



MAKERERE UNIVERSITY

Directorate of Finance



Finance Procedures Manual 2014

Guidance on the responsibility for and accountability of University funds, monies and resources, including general practices and procedures in specific instances or on the occurrence of specific events.

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Foreword

Makerere University recognizes its obligation to manage public funds and to account in respect of the existing Laws, Rules and Regulations that regulate the operation of Public Universities and Tertiary Institutions and those as issued by the Ministry of Finance Planning and Economic Development (MoFPED).

We introduce to you the Financial Management Practices and Procedures Manual that will guide the way business shall be conducted in Makerere University. This updated manual takes account of all revisions to the Government of Uganda Chart of Accounts, Financial Reporting formats and Monitoring of Government expenditure, all aimed at improving transparency and accountability for utilization of public funds.

We hope that Management and staff of Makerere University will find this Manual helpful. Any issues arising out of this manual shall be forwarded to the University Bursar for action where necessary.

Finally, we would like to thank the senior staff, consultant and all stakeholders who have participated in various capacities to ensure this manual is completed. We thank you for your contribution and commitment to this cause.

Prof. John DumbaSsentamu
Vice Chancellor
Makerere University

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The activity of producing the University Finance Manual was carried out by GTX & Co. Ltd who were hired by the University.

A team of 10 persons (all University staff) was nominated to review the contents of the manual and they together with the Consultant made tremendous contribution in the production of the final output. These are: Assoc. Prof. Arch. Barnabas Nawagwe (Ph.D), Deputy Vice Chancellor (Finance & Administration); Mr. David Kahundha Muhwezi, University Secretary; Ms. Denorah Nalule, Ag. University Bursar; Dr. Florence Nakayiwa, Director, Planning and Development; Mr. Evarist Bainomugisha, Manager, Finance and Administration; Ms. Jackie Keirungi Ayorekire, Assistant Bursar (Admin); Mr. Teefe Paul, College Bursar, College of Health Sciences; Mr. Peter Mubiru, Chief Cashier and; Mr. Walter Odoch, Assistant Accountant.

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Assoc. Prof. Arch. Barnabas Nawangwe (Ph.D)
Deputy Vice Chancellor (Finance and Administration).

List of acronyms

AIS	Accounting Information System
BCC	Budget Call Circular
BFP	Budget Framework Paper
DRAGT	Directorate of Research & Graduate Training
DVC F & A	Deputy Vice-Chancellor Finance & Administration
EFT	Electronic Funds Transfer
GAAP	Generally Accepted Accounting Practice
GoU	Government of Uganda
GRN	Goods Received Note
HoD	Head of Department
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LPO	Local Purchase Order
LST	Local Service Tax
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NTR	Non Tax Revenue
PAYE	Pay As You Earn
PDU	Procurement & Disposal Unit
PFAA 2003	Public Finance and Accountability Act 2003
PPDA	Public Procurement and Disposal Act
UB	University Bursar
UOTIA 2001	Universities and Other Tertiary Institutions Act 2001
URA	Uganda Revenue Authority
US	University Secretary
VAT	Value Added Tax
WHT	Withholding Tax

Chapter 1. Introduction

1.1 Makerere University

Makerere University was established in 1922 as a technical school, and is one of the oldest and most prestigious Universities in Africa. The University transitioned from the Faculty-based to the collegiate system on 1st July 2011 and as of 30th December 2011, Makerere University officially transformed into a Collegiate University with 9 Constituent Colleges and one School, operating as semi-autonomous units of the University. The University has several administrative units that support its core activities.

1.2 Mandate of the University

It is the responsibility of every officer of Makerere University to ensure maximum transparency and integrity of the University's financial transactions and systems, Subject to accountability requirements specified in the relevant legislation, The University Council as the governing body of Makerere University is responsible for the management and control of the finances of the University (UOTIA 2006). This includes responsibility for the adoption and review of a budget for the University. Although the UOTIA permits Council to delegate certain of its powers and authorities, Council may not delegate its duties in relation to the annual adoption of a budget and the approval of the spending of funds available to the University by way of bequest, donation or special grant.

In accordance with its statutory requirements, the University

- Prepares annual financial statements following the close of each financial year, certified by the Chairman of Council, the University Secretary and the University Bursar
- Submits annual financial statements to the Auditor-General
- Prepares and maintains a Financial Management Practice and Procedures Manual of policy and procedures for the University's accounting and internal controls
- Prepares and submits to the appropriate Minister in charge of Higher Education within four months of the close of the financial year an annual report which includes a copy of the audited annual financial statements.

The Mandate of the University as derived from Section 24(2) of the Universities and Other Tertiary Institutions Act, 2001 - UOTIA (as amended), is:

- i. The provision of higher education, promotion of research and advancement of learning;
- ii. Dissemination of knowledge and giving opportunity of acquiring higher education to all persons including persons with disabilities wishing to do so regardless of race, political opinion, color, or sex; and
- iii. The provision of accessible physical facilities to the users of public university.

1.3 Legislative environment

Makerere University is a body corporate, has a seal, and may sue and be sued in its corporate name. Under the UOTIA, the University may:

- enter into contracts
- acquire, hold, dispose of, and deal with property
- appoint agents and attorneys
- engage consultants
- fix charges, and other terms, for services and other facilities it supplies
- Establish or administer trust funds.
- In addition to its main teaching, research and service functions, the University is also empowered to exploit commercially any of its facilities or resources for the benefit of the University.
- The financial management of the University is governed by:
 - Enabling legislation - the Universities and Other Tertiary Institutions (UOTIA) Act, 2006
 - The Financial Accountability Act 2009
 - The Financial Accountability Regulations 2009
 - The Makerere University College Statute, 2011

The accounting concepts and standards used by Makerere University are in accordance with the Government of Uganda Financial Reporting Standards

The University's annual financial statements and internal controls framework are audited by the Auditor-General in accordance with the Auditor-General Act 2009 and Financial and Performance Management Standard 2009. Members of the University community are responsible for assisting with the satisfactory conduct of the audit as necessary and for complying with the legislative requirements.

1.4 Financial Control Environment

In accordance with the Act, Makerere University has a Council;

- (a) The University Council shall in relation to its functions:
 - (i) Receive gifts, donations, grants or other moneys and make disbursements as may be required, on behalf of the University
 - (ii) Approve the University budget proposals and the final accounts submitted by Management
- (b) The University Council shall within a period of three months before the end of each financial year, make and submit to the Minister for approval, estimates of the income and expenditure of the University for the next ensuing year (UOTIA Section 62).
- (c) The University Council shall keep or cause to be kept books of all income and expenditure and proper records in relation to them (UOTIA Section 63 subsection

- (1)). Subsection (2) states, The University Council shall cause to be prepared at the end of each financial year, a statement of financial position and a statement of income and expenditure during the financial year.
- (d) The University Council shall ensure that within three months from the end of each financial year, a statement of accounts is prepared and submitted to the Auditor General for auditing (UOTIA Section 64 (2))

1.5 Financial Management Responsibility

The University has a legal, statutory and ethical obligation to ensure all financial activities are conducted in an efficient, economical and appropriate manner, including timely and accurate recording and reporting of fund movements, security of assets and the maintenance of adequate controls.

The University is therefore required to develop, maintain and adhere to policies, procedures and guidelines in a manner that ensures the reliability and accuracy of financial management information, thereby ensuring the financial management and administrative obligations of the University are satisfied

1.6 Purpose and use of this Financial Management Practice and Procedures Manual

As a background cite the current legal framework for financial management, existing manual and the demand for the new manual

Sound business practices and stewardship principles call for each member of Makerere University College and staff to be accountable for safeguarding and preserving the assets and resources of the University, and for accurately recording the transactions of the University for the purposes of appropriately reporting to constituents including students, parents, donors, sponsors, and other interested parties. This document has been developed to provide further guidance on the proper accounting for transactions. While it is impossible to address every conceivable situation that may arise, this manual should provide a framework for College and staff to draw upon in their day to day activities.

The following policy statements pertain to all business activities of the University and are applicable to all members of the College and staff. Supervisors are responsible for familiarizing their staff members with this policy. While certain tasks may be delegated to staff directly involved in processing transactions, accountability cannot be delegated. The person delegating tasks remains responsible for proper performance of those tasks. This Financial Management Practice and Procedures Manual is intended to promote accountability and responsibility to all University staff especially those who have financial responsibility. It is also designed to provide its users with procedures and mechanisms for compliance in financial matters within the University's legal, statutory, reporting and audit requirements.

This Financial Management Practice and Procedures Manual will provide detailed, information necessary to plan, execute, account, and report on the University's financial operations. This Financial Management Practice and Procedures Manual is in line with the relevant University policies, explains important financial management processes, and identifies responsible officials and offices that perform or monitor the financial management functions of the University and their primary responsibilities.

This Financial Management Practice and Procedures Manual apply to all staff, students, and agents of the University especially those who conduct, manage, or oversee activities relating to the financial resources of the University.

1.7 Interpretation and Review of the Financial Management Practice and Procedures Manual

When additional guidance or interpretation of a specific part of this Financial Management Practice and Procedures Manual is required, the College Bursar shall be consulted and if need be the University Bursar too shall be consulted. The University Bursar shall also be consulted when an issue arises which is not addressed by the Financial Management Practice and Procedures Manual.

The Financial Management Practice and Procedures Manual shall be reviewed as and when the need arises. Suggested amendments to the Financial Management Practice and Procedures Manual shall be submitted in writing to the University Bursar. The ultimate amendments / revisions to this Financial Management Practice and Procedures Manual, at any one time, will be approved by the University Council.

Chapter 2. Governance

2.1 Vision

To be the leading institution for academic excellence and innovations in Africa.

2.2 Mission

To provide innovative teaching, learning, research and services responsive to National and Global needs.

2.3 Key Financial Management Roles and Responsibilities

The core financial management responsibilities within the University's internal control environment are managed mainly in the structures below:

Policy and oversight

- 2.3.1 The University Council
- 2.3.2 The Audit Committee of Council
- 2.3.3 The Finance planning and Administration Committee (FPAC) of Council
- 2.3.4 The Management committee
- 2.3.5 University Secretary
- 2.3.6 University Bursar
- 2.3.7 Principals/Directors/Deans/Heads of Department (HoDs)

2.3.1 The University Council

The Council is the supreme organ of the University and as such, shall be responsible for the overall administration of the University and ensuring the due implementation of the objects and functions of the University. Without prejudice to the generality in section (40) sub section (1), of the Universities and Other Tertiary Institutions Act, Council shall;

- i. Be responsible for the direction of the administrative, financial and academic affairs of the University;
- ii. Formulate the general policy of the University;
- iii. Give general guidelines to the administrative and academic staff of the University on matters relating to the operations of the University.
- iv. Do anything and take all necessary decisions conducive to the fulfillment of the objects and functions of the University.

2.3.2 The Audit Committee of Council

The Audit Committee of Council is tasked with

- i. Representing Council in providing oversight of the University's risk management practices.
- ii. Approving the Director Internal Auditor's Annual-year audit plan.
- iii. Reviewing the effectiveness of the University's practices related to monitoring its financial performance, compliance with applicable laws and regulations.
- iv. Reviewing the effectiveness of the University's Internal Controls.

The Vice-Chancellor, as Chief Executive Officer, is responsible to Council for all aspects of the institution's management, including its financial affairs. The Vice-Chancellor is assisted in this duty by the following:

- The Deputy Vice-Chancellor (Finance and Administration)
- The University Secretary – for financial control and accountability
- The University Bursar - for planning, resource allocation and financial management.

2.3.3 The Finance planning and Administration Committee (FPAC) of Council

The Finance planning and Administrative Committee is the University's financial and resource planning body. The Committee is empowered, on Council's behalf, to approve revisions to budgets and formulate policy on investment management. Finance Committee assists and advises Council on financial and resource planning for the University and receives advice in turn from the University Secretary, regarding the educational profile, strategic plans, resource allocation, and performance. Finance Committee also receives advice on the asset management plan, the implementation and administration of the financial operations of Makerere University including investment of funds, payroll, accounts and purchasing, and public accountability requirements.

The FPAC provides technical advisory services to Council on issues related to financial management as the Council may require from time to time.

2.3.4 Management Committee

The management Committee considers and recommends to FPAC various issues that have financial implications for onward recommendation to Council accordingly.

2.3.5 The Accounting Officer (University Secretary)

The University Secretary, is responsible for ensuring that the accountability obligations of Makerere University are met.

The roles of the University Secretary are:- The roles should take into consideration the letter of Accountant General for appointment of Accounting Officer.

