & fittings 10 years Office Equipment 5 years Computer Equipment 5 years Leasehold Refurbishment 19 years Computer Software 3 years.**
* **A fixed asset register will be maintained on excel. Asset details should be recorded according to the category of asset e.g.: Office equipment, furniture & fittings etc. The register should detail the following: -**

**1.Description of asset, asset tag number, date of purchase, cost price, depreciation rate, accumulated depreciation to date, depreciation charge this period, current net book value (NBV), write off. All new assets should be added to the register.**

**2. The register should be kept up to date at all times. Once an asset has been fully depreciated it should be clearly indicated. Fully depreciated assets should not be removed from the register.**

**3. All capitalized assets are individually tagged.**

**4.All assets should be adequately safeguarded against damage or theft.**

**5. The Fixed Asset Register should be reviewed and verified on an annual basis. A report documenting the exercise is then made available for review.**

**6. Spot checks will also be performed by A&S Unit staff.**

**7. The Fixed Asset Register will be reconciled to the nominal ledger on an annual basis.**

**7.3. Asset Disposal Procedures.**

* **Replacement of equipment should be driven by the business needs of the K-KCP and not by the book value of the equipment.**
* **The Director will be responsible for the disposal of all such items and can delegate as appropriate.**
* **Where an item has, or combination of items have, a value above the Kshs.500, 000 the Director (or delegated officer) will formally bring the matter before the Board to seek approval for the disposal. Disposal of lower value items may be brought before Board meetings for mention.**
* **For items valued Kshs.10, 000 or more being disposed o f to Board Directors, staff or related persons the CEO (or delegated officer) will formally bring the matter before the Council to seek approval for the disposal.**
* **On approval from Board, the Director may then authorize a notice to all members and staff of intention to dispose of the item. Board members and staff will then be entitled to make written bid in accordance with instructions issued with the offer.**
* **Purchase of any such item must be for non-commercial purposes and the item may not be re-sold or otherwise disposed of to any other person or organization at more than the price paid within one year of acquiring the item.**
* **The K-KCP may restrict the number of items which may be purchased by any individual or the use to which it may be put.**

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* **A Fixed Asset Disposal Form is completed and filed on the Fixed Assets Register File and the FAR updated.**
* **Following notification of disposal of the item, the Finance Unit will account for the income from the sale of the item.**

 **7.4. Disposal Approval Levels.**

**The Board of the K-KCP has agreed a schedule of reserved functions and delegations to the Director.**

 **8 The revised Code of Practice for Governance requires that each Board should have a formal schedule of matters specifically reserved to it for decision. The Code specifically requires that significant acquisitions, disposals and retirement of assets of the Organization or its subsidiaries; the schedule should specify clear quantitative thresholds for contracts above which Board approval is required.**

* **Board approval is required for disposal and retirement of assets, including related terms and conditions, at or above the value of Kshs.500,000.**
* **Board approval is required for the disposal of assets valued at Kshs.10,000 or more to Directors, staff or related persons.**

**8. BUDGETING**

**8.1. Policy Statement**

 **To maintain a comprehensive budgeting system to manage the approved operational budget within prescribed limits, to effectively meet its statutory/ policy remit and achieve its strategic objectives, and provide accurate, relevant and timely reports.**

**8.2. Budget Requirements**

* **The K-KCP Secretariat is required to prepare draft budgets of its funding requirements.**
* **The Secretariat is required to submit the draft budgets to Board for approval.**
* **The K-KCP is required to annually submit draft multi annual budgets to the Board.**
* **The Board notifies an annual budget to the K-KCP Staff for each year.**
* **The secretariat is required to prepare an operational budget based on the approved budget and submit to Board for approval.**
* **The Board advances grants to the K-KCP Secretariat to fund its approved budget based on its cash flow needs and in line with the agreed procedure.**
* **The K-KCP profiles its budget on a cash basis. For this reason, budget Committee must profile expenditure according to the month a payment is made. This also applies to any prepayments or accruals, which should also be profiled in the month the payment is processed. The Finance Unit will account for any accruals and prepayments in the preparation of Annual Accounts.**