- i. Responsible for the general administration of the University, including the custody of the seal and administration of its assets.
- ii. Secretary to the University Council; and
- iii. Accounting officer of the University.
- iv. As accounting officer the University Secretary shall ensure in particular-
- v. That adequate Control is exercised over the incurring of Commitments;
- vi. That effective system of internal controls and internal audit are in place in respect of all transactions and resources under his or her control.

2.3.6 The University Bursar

The University Bursar shall be responsible for the financial administration and planning of the University and his or her key roles are:-

- i. To maintain the accounts in a form determined by the University Council.
- ii. Coordinating the University's annual financial accounting and reporting.
- iii. Overseeing the University's daily performance of financial transactions.
- iv. Ensuring that the University's Financial Management Practice and Procedures Manual is kept up-to-date.
- v. Identifying, maintaining, and documenting financial policies and procedures.
- vi. Ensuring that all internal controls for financial operations promote and support the professional standards of the accounting profession, applicable statutes and regulations, and the University mission.
- vii. Designing internal controls for financial operations that promote the efficiency and effectiveness of University business operations.
- viii. Ensuring that all internal controls for financial operations promote and support the goals, objectives, and procedures set forth in the Financial Management Practice and Procedures Manual.
- ix. Implementing new Governmental Accounting Standards.
- x. Verify that adequate internal controls are established over processing of financial transactions affecting the school or administrative department. Internal controls include segregating duties, limiting both physical and data access to individuals who need such access to perform their responsibilities, and monitoring and evaluating financial results as outlined below.
- xi. Verify that periodic reports of account activity are reviewed to determine that all charges and entries are accurate and complete. The review must include a comparison of budget to actual results where applicable, and trends or areas of concern must be identified. For significant deviations from expected results, the variance must be investigated and reasons documented, along with any necessary corrective action plan.
- xii. Verify that all entries made to each revenue and expense account have been properly allocated and that transactions represent activities that pertain

to the purpose of the account. In the case of restricted accounts, verify that all transactions comply with donor-imposed restrictions on the use of funds.

- xiii. Take appropriate and timely action to correct any improper charges allocated to a cost center or research project/task by notifying the Comptroller's Office. All notifications should be made to the University Secretary, unless the transaction pertains to a sponsored research project. Notification for research adjustments should be made to the Manager of Grants University Bursar's Office.
- xiv. Verify that all charges to governmental and other restricted sponsoring agency accounts are appropriate and allowable under the sponsor's regulations.

2.3.7 Principals / Directors / Deans/ Heads of Departments (HoDs)

Principals, Directors and Heads of Business Unit are responsible for conducting their activities in a manner consistent with good internal control. They shall ensure compliance with GoU, University and donor requirements in the use of resources. These responsibilities include:

- i. Directing the manner in which their college, directorate, department or school conduct, manage, and account for, and reports on their financial activities.
- ii. Identifying strategic objectives for their college, directorate, department or school.
- iii. Assessing the risks to achieving their objectives.
- iv. Constructing annual budgets that incorporate their means of achieving strategic objectives and mitigating unacceptable risks.
- v. Explaining budget variances from expected budget conditions.

The role of Principals in relation to financial management includes responsibility for:

- Academic leadership and management of the college
- Co-ordination of academic planning and resource allocation to schools and departments and such other academic units and services within the college
- Preparation and presentation of college submissions for resources and the resultant administration of these resources
- Adherence by the College/Schools/Departments and other units within the college to all statutory, legal and audit requirements and associated University policies
- Provision of advice to the Vice-Chancellor on matters relating to the college.
- The authority of the Principal extends to all resources and staffing matters within the college, with the exception of those matters determined centrally.

The responsibilities of Colleges/Halls/Administrative and other Business Units relating to financial management include:

- Preparation and submission of estimates of the annual operating needs of the Business Unit for staff, maintenance, equipment and research support
- Preparation and submission of estimates of annual recurrent expenditure and

- non-recurrent expenditure
- Preparation of the Business Unit budget for allocation of available resources within the Business Unit
- Planning and conduct of operations in an appropriate manner in order to ensure income is sufficient to cover all operating costs and liabilities
- Ensure all assets controlled, financial records maintained and management practices used are in accordance with approved procedures and policy directions of the University
- Ensure all liabilities incurred are limited to the financial authorities of the delegated officers concerned.
- Ensure delegations are exercised with due prudence and in the best interests of the University in accordance with the University's financial delegation policy
- Observe the financial policies, procedures, directions of the University as promulgated in instruments such as University circulars, committee minutes and the Finance Manual ensure taxation liabilities for goods and services, fringe benefits, and all other allowances are properly recognized and statutory record keeping requirements are met.

Financial Accounting Policies, Procedures and Guidelines responsibilities of Colleges/Schools/Business Units

- Ensure staff is trained in their financial administrative responsibilities, including the use and contents of the University's Financial Management Practices and Procedures Manual.
- Ensure the University's Financial Management Practices and Procedures Manual is used as the main reference on financial accounting policies and procedures.
- Consult University Bursar for advice on areas outside the scope of the University's Financial Management Practices and Procedures Manual.
- Advise University Bursar of particular areas in the University's Financial Management Practices and Procedures Manual where additional information, clarification or specific training is required

Chapter 3. Budgeting

Makerere University, as a statutory authority established under the Universities and Other Tertiary institutions Act 2006, is required to undertake planning, budgeting and reporting in accordance with the following legislation:

- Finance Act
- Public Finance and Accountability Act 2003 Uganda
- Education budgeting framework and ministerial statement should be part of this legislation

The University prepares and manages its budget in conjunction with the annual strategic planning process. The budget is based on estimates provided by each responsibility centre and its purpose is to deliver the approved plans of colleges, administrative units and institutes. Detailed accrual budgets are prepared as five distinct programs:

- **Operating** - revenue and expenditure of all units relating to teaching, support activities and central overhead commitments
- **Research and External Services** - research training and institutional grants schemes, research infrastructure (derived either from central allocations out of operating funds or from external sources) and external revenue for specific research, consulting, testing or continuing education projects
- **Asset Management** - the major building program, maintenance programs, University minor works, IT infrastructure program and library resource allocation
- **Central Financing** - central financing receipting and distribution.

3.1.1 Roles and Responsibilities

The Directorate of Finance and Strategic Planning is responsible for collating budgets received from colleges and administrative units and for preparing the final University-wide budget in January each year.

Finance and Planning Committee of Council is responsible for considering strategic budget issues, approving the budget framework, and endorsing the University's budget. Council is responsible for approving the University's budget.

3.1.2 Budget process

Makerere's financial year is based on the government of Uganda financial year, and the budget for the University is set within this time frame. The annual budget is developed on an annual basis incorporating anticipated revenue and expenditure for all activities of the organization that have financial implications. The University's budget for the following year is completed by January each year and approved by Council at its January meeting.

Annual budgeting allows strategic analysis and decision making to be undertaken as part of the University's budget process. The budget is a detailed operational financial plan with the two out-years developed at a strategic level.

The budget is an integral part of the University's planning process and is achieved through the steps described below.

Step 1 - Development of Finance and Infrastructure Plan

Step 2 - Development of budget package

Step 3 - Development of draft programs and College / division / institute budgets

Step 4 - Budget signed off with Vice-Chancellor

Step 5 - Budget endorsed by Planning and Resources Committee and approved by Council

Step 6 - half year reforecast

Step 7 - Second half year reforecast (Second half Yr1)

Step 8 - End of Year Financial Reporting (First half Yr2)

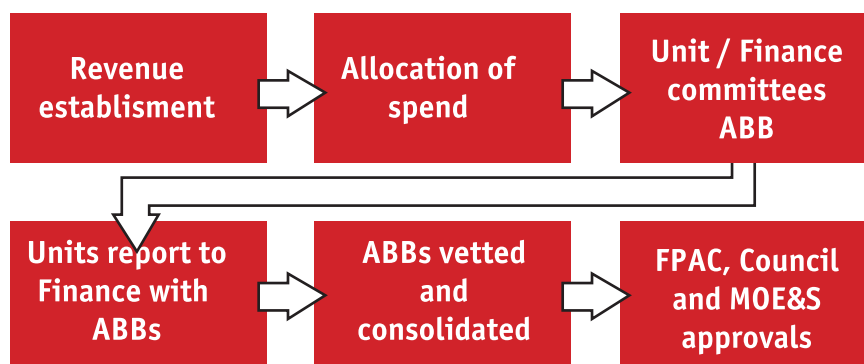
3.1.3 Corporate level budget development

In preparing corporate budget projections for inclusion within the University's Budget Package, the Division of Finance and Resource Planning is required to:

- determine the internal distribution of Commonwealth grant funding for both teaching and research grants;
- estimate revenue from fee-paying students and other income sources;
- identify existing and new strategic initiative funding; and
- review funding levels for University-wide overheads.

The annual budgets reflect the overall direction of the University as set out in the University strategic plan. The budget allocates resources each year for units to address the goals established in the strategic plan.

The University budgeting process



In the first half and second half of each budget cycle the University will undertake a complete review of its financial performance against the first year of the approved budget. This review is of all budget programs, with the budget to be reforecast to reflect the anticipated outcome for the year. The purpose of this review of annual revenue and expenditure estimates is to make appropriate adjustments for material movements in performance, which result in a major increase or decrease to the overall estimated financial position of the program or activity.

In addition, Colleges, and institutes will undertake a formal review of their Operating Program and College Funded Research budget forecasts in the first half and second half of each year. The reforecasting process will involve negotiations between faculties / divisions / institutes and the Unit of Finance and Resource Planning regarding budget increases / decreases in revenue estimates, along with material movements in anticipated expenditure performance. Any budget adjustments will occur prior to the end of the first half and end of the second half of the year respectively.

The Finance Department will liaise with the sponsors of the other budget programs to incorporate changes in revenue and expenditure performance.

3.2 Strategic Planning

The strategic planning process is coordinated by the Directorate of planning and incorporates information from all units of the University. Due consideration is given to environmental scan of internal and external factors affecting the achievement of the University's objectives, clearly Identifying threats and opportunities.

The strategic plan is approved by the University council on recommendation of Management. It's the Annual strategic goals that form a basis for the annual budgeting of all units of the University.

3.3 Annual Budget Planning

Budget development

As part of the strategic planning and budgeting process (A/2.2) faculties, divisions and institutes prepare and submit, for detailed review, their proposed annual teaching program budget, along with research-related budget submissions, for the coming financial year and two out-years.

Section 62(1) of the UOTIA provides that "the University Council shall, within a period of three months before the end of each financial year, make and submit to the Minister for approval, estimates of the income and expenditure of the Public University for the next ensuing year"

The preparation of the University budget goes through the following process(Diagram above):-

- i. Strategic plan review by the budget Committee
- ii. Estimation of Internally Generated Revenue by the University Bursar
- iii. State Appropriation (Government subvention) by Government
- iv. Identification of Priority areas by the College Finance Committees
- v. Allocation of resources to units by the University Bursar
- vi. Detailed Budgeting at Units by College finance Committees
- vii. Consolidation of Budgets by the University Bursar
- viii. Budget approvals By FPAC & University Council
- ix. Budget implementation and monitoring by the University Bursar
- x. Budgetary control by the finance department

3.2.1 Strategic plan review

The budget is intended to identify resources each year for units to address the priorities established in the strategic plan. With the coordination of the Planning directorate of the University, Units are required to identify key priority areas in the strategic plan annually, and that should form the basis of their annual budgeting priorities.

3.2.2 Estimation of Internally Generated Revenue

The planning department with the help of Academic registrar's department, Finance Department and the Dean of students will identify critical planning, growth, and environmental factors to assist in estimating tuition revenue based on projected enrollment and current trends in admissions, applications, retention, transfers, accommodation, tuition increase, etc.

3.2.3 Government appropriation

The Vice Chancellor, Accounting Officer, and the Bursar attend the National Consultative Workshop called by the ministry of Finance, planning Economic Development. The Workshop generates consensus on the budget preparation process, budget priorities for the next financial year and over the medium term with various stakeholders.

In line with the Medium term expenditure frame work and local revenue estimates, the Secretary to the Treasury will issue spending ceilings broken down into wage, Non wage, Development and Donor.

3.2.4 Allocation of resources to units

Makerere University is funded from a variety of sources including the following:

- Government funding through sponsorship of students
- Student fees (Appropriation in Aid)

- Substantial support for specific research projects with grant funds channeled through other agencies, for example, the Uganda National Council for science and Technology (UNCST)). Such agencies award grants to the University for Use by individual members of staff or a research team for a project approved by the granting agency
- Grants for development projects or other purposes
- Investments on university lands
- Proceeds from commercial units.

Internally, funds are distributed on a monthly basis or depending on the availability of funds across the University based on the Consolidated Budget. The Annual Budget development is tied closely to the University's planning process and is approved by Council before the end of the year prior to its implementation. All University funds are consolidated in one basket and re-distributed according to a zero budget framework.

The estimation of Internally Generated Revenue, Government appropriations, and Bilateral Donor funding activities all go into projecting overall University revenue for the year.

Based on the revenue projections, resources are allocated to units as follows:-

- i. Internally Generated revenue is allocated to units on the basis of activity budgets and shared between the unit and the centre based on the prevailing approved council policy on sharing of internally generated revenue.
- ii. Government appropriation in relation to wage, Development and Donor funding is specific and is managed centrally. Non wage Government appropriation will be allocated by the Director planning and the University Bursar based on the strategic plan key priorities subject to Council approval

3.2.5 Detailed Budgeting at Units

Based on the resources allocated, Units prepare activity/ output based budgets comprehensively detailing: output, performance indicators, and activities to achieve the output, inputs required and their costs. The unit budgets should be populated in the approved chart of accounts. The forecast of expense is based on experience and resources. In order to finalize the unit budget for the upcoming year, It is the responsibility of the Head of the unit to distribute the overall resource allocated to the unit into various operating expenditures.

The units must ensure they meet the budgeting deadlines as set out by the University Bursar.

The unit budgets must be approved by their respective finance committees and submitted to the University Bursar for review and eventual submission to council for approval.

3.2.6 Consolidation of Budgets

When all Unit budgets are approved and submitted, the University Bursar reviews the budgets in detail to ensure the appropriate amount was budgeted for and that the total amount budgeted does not exceed the amount of resource allocated to the unit overall. All the units' budgets are consolidated to derive the University wide annual budget that is presented to council through FPAC for approval.

3.2.7 Budget approvals

Section 62(1) of the UOTIA provides that "the University Council shall, within a period of three months before the end of each financial year, make and submit to the Minister for approval, estimates of the income and expenditure of the Public University for the next ensuing year.

The hierarchy of the University budget approval is as summarized below:-

- i. Finance committee- at Unit level
- ii. Finance Planning and Administration committee of Council- For the Draft consolidated budget
- iii. Council- For the Overall University Budget
- iv. Ministry of Finance Planning and Economic Development and Ministry of Education and Sports- Final approved budget

3.2.8 Budget implementation and monitoring

The University Bursar communicates to all units the approved budgets by distributing copies of the approved University budget to all Heads of units.

The budget performance is monitored as follows:-

- i. The Management Committee through the Finance planning and administration committee of Council shall present quarterly Budget performance reports to council explaining significant variances on actual vs. budget.
- ii. Management shall submit Quarterly budget performance reports to the Ministry of Finance, Planning and Economic Development.
- iii. The University Bursar shall prepare monthly budget performance reports for each budget holder to enhance effective budget monitoring.

3.2.9 Budgetary control

Ledger Works Commitment Control provides the following business processes:

- i. Control budget creation and maintenance.
- ii. Budget checking against control/remaining budgets
- iii. Inquiry on budgets and budget-checking activity.

Commitment control enables all units to track or control commitments, obligations, or expenditures. All transactions initiated from the Ledger works application, all undergo a process that performs both budget journal posting and transaction budget- checking. The approved budget is uploaded in the commitment control module of the accounting software of the University. Every payment can only be made if it passes a funds availability check in the system.

The primary control on unit budgets is available funding. Except for general oversight and policies governing the appropriate and prudent use of university funds, the central administration does not place additional limits on spending. For example, if a unit needs to spend on an item in its budget it does not need to seek approval from the centre.

The Consolidated Budget, the aggregate of all of MAK's smaller budgets, is therefore not centrally managed. Nonetheless, a great deal of planning goes into the development of the individual unit budgets that aggregate into the Consolidated Budget of the university.

3.2.10 Virements

The Accounting Officer shall ensure compliance with the Public Finance Accountability Regulations (PFAR) regarding the re-allocation of budgets.

The reallocation between line items, within the same vote, shall only be done with prior approval of the Secretary to the Treasury.

Budget Adjustments

Allowable budget adjustments fall within the following three categories:

- a) **Material Budget Adjustments** These adjustments represent significant movement in revenue and expenditure forecasts, which impact on the bottom line of the organizational area and/or budget program. These adjustments are allowed at budget reforecast time only and are subject to negotiation between the Division of Finance and Resource Planning and the relevant area.
- b) **Non-material Adjustments:** These adjustments are budget neutral as they have a nil impact on the bottom line of the organizational area and/or budget program. These adjustments are allowed between the months of January and December.
- c) **Allocations to Internal/Collaborative Projects** At budget development time organizational areas are required to identify College / division / institute internally funded initiatives within the Operating Program. The allocation of these funds to individual projects is allowed between the months of January and December.

3.2.11 Supplementary funding

The Accounting Officer shall ensure compliance with the Budget Act and the PFAA 2003 regarding supplementary funding. Section 12 of the Budget Act 2001 and sections 16 and

17 of the PFAA 2003 provide guidance on how to handle supplementary funding. The Accounting Officer, if in need of supplementary funding, shall submit requests to MoFPED for onward submission to Cabinet and Parliament for consideration and approval. The Accounting Officer shall seek prior approval of the University Council before submission to MoFPED.

Chapter 4 Financial operations

4.1 Chart of Accounts

Section 7 of the Public Finance and Accountability Act 2003 mandates the Accountant General to specify the basis of accounting to be adopted and classification system to be used by every Government reporting unit required to produce accounts. This includes Public Universities and other Self Accounting Tertiary institutions.

In order to accommodate the unique revenue and expenditure categorization for public universities, modifications to the Government of Uganda Chart of Accounts have been made by the office of the accountant General.

Broadly the key features of the Chart of Accounts include;

- i. The cost centre segment to enable detailed financial analysis and accountability taking care of all Colleges, Schools, Institutes, Departments, Affiliated Institutions and Central Administrative organs.
- ii. The MTEF segment and definition of the Vote functions and outputs for the university.
- iii. Additions are made to the account/item segment to accommodate certain categories of revenues, expenditure and statutory reserves that cannot be handled using the general Government chart of accounts.

The full and complete Chart of Accounts (as amended) is set out below for direct reference purposes:

ACCOUNT	TITLE	TYPE
133102	Treasury Transfers-Recurrent	REVENUE
133202	Treasury Transfers-Devt	REVENUE
142209	Tuition Fees	REVENUE
142219	Accommodation fees	REVENUE
142220	Functional Fees	REVENUE
145003	Miscellaneous Income	REVENUE
211101	General staff salaries	EMPLOYEE COSTS
211102	Contract staff salaries	EMPLOYEE COSTS
211103	Allowances	EMPLOYEE COSTS
212101	Social security cont	EMPLOYEE COSTS
213001	Medical expenses	EMPLOYEE COSTS
213002	Incapacity death and	EMPLOYEE COSTS
221001	Advertising and Publicity	EXPENSES
221002	Workshops and seminars	EXPENSES
221003	Staff Training	EXPENSES

ACCOUNT	TITLE	TYPE
221005	Hire of venue	EXPENSES
221006	Commissions and related exp	EXPENSES
221007	Newspapers & Books	EXPENSES
221008	Computer Supplies	EXPENSES
221009	Welfare entertainment	EXPENSES
221010	Special Meals and Drinks	EXPENSES
221011	Printing stationary	EXPENSES
221012	Small Office Equipment	EXPENSES
221014	Bank Charges	EXPENSES
221017	Subscriptions	EXPENSES
2210A3	Research	EXPENSES
222001	Telecommunications	EXPENSES
222002	Postage and courier	EXPENSES
222003	ICT Band Width	EXPENSES
223001	Property Expenses	EXPENSES
223003	Rent & rates	EXPENSES
223004	Guard and security	EXPENSES
223005	Electricity	EXPENSES
223006	Water	EXPENSES
223007	Other Utilities	EXPENSES
224001	Medical and Vet sup	EXPENSES
224002	General Supply of Goods & services	EXPENSES
224003	Technology	EXPENSES
224004	Food	EXPENSES
224005	Veterinary	EXPENSES
225001	Consultancy services	EXPENSES
226001	Insurance	EXPENSES
226002	Licenses	EXPENSES
227001	Travel inland	EXPENSES
227002	Travel Abroad	EXPENSES
227003	Carriage haulage,	EXPENSES
227004	Fuel oil and lubricants	EXPENSES
228001	Maintenance civil	EXPENSES
228002	Maintenance Vehicles	EXPENSES
228003	Maintenance Machinery	EXPENSES
228004	Maintenance other	EXPENSES
231001	Non Residential buildings	EXPENSES
231002	Residential building	EXPENSES
231003	Roads and bridges	EXPENSES
231004	transport equipment	EXPENSES
231005	Machinery equipment	EXPENSES
231006	furniture and fitting	EXPENSES
231007	other fixed assets	EXPENSES

ACCOUNT	TITLE	TYPE
262201	contribution to int. org	EXPENSES
282101	Donations	EXPENSES
282103	Scholarships and related costs	EXPENSES
321101	Bank Accounts	BALANCE SHEET
321501	Staff advances	BALANCE SHEET
321504	Other advances	BALANCE SHEET
321602	Trade debtors	BALANCE SHEET
322115	Cash at Hand	BALANCE SHEET
322504	Other advances	BALANCE SHEET
415002	Domestic arrears	BALANCE SHEET
415006	Deposits Received	BALANCE SHEET
418002	Pensions	BALANCE SHEET
511201	Reserves	BALANCE SHEET

4.1.1 Changes to the Chart of Accounts

Making changes to the Chart of Accounts will require the approval of the Accountant General.

4.2 Accounting Entries

All financial transactions shall be appropriately recorded in the books of account by Journals. The journals will be properly approved and supported.

Journals are entries to create/update revenue, expense, assets or liability amounts in the General Ledger.

4.3 Revenue and Accounts Receivable

1. All revenues generated by University activities and all expenditures for goods and services must be recorded and accounted for within the University's Accounting System. Revenues are recorded when earned, generally when the University has delivered the goods or services. Similarly, expenses are recorded when goods or services are received by the University. Holding an invoice or contract does not prevent the expense from being incurred and reportable. Accordingly, invoices should be submitted to Accounts Payable on a timely basis.

2. All transactions, whether recorded directly into the general ledger or entered through a subsystem, should be transcribed and supported in a way that allows for the preparation of financial statements in conformity with accounting principles generally accepted by Uganda Government. The University Secretary shall be responsible for the accuracy, integrity, and overall management of the University's financial system and should therefore be consulted on any matters relating to accounting policies and procedures.

3. The recording of all financial transactions must be timely, accurate, and clearly identify the true business nature of the transaction. Specific guidance pertaining to the timely posting of transactions is published on the Finance Department website, in a monthly memorandum, and in a closing calendar prepared by the University Finance Department.

4. No transaction, whether recorded directly into the general ledger or indirectly from a subsystem, nor any supporting documentation, shall be deliberately left incomplete or distorted. No payments made on behalf of the University are to be approved with the understanding that any part of such payment is for any purpose other than that described on its supporting documents.

5. The Accountant of each College and Division is responsible for oversight of financial transactions affecting individual cost centers (consisting of an organization and a funding source code) or research project/task in the University's financial records system. It is the University Bursar's responsibility to coordinate with the department chair, principal investigator or other designees to:

Verify that transactions are reviewed and approved by an individual with the appropriate level of knowledge and authority to do so.

The major sources of revenue for the University are:-

- i. Tuition and functional fees
- ii. Government subvention
- iii. Donor Grants
- iv. Miscellaneous income

4.3.1 Student Financial Services

4.3.1.1 Billing for Tuition and functional fees

The FINIS module within ITS automatically posts charges to a student's account for tuition and functional fees once a student has completed registration for a specific course. Course specific fees must be approved through senate before they can be assigned to a course. The approved fees structure is update in FINIS regularly.

Financial Management Practice and Procedures Manually Charges/credits can also be posted to a student's account individually by an authorized member of the Finance Department at the College or at the Centre. It is through this means that correcting entries/ adjustments are made to students' statements.

4.3.1.2 Students statements

Once charges and credits have been posted to a student's account, a statement is generated. The statement can be printed out for the student by any authorized staff of the Finance department at the College or at the central administration. Once a bill is considered past due, this will prevent the student from getting any service from the

University such as taking exams, course works, tests or obtaining their transcript until they settle their bills.