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* **The secretariat is required to manage expenditure within the approved budget.**
* **The secretariat is required to review and report to Board on expenditure against budget.**
* **The secretariat is required to report as necessary to the Board.**
* **The secretariat is required to ensure expenditure is managed with the approved budget parameters.**

**8.3. Procedures**

 **A senior member of the Finance Unit will prepare the operational budget in consultation with budget committee. Assumptions pertaining to the formation of the budget will be documented and included with the numeric calculations of the budget.**

* **The budget will be subsequently reviewed by the senior members of staff prior to submission to the Board for approval.**
* **The K-KCP employs a budget template for use by all budget committee to assist in effective administration of the budgets.**
* **Advise Finance Unit of delegated authority levels for purchasing in sections.**
* **Advice Finance Unit of monthly profiles and quarterly reviews.**
* **The Secretariat will provide a report on budget activity to the Finance Committee and Board as required.**
* **The secretariat will arrange to provide a report on budget activity to the Board as required.**

**8.4. Responsibility and approval**

* **The Board is responsible for approving an annual operational budget in line with the parameters of the budget allocation notified by the Donor funding the project.**
* **The responsibility of preparing the operational budget and reporting on it lies with the Head of Operational & Support Services and various members within the Finance Unit.**
* **K-KCP budget holders are responsible inter alia.**
* **For preparing budget plans for each cost centre.**
* **For ensuring expenditure is in line with budgets.**
* **For reporting to the Finance Unit on budgetary performance, requirements and priorities.**

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**9. ACCRUALS BASIS OF ACCOUNTING.**

**9.1. Policy Statement.**

 **To ensure the financial statements are prepared in line with the agreed format and accurately represents the K-KCP financial position and comply with regulatory and statutory requirements.**

**9.2. Legal & Policy Framework.**

* **The K-KCP “shall keep, in such form as may be approved of by the Donor funding a project, all proper and usual accounts and records of all moneys received or expended by it”.**
* **The K-KCP is prepares its annual accounts , the financial reporting standard applicable in the Donor funding and reporting guidelines.**
* **The K-KCP accounts are submitted for audit to the Donor funding a project each year.**

**9.3. K-KCP Procedures**

* **The Finance Unit follows a month end procedure to ensure the FMS and banking systems are reconciled.**
* **The purchasing sections in the K-KCP are required to include a brief description for each payment referred for processing to the K-KCP Finance Section. The description will include reference to the period in which it relates to ensure it is accounted for correctly.**
* **The Finance Unit records this information on the K-KCP finance system. A schedule is maintained to record accruals and prepayments and held on file along with backing papers.**
* **This schedule and backing papers is included with the accounts file provided to auditors during the audit of the annual accounts.**
* **According to the accruals basis of accounting, revenues are recognized when they are:-**

 **(1) Realized or realizable, and are**

 **(2) earned (usually when goods are transferred or services rendered), no matter when cash is received. In cash accounting - in contrast - revenues are recognized when cash is received no matter when goods or services are sold. Each accounting entry is allocated to a given period, and split accordingly if it covers several periods.**

* **Accruals are liabilities for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is sometimes necessary to estimate the amount or timing of accruals e.g. invoice expected/ received.**
* **Prepayments are payments made in advance of receiving the service/ good. If a client prepays a subscription (or lease, etc.), the given revenue should be split to the entire time-span and not count entirely on the date of the transaction e.g. invoice received in September 2012 for rent covering 12 month period of September 12 to August 13. Invoice is paid in October 2012 and the expenditure is apportioned for 4 months of 2012 and 8 months of 2013.**