4.3.1.3 Payments and updating of statements

Payments to a student's account can happen in several ways:

- i. Payment at the Cashier's Office at head office (Main Building) by draft or by a cheque for an organization. Personal cheques are not accepted.
- ii. Pay cash directly on any of the University collection accounts with any of our partner banks country wide.
- iii. Make payments by direct electronic funds transfer to any of our collection accounts with any partner banks country wide
- iv. Partnering banks send the University an electronic file on a daily basis with full details of students' payments. The electronic file from the banks is run through it to the FINIS and accordingly students' statements are update with payments made.

4.3.1.4 Biological students/staff scholarships

One benefit of being an employee of the University is that the employee or their biological children may attend the University, subsidized tuition-. To obtain this benefit for a biological child, the employee must complete a tuition remission form and submit it to the Human resource department.

An employee will apply to staff and welfare development committee through Human resource department if they are the ones who require a scholarship.

Once the staff scholarship or biological student status is approved, the student's statement will be updated accordingly annually.

4.4 Government Subvention Revenue

Appropriated Government revenue is set out in four categories in the approved Government budget by parliament. i.e.

- i. Wage
- ii. Non wage
- iii. Development
- iv. Donor

Requisition of Government subvention

4.4.1 Wage Revenue

This revenue is disbursed automatically monthly based on the updated payroll managed by both Ministry of Public service and Ministry of Finance planning and Economic Development. The returns from Ministry of finance should be picked by Bursars office on

a monthly basis to record the Revenue and wage expenses accordingly in the University books.

4.4.2 Non Wage and Development Revenue

Requisition of this revenue should be done by the Bursars office per quarter based on approved work plans and cash limits issued by the Ministry of Finance planning and Economic Development.

4.5 Donor Revenue

The following are some of the sources of revenue in this area:

- i. Grant receipts /funding
- ii. Interest on account
- iii. Foreign Exchange Gains

4.5.1 Accounting for Grant Receipts

These are funds from agreements between Makerere University and the donors. Unless the donor has specified in the agreement the way in which the grant schedule should be accounted for, the following will apply in the accounting for grants receipts.

- i. For external grants, the Director of Planning & Development coordinates through Central Administration, who are responsible for collecting grants, by liaison with units who make project proposals and manage projects. Grant receipts are banked in accordance with donor agreement and accounted for through the University's accounting system and GOU Regulations.
- ii. Grants receipts should be monitored by using the University's accounting procedures. At year end, the outstanding grants balance carried forward to the following year are advised to University board.

4.5.2 Currency of Grants Receipts

The Grant Budget is usually agreed in foreign currency. Where the agreement requires an independent account specifically for that grant special foreign currency bank account will be opened for that purpose. It will be necessary to open another account in shillings, if transactions are dominated in shillings. A transfer will be made from foreign currency account to the shillings account for meeting local transactions.

4.5.3 Foreign Exchange

There is a time gap between the receipt of funds and when actual spending takes place. Given the fact that grants receipts are in foreign currency, there is an element of foreign exchange differences depending on the prevailing exchange rates which may result into either a foreign gain or loss.

The rate of exchange applicable shall be the rate ruling at the time of the transaction.

4.5.4 Requisition for Funds

Procedures for requisition of funds will usually be described in the Agreement between the donor and the University. The following procedure should be followed on requisitioning for funds

- a) **Receipt of funds-** The University will acknowledge receipt of funds by issuing an official University receipt.
- b) **Acknowledgement of funds-** The Dean/Project Co-coordinator will within 5 days:
 - i. Send letter to the Project Manager informing him /her of the release of funds;
 - ii. Advise him/ her on the approved budgets.
- (c) **Recording of Grant Income -** The amount received is recorded as follows:-
 - i. Open and maintain a separate cash book in foreign currency and local currency accordingly.
 - ii. The Income is recognized on a cash basis (When received)
 - iii. If a foreign currency cheque is to be deposited on Uganda shillings account, the foreign currency amount received will be translated to Uganda shillings at the exchange rate ruling at that day or negotiated rates
- (d) **Grant Monitoring -** The agreement will state the procedures for grant management; a statement of Grant disbursement from the funding agency might be obtained. It could indicate disbursements to date, the exchange rate used and current balance. This statement will be compared with the actual disbursement. The variances are investigated and appropriate corrective action is taken.
- (e) **Currency Retention in Foreign Currency -** The project manager shall inform the program Co-coordinator in writing the portion of funds required to be retained in the foreign currency.
 - i. Direct payments from the foreign currency account for goods and services are supported by the third party documents. The payment in foreign currency is translated into Uganda shillings at the exchange rate ruling at date of such payments.
 - ii. The Project Accountant will prepare a monthly Bank Reconciliation Statement within five (5) days after the end of the month.
- (f) **Grant Transfer into Uganda Shillings Account-** The Project Manager will request the Project Co-coordinator in writing the portion of funds to be put in Uganda Shillings Account with necessary documentation, authorization and approval.
- (g) **Grant Distributions to projects-** Project Manager submits the requests for funds to the Project Co-coordinator in writing.
- (e) **Quarterly Statements -** The Project Co-coordinator will send statements to the Project Managers on quarterly basis showing the following information.
 - i. Status of distribution
 - ii. Cumulative transfers in Uganda shillings;
 - iii. Cumulative transfer in foreign currency;

- iv. Balances of funds for each project in the program (foreign currency and Uganda shillings).
- (f) Project revenue - Project revenue will include all proceeds generated by the project related to the approved grant will include disposal of project assets, bank interest etc. This income will be accounted for on cash basis (i.e. when the money has been received).
- (g) Recording of Project Incomes- Interest received is recorded in appropriate Cash Book in the month following receipt of the bank Statement with such direct credit. Other income generated not related to the grant may be recorded in a separate Cash Book. A separate Bank Account will be opened to account for this other income if it is not to be mixed with grant income.
- (h) Banking procedures - All proceeds are banked intact into "Project Income Bank Account".
- (i) Utilization of project arrears - Payments from the project income bank account follow the normal payment procedures but are restricted to the expenditure specifically incurred in generating such income. All Project income received is taken into account when requisitioning for grant distribution for the next six months.

4.6 Staff Advances

4.6.1 Request for advances

The request for advances will be made by a letter. The information supplied by the person requesting for the advance include:

- i. Purpose of the advance;
- ii. Expenditure code;
- iii. Date of activity (Workshop travel etc);
- iv. Budgets for the activity.

4.6.2 Authorization/Approval of Advance

Advances are authorized by the Unit head who will first check the following:

- i. Prior advances have adequately been accounted for having verified with the advance ledger;
- ii. Details of the advance (budgets, work plan etc);
- iii. The purpose of the advance if it is in line with the work plan and budget.

4.6.3 Recording Advances

Advance ledgers are maintained in which details of advances for all concerned staff are kept. A control account for advances is maintained in the Vote Book to which the total of the individual advances during the month are posted.

4.6.4 Accounting for Advances

The Accountant in charge of expenditure scrutinizes the accountabilities received by checking the accuracy and comparison with the requests for advance prior submission to the Unit Head for approval. Accountabilities in excess of the advance are accompanied with written explanation for the excess expenditure. Where actual expenditure is less than the advance and the Unit Head has been received, the Accountant in charge of expenditure receives the surplus Cash, issues a receipt and banks it intact.

Advances will be accounted for within fourteen (14) days of the completion of the activity and in any case not later than 60days. Failure to comply with standing instructions leads to the following:

- i. Withholding further advances;
- ii. Recovery from payroll;
- iii. Disciplinary action in accordance with laid down procedures .

A report for accountability must be attached and receipts indicating clearly amount of advance being accounted.

Outstanding advances at year End will be posted to the general ledger to make up the funds balance. Accountabilities should be along budget lines. Advances control ledger Account is kept to monitor advances.

Balances on advances not utilized at the end of the work/research should be surrendered to the Head of accounts and a receipt should be issued.

Failure to submit accountability will necessitate refund of all unaccounted for funds by the implementer.

After clearance of all accounted funds, a Journal Voucher (JV) is issued to show clearance of total amount accounted for.

4.6.5 Accounting for Refund

Refund of over expenditure will be granted after accountability of all advanced funds and after the University internal Auditor has cleared the accountability.

4.7 Non staff Cash advances

Occasionally units may be required to put a deposit down on a purchase. Cash advances shall be used for university activities or events which may require cash deposit for a specific purpose and should be subject to PPDA Regulations.

4.7.1 Write-off of Bad debts/Advances

Write-off any Debt or advance shall be approved by Council. Advances or Debts proposed for write off shall first be presented by the University Secretary to the management committee showing all efforts that have been carried out to recover the amounts in question previously.

4.8 Procurement and Accounts Payable

The objective of the University procurement process, exercised through the Public Procurement and Disposal of Public Assets Authority (PPDA), policies and procedures, is to identify, select and acquire needed goods and services as economically as possible within specified standards of quality and service. This is done in a manner that provides for accountability of University expenditures. All University personnel are required to abide by the Public Procurement and Disposal of Public Assets Authority (PPDA), policies and procedures when requisitioning goods and services unless otherwise exempted under those policies and procedures.

Below is the summary of the procurement cycle as mandated by the Public Procurement and Disposal of Public Assets Authority (PPDA):

For more details on procurements refer to the PPDA Act and regulations.

4.8.1 Key Procurement Documentation

Requisition form-mention about Form PP20 herein

- i. This form shall be used by the user staff to request for provision of supplies or services.
- ii. The document will be raised in Triplicate, serially numbered:
 - i. One copy shall be maintained by Finance Department.
 - ii. Second copy shall be maintained by User Department/Unit.
 - iii. The third copy will be retained by procurement Department

Local purchase order (LPO)

- i. This will be triggered by approved requisition and satisfying all the statutory procurement requirements.
- ii. The Procurement and Disposal Unit shall raise the LPO
- iii. The LPO shall be in triplicate, serially numbered and:
 - o One copy to go to supplier to order the supply of goods/supplies.
 - o Second copy to go to Finance Department (receiving person) to await arrival of goods for verification, acceptance and settlement of the invoice.
 - o Third copy to be retained by procurement.

Goods Received Note (GRN)

- This is prepared by stores on receipt of goods ordered. Goods Received Note (GRN) raised shall be in triplicate, serially numbered and:
 - o One copy to be sent to Finance Department for payment purposes.
 - o Second copy to be retained by stores for record purposes.
 - o Third copy to be issued to supplier.

Supplies Issue Note

- It shall be raised when office goods/supplies are issued from store to user. It will be in duplicate, serially numbered and:
 - o One copy to the receiving unit.
 - o Second copy retained by stores.

Service Certificate

This is to be prepared as acknowledgement of receipt of a service which is contractual in nature, and whose completion needs to be confirmed by a supervisor or technical person e.g. office partitioning, installations, maintenance and renovation of buildings and properties etc.

This document will among other things define;

- Service to be provided to the University.
- Phases of the service against which performance progress will be evaluated and interim payments made.
- Phases executed and paid for and phases not executed and still outstanding for payment.

It shall be in triplicate, serially numbered and book bound.

- It shall be prepared by the Manager Estates and strategy on the contractor's execution of a service to the specification of the service contract:
 - o One copy shall be sent to finance department for payment purposes.
 - o Second copy to be given to the contractor.
 - o The third copy shall be maintained by the Unit.

Purchase Returns Memo

A Purchase Returns Memo shall be raised when a supplier has delivered poor quality or defective supplies, and this is discovered later after receipt of the same. It will serve to trigger any of the following transaction actions:

- Return of supplies, with the value quoted on the memo as a debit to the supplier's account with the University.
- A debit of a specified amount to the supplier's account held with the University as

compensation for the defect or poor quality of the supplies.

The Purchase Returns Memo shall be in triplicate, serially numbered:

- o One copy shall be sent to the supplier, to notify him of the action undertaken against his delivery.
- o The second copy shall be used for accounts recording (i.e. updating the supplier's account and stock records), matching with relevant documents and eventual filing.
- o The third copy shall be maintained by stores.

4.8.2 Payments

Processing of payments will be initiated at the colleges, user units or departments. Payments will require 2 signatories to clear. The Head/Deputy of a unit will sign then the University Bursar or University Secretary will sign at the Centre.

A payment will be initiated by a written request from the school, department /unit, etc; this will be approved by the head of that unit- with all supporting documentation attached where applicable(Invoices, receipts, etc).

The payment request will then be sent to the Unit finance office to confirm availability of funds and budget.

Once the finance office has confirmed funds and availability of budget, a voucher will be attached to the payment request and forwarded to the Head /Deputy Head of unit for approval.