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**APPENDICES**

**Appendix A Reserved & Delegated Functions**

 **SCHEDULE OF RESERVED FUNCTIONS OF THE BOARD.**

**1. Determination of K-KCP Policy and the issue of policy directives to the Executive.**

 **2. Determination of communication policy and strategy**

 **3. Assessment of the performance of the Director /Performance Management of the Director.**

 **4. Determination of succession planning for the post of Director.**

 **5. Appointment of Director and of staff reporting directly to the Director.**

 **6. Approval of delegated authority levels.**

 **7. Terms and Conditions of employment of staff subject to appropriate approvals.**

**8. Determination of ethical procedures to be put in place to deal with post resignation/retirement employment, appointment and/or consultancy of its Directors.**

 **9. Approval of and opening/closing of bank accounts.**

 **10. Purchase and disposal of property.**

 **11. Acceptance of gifts.**

**12. Approval of proposals and terms and conditions for all major investments and capital projects including purchases of services, equipment and materials over Kshs.500,000 in value exclusive of VAT, ensuring alignment with medium to long term goals.**

 **13. Approval of disposal of assets (valued at Kshs.10,000 or more) to Directors, staff or related persons.**

 **14. Approval for the disposal and retirement of assets, including related terms and conditions, at or above the value of Kshs.500,000.**

 **15. Determination of procedures for maintaining an appropriate relationship with the external auditor.**

 **16. Annual determination of the effectiveness of the Authority’s system of internal controls, including financial, operational and compliance controls and risk management.**

 **17. Approval of the formal charter for the internal audit of the Authority.**

 **18. Determination of person, other than the Director, to whom the Head of Internal Audit/Internal Audit Function should report.**

 **19. Preparation and adoption of a strategic plan for a period of 3-5 years ahead.**

 **20. Approval of Annual Work Plan, Annual budgets and Annual Reports and Accounts/Financial Statements.**

 **21. Approval of Board publications.**

 **22. Identification of ways to improve the effectiveness of the Board, following review, which should include required competencies of members.**

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 **23. Appointment of and approval of written constitutions and written terms of reference for the Board Audit Committee and other Board Committees and agreed timeframes for review and update. 24. Approval of a Code of Business Conduct for directors and employees.**

**25. Regulate the procedures to monitor and manage the potential conflicts of interest of management and Board members**

**26. Determination of procedures for employees to raise concerns, in confidence, about possible irregularities in financial reporting, or other matters, and for ensuring proper follow-up of matters raised.**

 **27. Determination of compliance with all statutory obligations, which will involve all such obligations being identified and made known to the Board.**

 **28. Approval of the risk management policy and framework for the Authority and oversight and monitoring of its effectiveness.**

 **39. Approval of a Organization Procurement Policy Plan and oversight to ensure that the Authority is adhered to.**

 **30. Determination and approval of procedures to monitor, report, and enforce the relevant rules and requirements as set by the Department of Finance.**

 **31. Approval of publicity and marketing campaigns within the agreed communications strategy.**

 **32. Oversight of compliance by the Board with its legal and financial compliance requirements.**

 **33. Approval of Legal Representation and/or initiation of Legal Proceedings.**

**34. Response to 3rd Party Legal Proceedings/Settlement of Legal Action to be brought to the attention of Board but should not necessarily require advance Board approval as such responses may be required urgently.**

**Note**

**Decisions of the Board will be recorded in the minutes of the Board meeting. Where appropriate the Board may provide more detailed directions to the secretariat in writing.**

**DELEGATIONS TO THE DIRECTOR.**

**1. Sanctioning of proposals for purchases up to Kshs.500,000 exclusive of VAT (subject to further delegation not exceeding Kshs.200,000 exclusive of VAT).**

 **2. Appointment of employees other than those listed in the reserved functions of the Board list.**

 **3. Performance Management of staff.**

 **4. Operational Policy, guidelines and decision-making subject to limits prescribed by the Board’s reserved functions.**

 **5. Day to day communications within the agreed communications strategy.**

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**Appendix B Payment Authorization Memo**