Once the Payment Vouchers are fully approved, a cheque will be written or payment will be uploaded on the electronic system for signing as per the mandate above.

4.8.3 Petty cash Payments

Petty Cash imprest will be maintained for immediate use when normal processes for procurement do not apply. Petty Cash Funds will be maintained by a designated staff. Request for Petty Cash replenishment will follow the process for payments described above.

There are two types of Petty Cash Funds:

- Standard Long Term Petty Cash Funds – Long-term based upon an ongoing and revolving use of the funds for which replenishments are done on a frequent and regular basis. An example would be a departmental Petty Cash fund.
- Event or Project Petty Cash Funds – Short-term funds provided for a specific event or project. They have a definite end date by which they are to be closed out. An example might be an exhibition event

4.8.3.1 Imprest system

Payment from imprest shall be for small expenditures where it is not practicable or efficient to issue cheques or for emergency payments and should be limited only to transactions not exceeding Shs. 200,000/= for a single payment.

Petty cash payments are restricted to small amounts. Before a unit begins to use imprest, approval must be sought from the Bursar through the unit head.

To establish a petty cash fund the unit head shall estimate the approximate amount that is required for a month. Depending on its usage, the petty cash fund may be reduced or increased with prior written approval from the Unit Head and the Bursar.

The petty cash fund is established and based upon an imprest system in which a single cheque is drawn to reimburse the fund for the total amount expended. The Assistant Accountant at the Unit shall manage the petty cash fund and shall be authorized to receive and disburse petty cash funds on behalf of the unit. The Head of Accounts shall be responsible for reconciling the petty cash fund and therefore must not be allowed to manage it.

Petty Cash must be kept in a cash safe at all times.

4.8.3.2 Request for Petty Cash

When need for petty cash arises, the concerned staff shall raise a Petty Cash request. This request must be authorized by the head of unit and forwarded to the Head of accounts for processing and the Assistant Accountant for payment. The money shall be issued to the recipient as an advance.

4.8.3.3 Retiring Petty Cash

The recipient of petty cash has the responsibility to produce the necessary receipts/ supporting documents required to retire the petty cash advance. These documents form the basis required to account for petty cash.

Any balance of funds on the advance provided must be returned to the assistant accountant at the time of accounting for the advance.

Once these receipts are submitted, the petty cashier shall raise a Petty Cash Voucher for the respective Head of unit for Approval. The Petty Cash Voucher must provide information regarding the amount of petty cash disbursed, the date, the account code and a description of the payment.

If the recipient fails to submit the necessary documents required to retire the advance taken, the Advance listing form must be forwarded to the Head of Accounts. At the time

of petty cash replenishment the Head of Accounts shall code this as an advance due from that staff. If by the payroll preparation stage this advance is not retired, the Head of Accounts must forward the details of unretired petty cash advance to the Head of unit to authorize recovery from the payroll.

4.8.3.4 Cash Counts

Regular end of month Cash Counts should be made and these should be witnessed by at least 3 staff. That is the Assistant accountant, the Head of Accounts and any other staff selected by the Unit head.

4.8.3.5 Recording of Petty Cash

A Petty cash book is kept and balanced off daily. The balance in the Petty Cash Book is reconciled to physical cash counts.

4.8.3.6 Banking Intact Proceeds

The proceeds from any other cash receipts should not be mixed up with petty cash. Refunds of advances not used are receipted and banked intact.

4.8.3.7 Petty Cash Replenishment

Replenishment of the petty cash imprest will be equal to actual expenditure incurred. When requesting for replenishment, the petty cashier shall attach a Petty Cash Analysis Form which summarizes the petty cash expenditure by account code. The replenishment is meant to raise the petty cash level to the authorized float.

The following process shall be followed:

- i. The Assistant Accountant must ensure that the total of the petty cash vouchers (with relevant attachments) agrees with the Petty Cash Analysis Form
- ii. The Head of Accounts shall vouch the payments and attachments thereto and countersign them if found to be correct. In case errors are found, the Accountant shall send the petty cash replenishment request back to the Assistant Accountant for correction.
- iii. If no errors are found the Head of Accounts shall prepare the payment request attaching all the supporting documents and forward them to the Unit /Head/Dean for approval.
- iv. Once approved the Payment Request shall be forwarded to the Head of Accounts for voucher preparation and subsequent payment.
- v. The Assistant Accountant must acknowledge receipt of funds replenishing the float and this Acknowledgement shall be attached to the Payment Voucher that drew the funds from the bank.

4.8.4 Accounts payable

Under cash basis of accounting expenditure is recognized in the period in which it is paid not incurred. The basis of preparation of accounts is modified with regard to recognition of pension liabilities and domestic arrears.

A memorandum record is maintained for all pension liabilities and domestic arrears both at the centre and at the units.

4.8.5 Borrowings

Makerere University may borrow, with the approval of the Permanent Secretary, Ministry of Education, in accordance with the Universities and Other Tertiary institutions Act 2006. The University Secretary has delegated authority, following endorsement of each request by the Vice Chancellor, to approve access to funds from commercial banks for up to 30 days and within pre-approved limits.

All other borrowings require Council approval following recommendation from Finance and Planning Committee. Such recommendations are to include a detailed business case clearly identifying the benefits of the loan, including a detailed cash flow projection prepared on a discounted cash flow basis.

The principles applying to borrowings are as follows:

- i. Council, following recommendation from Finance and Planning Committee, recommends all borrowings to the Secretary to the Treasurer for approval via the Permanent Secretary, Ministry of Education;
- ii. Borrowings must be in Uganda shillings and undertaken in Uganda;
- iii. Borrowings will generally be from approved commercial or development banks, with any guarantee or conditions being approved by the Secretary to the Treasurer;
- iv. Funds required to meet borrowing repayments are to be accounted for in the annual budget and commitments are to be reported in the University's Financial Statements;
- v. The University's liquidity level is to be maintained at all times to meet all reasonably anticipated operating cash flow requirements of the University, as and when they fall due; and
- vi. Total borrowings should be a mixture of fixed and floating interest rates wherever practicable.

Borrowings may be approved in the following limited circumstances:

- To further the University's research activities and to commercialize intellectual property;

- To support the Asset Management Program;
- To address unexpected shortfalls in cash flows.

4.8.5.1 Approvals

Borrowings may be approved in the following limited circumstances:

- i. To further the University's research activities and to commercialize intellectual property;
- ii. To support the Asset Management Program;
- iii. To address unexpected shortfalls in cash flows.

The University Secretary has delegated authority, following endorsement of each request by the Vice Chancellor, to approve access to funds from commercial banks for up to 3 months and within pre-approved limits by the Secretary to Treasury.

All other borrowings require Council approval following recommendation from Finance and Planning Committee. Such recommendations are to include a detailed business case clearly identifying the benefits of the loan, including a detailed cash flow projection prepared on a discounted cash flow basis.

All borrowings are approved within the context of the published University Consolidated Budget and Asset Management Plan.

4.8.5.2 Records and reporting

The University Secretary ensures that all borrowings are recorded in a central register and that source documents are safeguarded.

The University Bursar provides a status report on borrowings as part of the quarterly report to Finance and Planning Committee.

4.9 Bank Accounts

4.9.1 Bank information

All bank accounts will be opened by written instructions to the banks by the University Secretary with prior approval from the University Council. The bank opening instructions will clearly indicate the signatories and their mandates.

Each bank account will have a separate file for filing bank statements, bank advices, list of signatories and other relevant information. Bank statements will be requested for on a monthly basis. The cheque books, cheque folios and related bank information are to be kept (under lock and key) by the Project Accountant. The same applies to cheque folios and related bank information.

4.9.2 Bank Documentations

All communication to the banks must be signed by approved signatories in the correct signing mandate, and delivered by persons authorized to transact with the banks. Likewise, only authorized persons must collect all communication from the bank.

The bank documents include but not limited to:

- i. Bank Confirmations
- ii. Letters appointing bank signatories
- iii. Letters appointing bank agents
- iv. Account inquires
- v. Funds transfer instruments
- vi. Bank Instructions
- vii. Cheque books
- viii. Bank Statements
- ix. Bank Advice

4.9.3 Bank Transactions

The Unit Head/ University Bursar/ University Secretary on behalf of the University Council shall appoint at least one member of staff to be a bank agent. This person is authorized to:

- i. Collect Mail / Statements
- ii. Deposit Cheques
- iii. Deliver Instructions to the Bank
- iv. Deposit Cash
- v. Order/Collect Cheque Books
- vi. Cash Cheques

This authority must be in writing, on a Makerere Letter Head Paper and Communicated to the bank. The bank agent must not necessarily be a bank Signatory. The Signatories to the accounts can also withdraw cash from the counter.

If an authorized Cheque signatory or bank agent ceases to be a signatory or bank agent for any reason, the Head of unit shall notify the University Secretary of the name of the signatory or bank agent and request that their signing or bank agency authority be revoked as of a specific date. The University Secretary shall write to the bank immediately revoking the signing or bank agency privileges of such a person. A copy of this letter, duly stamped by the bank as “received” must be kept on the bank file.

Other Bank Transaction Controls

- i. The authorized signatories to the cheque/ Electronic funds transfer will be in two categories of signature levels. The Principle signatories, (that is, the University

- Bursar and University Secretary) and other Signatories that is the Unit Head / Deputy Unit Head.
- ii. Signatories must scrutinize all the supporting documents for authenticity and completeness prior to signing the cheque.
 - iii. All the supporting documents to payments must be stamped PAID upon the cheque/EFT signed.
 - iv. All cheques issued shall be registered and signed for by the recipient.
 - v. Signing of blank cheques is not permitted
 - vi. All cheque serial numbers must be accounted for in the cash book and all cancelled cheques shall be perforated and filed separately.
 - vii. All cheque books must be securely kept under lock and key in the safe at all times. The Head of accounts shall keep the key to the safe.
 - viii. All instances of loss or misplacement of cheque book/leaves shall be reported promptly to the bank. A stop payment order shall invariably accompany such a report.
 - ix. Requisition for cheque books shall be made only by authorized signatories.

4.9.4 Cash Book

A separate cash book is kept for each bank account.

4.9.5 Bank Reconciliation Statements

Bank Reconciliation statements should be prepared by the Head of accounts on a monthly basis. Cheques that remain un-presented for more than 3 months are to be followed up and evidence of such action documented. Those over 6 months shall be cancelled and written back in the cash book and the corresponding expenditure reversed. All direct entries on the Bank Statement are reviewed and identified. Those with valid explanation are recorded immediately in the Cash Book during the month. Those which are not explainable are followed up with the Bank within 14 days from the date the Bank statement is received.

4.10 Payroll

4.10.1 Updating of Payroll

Makerere University payroll is managed by the Ministry of Public Service. Updating of the payroll will be by way of pay change reports that will be prepared by Finance department, checked by Human resource department and approved by the Accounting officer. The payroll updates to include in the pay change report will take the following forms:

- i. Additions of new employees- supported by appointment letters.
 - ii. Additions of employees deleted previously in error.
 - iii. Deletion of leaving/ retiring employees.
 - iv. Changes in pay due to arrears, promotions, etc.
- All pay change reports must be submitted by 15th of every month for the change

to be effected the following month.

4.10.2 Payroll Deductions and remittances

There are two types of payroll deductions:-

- i. Statutory deductions- PAYE, NSSF, LST, etc
- ii. Non statutory deductions- Advances, Utility charges, Pension schemes, etc.

For non-statutory deductions; a code must be requested from public service by the University for the deduction to happen.

For statutory deductions ensure that staff are properly registered with the respective statutory bodies and that deductions are remitted on time.

4.10.3 Funding of the Payroll

The University funds a portion of the payroll from internally generated funds. Internally generated funding should be contributed by 15th of every month not to cause any delays in salary payment.

4.11 Inventory Management

Inventory includes supplies, materials, furniture, and other movable assets stored for allocation to users upon requisition. Every unit should ensure:-

- i. They identify a place to accommodate its stores
- ii. Have a designated staff in charge of stores.
- iii. The stores are properly secured from theft and bad weather.

4.11.1 Procedures for stores management

- i. All goods received must be accompanied with a local Purchase Order (LPO), Delivery note and Invoice.
- ii. The Stores Goods Received Note (SGRN) has to be prepared on receipt of the Goods. It should be attached to the delivery note and the invoice to support the payments.
- iii. The store keeper must always inform Internal Audit when goods are received so that they are verified.
- iv. Goods received should be posted on the ledger cards/ bin cards.
- v. Bin cards/ stores ledger should be updated with issues out of stores.
- vi. A report should be prepared at the end of every quarter showing receipts, issues and balances of all stock items.

4.11.2 Stock take/Inventory Count

At the end of every year there should be a stock count and will be in line with detailed guidelines issued by the Accountant General annually.

4.12.1 Fixed Assets & Intangible Assets Management

Definition

An asset is anything of material value and which provides a potential future economic benefit to the University. The University Secretary is responsible for the strategic management of the University's assets including its property, plant and equipment.

Intangible assets are identifiable long-term assets of an organization having no physical existence, such as intellectual property (IP) and information technology software. Software (including purchased software) that is not an integral part of hardware is treated as an intangible asset.

Where the software is an integral part of the related hardware (for example the operating system), it is treated as Property, Plant and Equipment.

A Fixed Assets Register is maintained by the University for all non-current assets with acquisition costs in excess of Shs.5,000,000. This register records all data necessary to identify and locate assets, together with other relevant information (eg depreciation, life expectancy).

Assets with acquisition costs less than Shs. 5,000,000 but greater than Shs. 2,000,000 (greater than Shs. 1,000,000 for ICT equipment) are also recorded in the Fixed Asset Register as portable and attractive items, where required.

Heads of responsibility centres should exercise efficiency and economy in acquiring assets on the University's behalf and observe University and Government purchasing policies.

To assess an internally generated intangible asset, the project needs to be identified at the earliest possible stage. Internally generated assets arising from development of an internal project must demonstrate that the asset will generate probable future economic benefit.

Software development can be undertaken in-house and will include activities such as design and construction, testing, specifications works, pre-production use, alternatives, improved products, processes or service.

Makerere University's asset management framework identifies the key elements associated with asset management, namely acquisition, use, disposal and investment. For property, plant and equipment it considers a 'whole of life' approach including operational requirements, acquisition, enhancements, and disposal of assets, all of which have an impact on asset valuations and depreciation.

The University may control other assets under arrangements with other bodies, or under terms of leasing or tenancy agreements.

In managing fixed assets, units will ensure:-

- i. Safe custody of all fixed assets.
- ii. Moveable fixed assets are properly engraved
- iii. Documents of title are safely maintained

4.12.1 Fixed Assets Accounting

Makerere University when accounting for assets will ensure:-

- I. Purchases of assets including immovable property, plant and equipments are expensed fully in the year they are paid for for Government financial reporting purposes.
- II. A record of acquisition, transfers and movements of fixed assets is maintained
- III. All units will maintain fixed asset registers. The Fixed Assets Register will record all non-current assets with acquisition costs in excess of Shs.200,000. Assets with acquisition costs less than Shs.200,000 may also be recorded in the Fixed Asset Register, where required.
- IV. Register for land and buildings will be centrally maintained. The registers where applicable will detail the following:-
 - i. Date of purchase
 - ii. Asset description/name
 - iii. Asset location
 - iv. Asset type
 - v. Cost
 - vi. Condition- Good or bad/In use or note
 - vii. Quantity
 - viii. Reference number

The classification of fixed assets shall be in the following categories:

- i. Land
- ii. Buildings
- iii. Plant & Machinery
- iv. Motor Vehicles
- v. General Office equipment
- vi. Electronic Equipment
- vii. Office Furniture, and
- viii. Fixtures & Fittings

4.12.2 Leasing of assets

A purchase versus lease appraisal should be prepared by the college or department to validate a recommendation to either lease or purchase an asset. Heads of responsibility centers should obtain the approval of the University Secretary before entering into commitments for leasing assets.

4.12.3 Rental of Assents

When not required for University purposes, University assets may be hired to staff and outside bodies on terms and conditions contained in Makerere University's policy for user charging. Requests for new arrangements must be forwarded to the University Secretary for consideration and endorsed by the Vice-Chancellor.

University assets may be hired to staff and outside bodies in line with PPDA regulations. Requests for new arrangements must be forwarded to the University Secretary who will present them to management and thereafter go through the PPDA procedures.

4.12.4 Fixed Assets Disposal

The Board of Survey conducted at the end of every year recommends particular assets for boarding off. The assets identified for boarding off will be presented to management for consideration. If management approves disposal in consultation with council where necessary, then the PPDA regulations will be followed for the procedure of disposal. Disposals that are not as a result of Board of survey; such as land or buildings, will be subject to Council approval.

Proceeds from disposal of assets will be treated as miscellaneous income.

Disposal of items can be made when assets are no longer required, have reached the end of their useful life, or are technically or economically redundant. Faculties and divisions are provided with the flexibility of choosing how to dispose of their assets through methods described in the [http://www.frp.qut.edu.au/services/policy/financial_management_manual/Public Procurement and Disposal Guidelines](http://www.frp.qut.edu.au/services/policy/financial_management_manual/Public%20Procurement%20and%20Disposal%20Guidelines). To be able to make informed asset disposal decisions, a disposal decision tree has been developed. If a responsibility centre has assets which are surplus to their requirements, but still serviceable, they must canvass other areas of the University to determine whether another responsibility centre has a need for such assets and would be interested in acquiring those assets. Approval for disposal of assets and write-offs is in accordance with the delegated authority.

4.12.5 Loss of Fixed Assets

Heads of responsibility centers are responsible for reporting any loss of or damage to assets as soon as possible to the Security Manager, who will take action to prevent the loss recurring. Where appropriate, an insurance claim should be completed as per instructions on the Finance and Resource Planning website.

In the event of a possible offence under the Uganda Criminal Code or other act or law, the Security Manager is required to advise the police and the University Secretary, who shall notify the Auditor-General. Where official misconduct by a member of the University is indicated, the Security Manager must instead report the matter to the DVC (F&A) who shall notify the Staff Tribunal. The University Secretary is responsible for ensuring that all

material losses are recorded in the Record of Material Losses Register (Non-Cash). If an asset is lost through an accident, a fire or for any reason other than negligence, a police report must be obtained. The police report shall be used as the basis of writing this asset off the register.

If loss is due to negligence on part of staff, the University Secretary shall take disciplinary action against the defaulting staff and if possible recover the asset.

4.12.6 Insurance of Assets

The University Secretary will ensure all of the University's insurance requirements are met accordingly.

4.12.7 Write-off of Fixed Assets

Action to write-off assets must be in accordance with the delegated authority (Schedule of Authorities and Delegations). The Vice-Chancellor can authorize the write-off of bad debts and assets which are missing, obsolete, irreparable, at the end of their useful lives or scheduled for replacement where the value exceeds Shs.25,000,000. The University Secretary can authorize the write-off of bad debts and assets up to the value of Shs.25,000,000. Principals of college/ heads of division can authorize the write-off of assets which are obsolete, at the end of their useful lives or scheduled for replacement or retirement to the value of Shs.5,000,000.

4.12.8 Depreciation

Assets are depreciated according to accounting standards and policies prescribed by legislation. Depreciation is calculated by applying the straight-line method.

4.13 Tax

Makerere University must comply with all relevant Authorities, State and Local government taxation laws, regulations, policies and procedures. In particular the University must comply with the following tax heads in accordance with the Income Tax Act and Local Service Tax Act:

- i. PAYE
- ii. WHT
- iii. VAT
- iv. LST

Copies of receipts and tax returns shall be securely kept with the other financial records of the University.

4.14 Financial Reporting

The University will produce financial statements in the format prescribed from time to time by the Accountant General.

4.14.1 Monthly Financial Statements

- i. Trial Balance.
- ii. Statement of Revenue Collected.
- iii. Statement of Arrears of Revenue.
- iv. Statement of Contingent Liabilities.
- v. Statement of Outstanding Commitments.
- vi. Statement of losses of public monies and stores written off, and claims abandoned with authority for such write-off or abandonment.
- vii. Statement of losses of public funds and stores reported whether written –off or not.
- viii. Statement of stores and other assets.
- ix. Bank Reconciliations.
- x. Commitment returns.

4.14.2 Quarterly and annual financial Statements

- i. Schedule of Bank balances as per records
- ii. Budget performance statements
- iii. Payment schedule
- iv. Consolidated Trial Balance
- v. Statement of Financial Performance – by function
- vi. Statement of financial performance – by nature
- vii. Statement of financial position [Balance Sheet] of the consolidated fund
- viii. Cash flow statement of the consolidated fund
- ix. Statement of changes in equity
- x. Statement of outstanding loans
- xi. Statement of investments held by the University.
- xii. Summary statement of revenues and expenditures by – vote
- xiii. Statement of contingent liabilities
- xiv. Statement of outstanding commitments
- xv. Statement of loss of public monies and stores written off, and claims abandoned with authority for such write off or abandonment.
- xvi. Statement of public monies and stores reported lost whether written-off or not.
- xvii. Statement of arrears of revenue
- xviii. Statement of stores and other assets.

Chapter 5. Financial Information Software

5.1 Working Environment

The Makerere University information technology (IT), used for processing financial information is fairly fragmented and this complicates financial operations. The Financial IT comprises:-

- i. Ledger works for managing Government subvention and internally generated funds
- ii. Integrated Tertiary Software- Has a financial component called FINIS. However in FINIS only the students debtors module and electronic banking are in use.
- iii. Pastel, Oracle financials and others may be used for Donor projects.

The Ministry of Finance planning and Economic development is in the process of acquiring an integrated common IT platform for all public universities to solve the issues caused by non-integration of IT systems in public Universities.

5.2 Access and Security (Control Environment)

All finance department staff that have responsibilities on various IT systems are assigned an account when they join the University to access the respective systems to do their work. There is authorized access to the IT systems based upon the roles that individuals support as supported by the system in place.

Chapter 6. University Accounting Policies

6.1 General Information

Makerere University is an accounting entity of the Government of the Republic of Uganda and is domiciled in Uganda.

The principal address of the entity is:

Makerere University,
PO Box 7062 Kampala,
UGANDA.
Website: <http://mak.ac.ug>

6.2 Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Uganda in preparing and presenting the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

6.2.1 Basis of preparation

The financial statements are prepared in accordance with the requirements of the Public Finance and Accountability Act, 2003 [the Act] and comply with Generally Accepted Accounting Principles taking into consideration the Government of Uganda legal and regulatory framework regarding public finances.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The cash basis of accounting as modified with regard to recognition of pension liabilities, domestic arrears, revenue from the consolidated fund, letters of credit and prepayments should be consistently used.

Under cash basis of accounting, revenue is recognized generally in the period in which it is received and not when earned, while expenditure is recognized in the period in which is paid not incurred. Similarly, purchases of assets including immovable property, plant and equipments are expensed fully in the year they are paid for.

6.2.2 Reporting currency and translation of foreign currencies

Functional and presentation currency

The functional and reporting currency is the Uganda Shilling, which is the legal tender of the Republic of Uganda. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

Translation of transactions in foreign currency

Foreign currency transactions are translated into Uganda shillings using the exchange rates prevailing at the dates of the transactions and retranslated at year end using the closing rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

6.2.3 Reporting Period

The reporting period for the financial statements is the financial year of the Government, which runs from 1 July to 30th June of each year. However for donor funding, the reporting period depends on the agreement between the University and the Donor.

The Budget forecast is the original forecast as amended by subsequent supplementary budgets for the year as appropriated by Parliament.

6.2.4 Revenue

Revenue represents cash received by the entity during the financial year and comprises Transfers from the Consolidated Fund, Grants received and Non-Tax Revenue.

Subject to Article 152 of the Constitution of the Republic of Uganda, tax is levied with the authority of Parliament.

Many services and benefits are provided by the accounting entity to the public but these do not necessarily give rise to revenue to the entity. Equivalently, payment of tax and other dues do not necessarily result into an entitlement to the taxpayer to receive equivalent value of services or benefits because there is no explicit relationship between payments of tax and other dues, and receipt of goods and services from the government. Revenue is recognized as follows:

Transfers from the Consolidated Fund

Transfers from the Consolidated Fund to the entity are recognized when disbursement is made. Transfers are made periodically to facilitate the operations of the entity in accordance with the appropriated budget and the cash limits that have been established for government spending for the period.

Grants

Grants are recognized when received. Similarly, grants/transfers to other entities of government are recognized when disbursement is made.

Non-Tax Revenue

Non-Tax Revenue is proceeds from sales of designated services by the entity. Sales of services are recognized in the period in which the payment for the service is received and not necessarily when the service is rendered.

Non-Tax Revenue, whether directly collected by the entity or collected by another entity on its behalf is recognized when received.

6.2.5 Expenses

Expenditure is to be incurred for official purposes only and, if required, officers must be able to identify the relationship or nexus between the expenses and the official business of the University.

Under no circumstances shall University expenditure be incurred for personal or private purposes.