**To Finance Unit**

**MEMO: AUTHORISATION TO ARRANGE PAYMENT FROM PURCHASING SECTION**

|  |  |
| --- | --- |
| **PLEASE ARRANGE PAYMENT TO** |  |
| **At Address** |  |
| **In respect of (description of items)** |  |
| **Payment details** |  |
| **Bank Account details** |  |
| **Cheque payable to** |  |
| **Purchase Section File Reference** |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **DETAILED PAYMENT PROCEDURES CHECKLIST** | **YES** | **NO** |
| **01.** | **Procurement procedures and recorded on file** |  |  |
| **02.** | **Approval for purchase at appropriate level obtained****Name of Authorizer--------------------------------Date of Approval---------------------** |  |  |
| **03.** | **Budget Line Code-------------------Job Code--------------Cost------------------** |  |  |
| **04.** | **Direction to raise purchase order notified to Finance** |  |  |
| **05.** | **Purchase order raised and notified to supplier**  **Date------------------** |  |  |
| **06.** | **Delivery Docket/Service Receipt Correspond with purchase order****Details---------------------------------** |  |  |
| **07.** | **Fixed Assets Register update** |  |  |
| **08.** | **Invoice Stamped and checked against 5 & 6 above** |  |  |
| **09.** | **Tax clearance Certification and professional services withholding Tax procedures followed****Detailed------------------------------------** |  |  |
| **10.** | **Received Supporting documentation attached in accordance with correct procurement rules.****List of Document Attached:-****(1)---------------------------------------------------(4)------------------------------------****(2)---------------------------------------------------(5)-------------------------------------****(3)---------------------------------------------------(6)------------------------------------** |  |  |
|  | **I certify that I have checked the documents supporting this purchase .The purchase has been properly approved ,the approved procedures have been followed and the payment is in order.****Prepared/ Checked by------------------------------------------------------------****Authorized by ---------------------------------------------Date-------------------------------------****Purchasing Section--------------------------------------------------------** |

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 **Appendix C: - K-KCP Reconciliation Of Creditors Statement**

**PART A:- To be Completed by head of department.**

|  |  |
| --- | --- |
| **DETAILS AND EXPLANATION FOR** | **AMOUNT IN KSHS.** |
| **Invoice on statement** |  |
| **The payment, but not on statement** |  |
| **Credit notes on statement** |  |
| **Credit notes, but not on statement** |  |
| **PART B:- To be completed by K-KCP Finance Department** |
| **Finance Department Comment------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------** |  |

**Prepared in Purchase Section by: -----------------------------------------------------Date: --------------------------------**

**Recorded in Finance Section by: --------------------------------------------------------Date: -------------------------------**

 **Appendix D K-KCP Procurement Approval – Checklist Source Product/Service**

1. **A procurement process (including a specification of business and technical needs) is followed to identify the item/ service to be purchased. (The Government publication “Public Procurement Guidelines- Competitive Process” sets out the steps to be followed in conducting an appropriate competitive process.**

**2. Approve Contract**

 **K-KCP procurement procedures include specific approval limits and procurement awarding criteria. Summary:**

|  |  |  |  |
| --- | --- | --- | --- |
| **SPECIFIC LIMITS** | **PROCUREMENT AWARDING PROCEDURES** | **EXECUTIVE APPROVAL** | **BOARD SANCTION** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

 **3. The approving officer should ensure that the contract amount is within the confines of the Budget allocation and that current tax clearance cert has been received. Purchase Order.**

 **4. Notification of approval and request to raise Purchase Order.**

 **5. Line Section should place the P.O. with the company (by email, fax or post) making sure that the P.O. number is recorded along with the estimated/quoted amount.**

 **6. The P.O. should be signed and dated by the delegated Authorizing Officer (normally Director ) in the Line Section and a copy of the P.O. retained on file.**

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**7. Delivery ‘**

 **When Products/Services are received make sure delivery docket agrees with the P.O. (Checking the Number, Amount and details of Product/Service). Signed certification of this check must be retained on file. File Delivery Docket with P.O. and update Assets Register as appropriate.**