Prior to committing to the expenditure of money, an appropriately delegated officer must ensure that the expense:

- is an appropriate and reasonable use of University funds
- is subject to available funding
- complies with all applicable legislation
- is able to withstand public scrutiny
- is the most economical and effective outlay for its purpose
- is appropriate for the effective operation of the University
- Is to be incurred in line with approved University procedures (eg University Procurement Regulations).

In general, expenditure is recognized when incurred. Expenses relating to pension liabilities, domestic arrears and interest expense on treasury bills and bonds are accrued for in the financial statements

Items that fall under the category of official expenditure are in most cases obvious. They are those expenses that clearly relate to the carriage of official duties and responsibilities. This would include payments relating to entitlements and conditions of employment such as official travel expenses payable to a staff member.

However the issue of what “should not” be charged to the accounts of the University is subject to judgment in terms of the relationship, either direct or implied, of that expenditure to the carriage of official duties and responsibilities. Examples of expenditure in this grey

area, which requires particular discretion by financial delegates prior to approval, include expenditure on entertainment, purchases such as flowers for special occasions, and any expenditure that on face value could be argued to be private in nature (such as outlays for non-official goods and services).

All financial delegates need to err towards caution in considering whether these types of expenditures should be approved, and if any doubt exists, the circumstances underpinning the authorization should be fully documented. All authorizations of expenditure need to be “publicly defensible”. For contentious items the appropriate financial delegate must be a senior officer in the University (principal of college or head of division, or a higher position if necessary) and if doubt exists the University Bursar should be consulted.

Financial delegates authorizing expenditure must ensure that account codes properly portray the nature of the expenditure and the program against which the expenditure has been charged.

Under no circumstances, should a financial delegate approve reimbursement claims for themselves. All reimbursements must be approved by the University officer’s immediate superior, or a higher position if necessary and in accordance with relevant University policies and procedures.

Un Official Expenditure: These may include but not limited to:

- dinners/functions at a University officer’s private residence (unless specifically authorized by the Vice-Chancellor before the event)
- casual drinks (off campus)
- parking for non-business related trips
- valet parking (unless there are no other alternatives)
- parking and traffic fines
- gifts of an essentially private nature (e.g. birthday or wedding gifts for staff members).

It is acknowledged that there will be circumstances in which a proportion of expenditure is non-official or private (e.g. hotel accounts containing private phone call charges, mobile phone accounts containing private call charges). The private component of these charges should be settled privately and not charged to the University by credit card or account.

In circumstances where the nature of expenses is unclear, the University officer should meet the expense in the first instance and subsequently submit a claim with appropriate rationale to Corporate Finance for determination.

6.2.6 Property, Plant and Equipments (physical assets or fixed assets)

Property, plant and equipment principally comprises land, buildings, plant, vehicles, equipment, highways, specialist equipment and any other infrastructure assets but does not include regenerative natural resources such as forests and mineral resources.

Under government's cash basis of accounting, purchases of property, plant and equipment are expensed fully in the year of purchase. However, a memorandum record is maintained in the Fixed Asset Registers at historical cost of non-current assets of government. Unrealized gains or losses arising from changes in the values of property, plant and equipment are not recognized in the financial statements. Proceeds from disposal of property, plant and equipment are recognized as non-tax revenue in the period in which it is received.

6.2.7 Receivables

A receivable is money owed to the University for Goods or services purchased on credit. Receivables include trade receivables which are sales to regular trade customers that have been completed but not yet paid for, and student outstanding invoices. All University debt is administered either through the student management system for student fees or through the University's finance system for all other activities.

Prior to performing any work or services that will result in a material debt by a potential customer to the University; the responsibility centre performing the work or services must perform a credit check on the customer to ensure that the likelihood of a default is minimized.

Advances and other receivables

Receivables are carried at original historical cost. Bad debts when identified are written – off as per procedure outlined in Financial regulation. These are reflected the in Statement of Financial Performance.

Letters of credit

Procurement of goods and services through letters of credit which are cash covered are recognized in the statement of appropriation when the letter of credit is opened. Outstanding letters of credit at period-end are treated as deposits receivable and expensed in the following period when the goods and services are delivered. Where an LC expires before service delivery, appropriate arrangements will be made for renewal.

6.2.8 Inventories

Consumable supplies are expensed in the period in which they are paid for.

6.2.9 Projects expenditure

Government projects are a series of undertakings by an accounting entity with specific objectives and a defined time frame and could be either:

- i. fully funded by a government;
- ii. jointly funded by government and a development partner;
- iii. fully funded by a development partner through either budget support or project support; or
- iv. Fully funded by development partner through provision of physical items rather than funds.

Projects funded by Government and development partner(s) through either budget support or project support and are disbursed through the Treasury are accounted for as inflows and fully expensed in the year.

In the short to medium term as we proceed to develop guidelines for project accounting and reporting we intend to capture the bank balances in the Statement of Financial Position and thereafter the net movement.

6.2.10 Investments

All purchases and sales of investments are recognized at the date when payments are effected or when proceeds are received. All investments in the balance sheet are carried at historical cost. For investments quoted in foreign currency, the historical cost is translated at the closing rate.

6.2.11 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. In the balance sheet bank overdrafts are included in borrowings.

6.2.12 Borrowings

Borrowings are initially recorded in the Statement of Financial Position [the balance sheet] at cost net of any transaction costs paid.

Interest expense or income on borrowings is recognized in the Statement of Financial Performance only when paid or received.

6.2.13 Employee Benefits

Employee benefits include salaries, allowances, pensions and other related-employment costs. Employee benefits are recognized when incurred. No provision is made for accrued leave or reimbursable duty allowances.

6.2.14 Contingencies

Contingent liabilities are recorded in the Statement of Contingencies Liabilities when the contingency becomes evident. Contingent assets are neither recognized nor disclosed.

6.2.15 Commitments

Commitments include operating and capital commitments arising from non-cancelable contractual or statutory obligations. Interest commitments on loans and commitments relating to employment contracts are not included in the Statement of Outstanding Commitments. Outstanding commitments are included in the balance sheet as payables and in the Statement of Outstanding Commitments.

Chapter 7. Financial system of checks and controls

The University Council has the overall responsibility for the set-up and operation of a financial system of checks and controls through the University Secretary. The University Secretary delegates individual components of this responsibility to various University officials and staff.

7.1 Assets

7.1.2 Cash Assets

Cash assets include monies that are held in petty cash and in the University's bank accounts and those monies held by the Crown Agents or other approved financial institution for short term investment purposes. It is essential that particulars of all monies due to the University are identified and appropriately recorded so that they may be collected on or before the due date. Staff members who collect such monies are responsible for the safe custody of the collections from the time of receipt until deposited into authorized University bank accounts.

Bank accounts may only be opened with the approval of the University Secretary and only in the name of Makerere University. The University Secretary is responsible for authorizing officers to operate these accounts.

Petty cash

- Spot checks on petty cash balances;
- Petty cash and Main cash book reconciliations on a monthly basis;
- Spot checks on composition and nature of petty cash expenditure;
- Spot checks on authorization and approval of selected petty cash expenditure; and
- Verification of physical security over petty cash.

Bank

- Bank reconciliation statements preparation and review on a monthly basis;
- Spot checks on custody of cheque books and cash books;
- Spot checks on composition and nature of selected cheque expenditure;
- Spot checks on authorization and approval of selected cheque expenditure;
- Spot checks on composition and nature of select Electronic Funds Transfers (EFTs);
- Spot re-confirmation of authority and approval for select executed EFTs; and

- Regular re-confirmation of number of, purpose for, authority and approval for the University's total stock of bank accounts.
- Re-Confirmation of bank balance at year end.

7.1.3 Receivables

- Annual confirmation of accounts receivable;
- Production of debtor statements and remittance of the same;
- Reconciliation of debtor statement of accounts to the debtors sub-ledger;
- Annual confirmation of advances outstanding; and
- Ageing of debtors and advances and follow-up on past due items.

7.1.4 Credit notes

Credit notes are raised to cancel or amend an invoice raised in error and may only be issued subsequent to approval being given by an officer authorized to commit funds to specific limits, in accordance with the Schedule of Authorities and Delegations.

- Spot check of select issued credit notes for authority, approval and bona fide characteristics.

7.1.5 Write-off of debt

Debts due to the University may only be written off in accordance with the delegated authorities to write off bad debts and assets – see Schedule of Authorities and Delegations in Appendix 1.

Detailed procedures dealing with revenue, credit checks, credit notes, debt management and debt write-off are provided for in this document.

- Spot check of select debt write-offs for authority, approval and bona fide characteristics.

7.1.6 Inventories

Inventories for purposes of Makerere University assets include land held for resale and stock held by the University Bookshop. Makerere University does not normally purchase land for the purposes of resale, however where this is the intention, this document identifies the appropriate management and accounting for the asset. All purchases of land must be notified to the University Secretary

Items such as stationery, spare parts, consumables and components, loose tools, consignment stock and minor equipment held for resale to students or the public are not considered to be assets.

- Physical count of inventories on a monthly basis;
- Reconciliation of physical count to stock records; and
- Spot check on physical state of stores, including security arrangements;

7.1.7 Other financial assets

- Physical verification of investment deed / certificates / title documentation on an annual basis;
- Confirmation of proper custody around investment deeds / certificates / title documentation; and
- Agreement of investment income stream received to clauses / conditions within investment deed / certificate / title documentation.

7.1.8 Property, plant and equipment PPE

- Annual physical verification of PPE;
- Reconciliation of physical verification results to the Fixed Asset Register;
- Annual physical verification of PPE ownership documents of title, especially land; and
- Spot check of select PPE write-offs for authority, approval and bona fide characteristics.

7.1.9 Insurance of assets

The University Secretary oversees the appointment of an insurance broker to manage the University's insurance requirements.

- Confirmation of assets covered by insurance from insurers; and
- Quarterly review of asset insurance coverage.

7.2 Liabilities

7.2.1 Borrowings

- Annual confirmation of loan balances and interest and fees charged directly with the lender;
- Agreement of interest and fee charges to loan documentation.

7.2.2 Pension liabilities

- Regular quarterly confirmation of pensions liabilities amounts; and
- Year-on-year balance movement reconciliation for pension liabilities.

7.2.3 Payables

- Reconciliation of supplier statements to creditors sub-ledger on a monthly basis;
- Spot check of supplier balance make-up against source / supporting documentation; and
- Annual confirmation of supplier balances.

7.3 Revenues

7.3.1 Grants

- Annual confirmation of grants from the relevant grantees; and
- Reconciliation of confirmed grant income to University bank records.

7.3.2 Transfers from Government

- Quarterly confirmation of transfers from Government, from;
- Quarterly reconciliation of confirmed transfers from Government to approved Budget;
- Quarterly reconciliation of confirmed transfers from Government to University bank records.

7.3.3 Non-Tax Revenue

- Re-performance of Tuition and functional fees using number of students and approved fee levels every semester;
- Reconciling re-performance results to recorded inflows;
- Performing budget vs. actual analysis for all Non-Tax Revenue on a monthly basis, investigating significant differences.

7.3.4 Other Revenues

- Performing budget vs. actual analysis for all Other Revenues on a monthly basis, investigating significant differences.
- Where possible, obtaining confirmation of Other Revenues from their individual sources.

7.4 Expenses

- Spot physical verification of University staff;
- Reconciliation of University staff records to payroll records;
- Time tracking of payment of payroll related liabilities;
- Month-on-month payroll expense reviews;
- Spot checks on composition and nature of select expenditure, including CAPEX;
- Spot checks on authorization and approval of select expenditure, including CAPEX;

- Month-on-month expenditure analytical review;
- Year-on-year expenditure analytical review;
- Budget vs. actual expenditure analytical review;
- Annual confirmations of transfers to other Organizations, from the relevant Organizations;
- Monthly re-performance of forex gains and losses computations and comparing results with recorded balances.

Chapter 8 Appendices

Appendix 1 Bank Account Opening

All AIA funds shall be operated from one College Bank Account. No Department / School shall be allowed to operate a bank account.

Colleges shall however be allowed to open bank accounts for Research Projects.

Procedure:

The Project Coordinator shall initiate the request for bank account opening through the College Principal.

Bank:

The bank shall be proposed by the College but approved by the University Secretary.

Signatories:

Signatories for all University accounts are as follows:

Category A: University Bursar & University Secretary

Category B: College Principal & College Deputy Principal

Closure:

At the end of the project, the College Bursar in consultation with the project coordinator shall initiate the closure of such bank accounts. The University Secretary shall approve the closure only after project reports have been submitted.