 **8. Invoice.**

 **When Invoice is received it should be date stamped and stamped with a “Checked and Approved” stamp. The Line Sections are required to pass invoices to the Finance Section for registration on receipt.**

 **9. Details of invoice are checked to ensure correspondence with Purchase Order and Delivery Docket. (Numbers, Amount and all relevant details) and that the Invoice has not been received and paid at an earlier date.**

**10. The person in the Line Section that has ordered the Product/Service, in accordance with the above instructions, should then sign the Invoice in the “Checked” area.**

 **11. The head of the Line Section (HEO) should review the documentation to ensure it is correct and in line with the Detailed Payment Procedures Checklist, before signing the “Approved” area.**

 **12. Relevant supporting documentation including the Purchase Order, Delivery Docket, Invoice and completed Detailed Checklist should be passed promptly to the Finance Unit for payment.**

 **13. Late Payments in Commercial Transactions should be adhered to (i.e. within 30 days of either receipt of invoice or date of supply whichever is later or by a prescribed payment date if specified in the agreement).**

**NB: No Signature should be put to the signed and approved area of an Invoice unless that person has checked all steps have been followed. Finance Unit will check documentation and arrange payment once all is in order.**

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**Appendix D Foreign Travel Requisition and Booking Form FOREIGN TRAVEL REQUISITION AND BOOKING FORM (see notes)**

|  |
| --- |
| **STAFF AND TRAVEL DETAILS** |
| **Name (as in passport)** | **Gender** | **Date of request** |
| **Purpose of Travel** | **Line Section File Reference** |
| **SECTION** | **CONTACT NUMBER** |
| **DEPARTURE POINT** | **DESTINATION** |
| **DEPARTURE DATE(S) REQUIRED**  | **RETURN DATE(S) REQUIRED** |
| **APPROXIMATE DEPARTURE TIME** | **APPROXIMATE RETURN TIME** |
| **ACCOMMODATION REQUIRED****Yes/ No** | **DETAILS OF HOTEL (if applicable)** |
| **SPECIAL TRAVEL REQUIREMENTS(if any)** |
| **Payment details** |
| **Is cost of travel and /or subsistence refundable?** |
| **Approval** |
| **Officer Travelling:****Signature Date** |
| **Authorized by Head of Department:****Signature Date** |
| **Authorized by Director:****Signature Date** |
| **FINANCE SECTION** |
| **RECEIVED IN FINANCE SECTION****Signature Date** |

 **IMPORTANT NOTES**

 **NOTE 1:**

 **All foreign travel on official business must be authorized by the Director and this form fully completed by each officer travelling in accordance with K-KCP Foreign Travel Policy. The completed travel requisition form must be forwarded K-KCP Finance Section; sufficient notice must be given to enable the Section secure appropriate and cost effective arrangements.**

**NOTE 2:**

**Travel and subsistence claims relating to the travel should be submitted on Transfare immediately on return.**

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**Appendix E EFT Payments Requisition**

**EFT PAYMENTS REQUISITION – GENERAL**

**Finance Unit has been directed to arrange payments by EFT to the following:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Transaction Number** | **Account Number** | **Payee** | **Description** | **Authorized** | **AMOUNT IN KSHS.** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |

* **The attached Payment Authorization Forms notified to Finance Unit to be completed and certified by the appropriate officers.**
* **The payments have been set up on Business on Line for authorization.**

**Checked by Reviewed**

 **Finance Unit Head of Finance Unit Date\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **Authorizer 1 Authorizer 2**

**Date\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_**

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 **Appendix F K-KCP Fixed Assets Disposal Form K-KCP - Fixed Assets Disposal Form**

|  |  |  |  |
| --- | --- | --- | --- |
| **1** | **ASSETS TYPE** | **TICK ONE** | **ASSETS DESCRIPTION** |
|  | **Furniture** |  |  |
|  | **IT Hardware** |  |  |
|  | **Office equipment** |  |  |
|  | **Other** |  |  |
|  |  |
| **2** | **IDENTIFICATION** |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |
| **3** | **VALUE** | **DETAILS** |
|  | **Date of purchase** |  |
|  | **Purchase Value** |  |
|  | **Current Value** |  |
|  | **Profit on Disposal (IF APPLICABLE)** |  |
| **4** | **Method of Disposal** | **Tick one** |  |
|  | **Destroyed** |  |  |
|  | **Recycled** |  |  |
|  | **Sold** |  |  |
|  | **Other** |  |  |
| **5** | **REQUEST FOR DISPOSAL OF THE ABOVE ITEM (S)** |
|  |  **Signed----------------------------------------------------****Name------------------------------------------------****Section------------------------------------------- Date---------------------------------** |
| **6** | **DISPOSAL OF ITEMS AUTHORIZED** |
|  | **Signed----------------------------------------------****Name------------------------------------------------****SECTION----------------------------------------- Date----------------------------------------** |

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**Appendix G Cheque Requisition Form**

**Payee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Amount: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Purpose: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Requested by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

|  |  |  |  |
| --- | --- | --- | --- |
| **ATTACHED DOCUMENTATION** | **NUMBERS** | **INITIALS****YES** | **INITIALS****NO** |
| **Purchase order** |  |  |  |
| **Delivery Docket/Service receipt** |  |  |  |
| **Invoice** |  |  |  |

**Details----------------------------------------------------------------------------------------------**

**Approved by--------------------------------------------------------------------------------------**

**Date-------------------------------------------------------------------------------------------------**

**Cheque Number-------------------------------------------------------------------------------**

**Appendix H Month End and Quarterly Procedures**

**The following steps will form part of month-end procedures:**

**1. Update the FMS with expenditure transactions**

 **2. Post payroll journals**

 **3. Bank Reconciliations**

 **4. Debtors & Creditors Reconciliations**

 **5. Revenue Requirements**

**6. Monthly Expenditure against Budget Reports**

 **7. Late Payment Reporting**

 **Record Expenditure Transactions**

**1. EO ensure all transactions for month have been updated .**

* **Post Payroll Journals .**
* **Payroll Bureau provide payroll reports.**
* **EO Finance post nominal journal entries for Payroll –expenditure accounts, and control accounts.**
* **EO arranges payover of superannuation and voluntary deductions.**
* **Copies of gross to net reports for month retained on file.**

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1. **Bank Accounts Reconciliation.**
* **HEO prepares current account reconciliation each month.**
* **Reconciliation reports are signed off HEO and approved by AP Finance.**
* **Reconciliation reports retained on file.**

1. **Debtors & Creditors.**
* **Prepayments Report – detail of prepaid element of charges e.g. insurance, computer maintenance contracts etc.**
* **Accruals Report – detail of accrued elements of charges updated each month.**

1. **Revenue Requirements.**
* **Post PSWT return and payment – monthly.**
* **Post VAT return and payment – bi-monthly.**
* **Post P30 return and payment – monthly.**
* **Report to Revenue on suppliers.**
1. **Monthly Expenditure Reports.**
* **Download the profit & loss account into excel Monthly Expenditure Report which provides details of budgets, forecast profiles and expenditure for each month.**
* **Variances should be expressed in both monetary and percentage terms.**
* **Budget committee conducts an analytical review of actual performance to budgeted performance. Any large variances should be investigated and explained.**
* **The Auditor requires an analytical review of the year’s actual results compared to the budgeted figures. The monthly budget performance reviews will form the basis of this requirement at year-end.**

1. **Late Payment Reporting (Quarterly) .**
* **The K-KCP is required to record the number of days taken to pay suppliers.**
* **Purchasing Sections date stamp all invoices on receipt.**
* **Finance Unit record date of receipt and date of payment on FMS.**

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