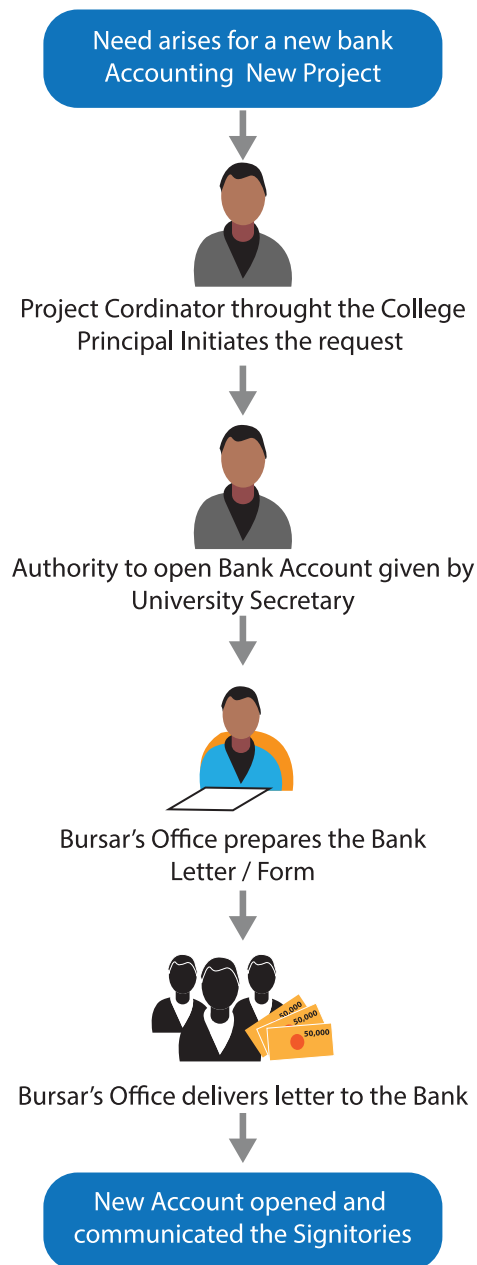
These include:

- (i) Bank Reconciliation Statements;
- (ii) Financial Accountability;
- (iii) Narrative Report.

Appendix 2: Change of Signatories to University/ Project Bank Accounts

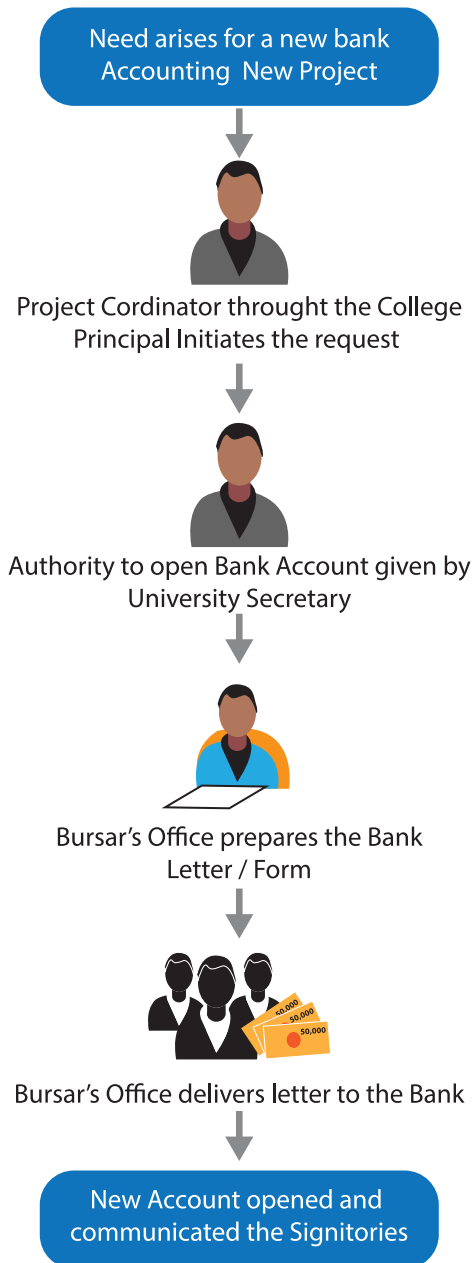
Appendix 3: Budgeting Process

Process Map



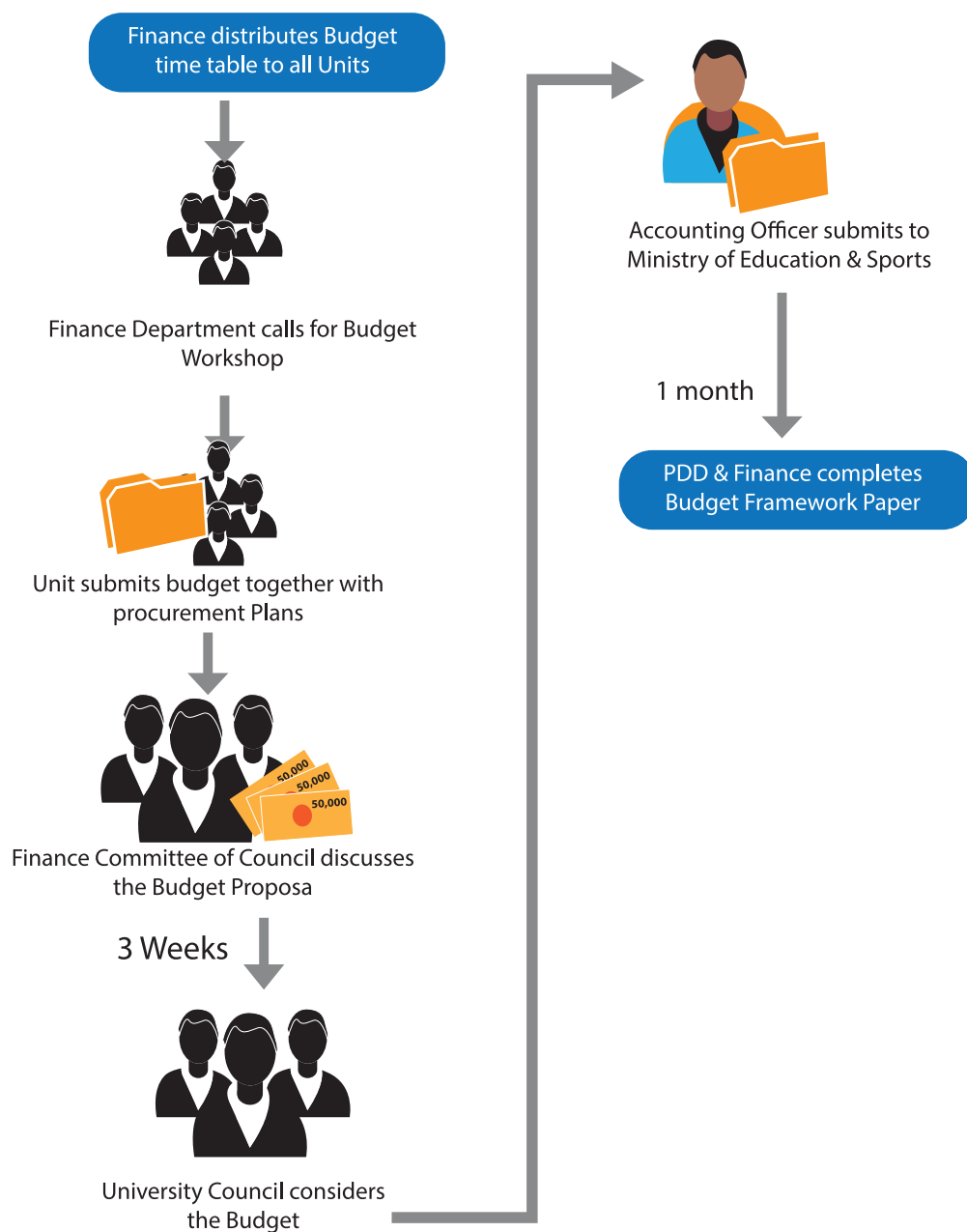
Appendix 2: Change of Signatories to University/ Project Bank Accounts

Process Map



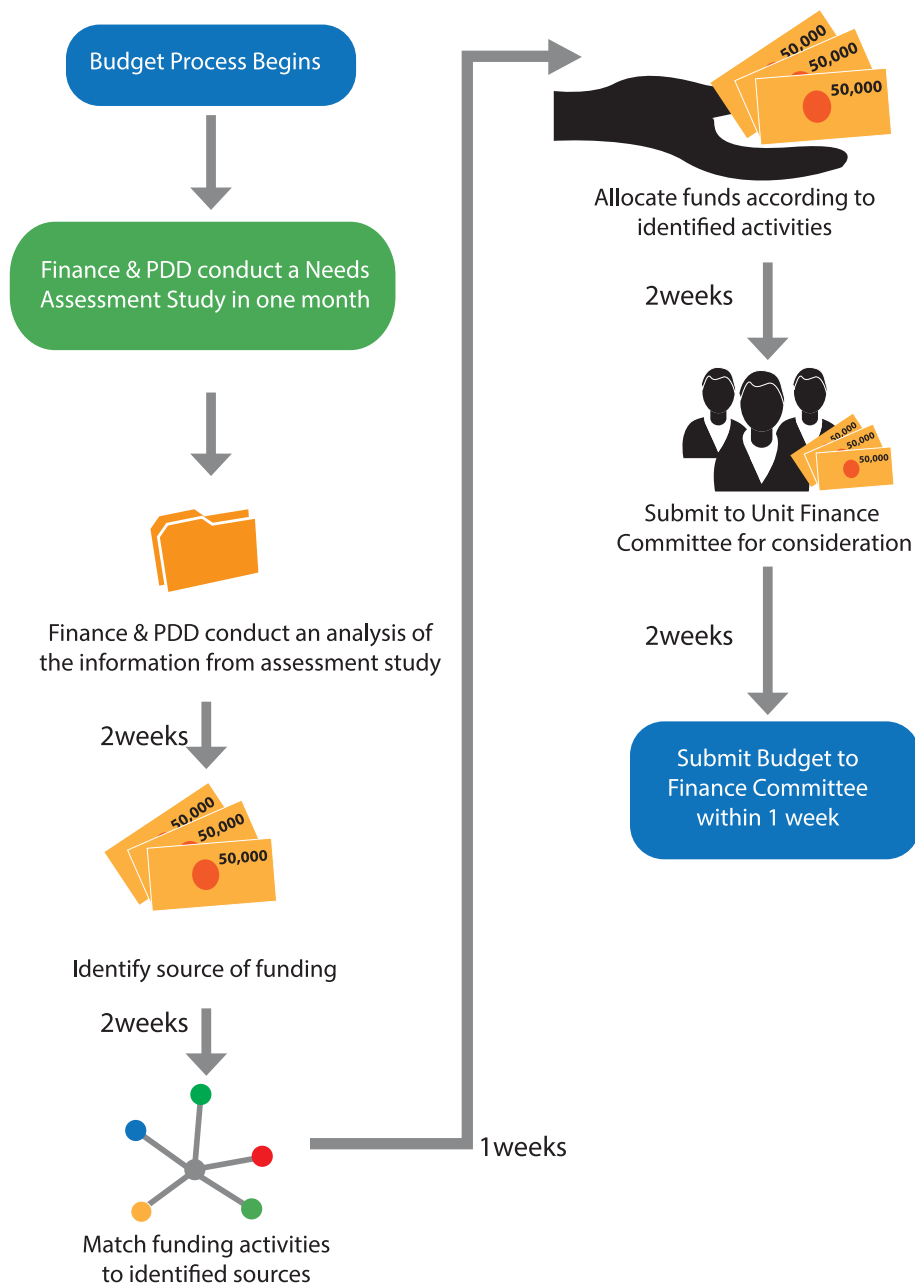
Appendix 3: Budgeting Process

Process Map



PROCESS		BUDGET PROCESS	
Policy		Finance Policy	
Purpose		Equitable allocation of all university operations	
Scope		Entire University	
Process Owner		Director, Finance	
Definitions		An estimate of the income and expenditure of an institution/unit/organization	
Brief Description of Procedure		Bottom up participatory process of identification of resources	
Risks		Inadequate data, under budgeting data, over budgeting, corruption	
Skills Required		Managerial, accounting	
S/N	Activity	Responsible Officer	Duration of Activity
1	Issue of the budget call-circular by October	Unit, Head	
2	Prepare Budget Framework Paper	Unit Head	2 weeks
3	Finance Department consolidates all templates into one budget and goes thru a challenge session with respective units that may not have complied with the guidelines	Director, Finance	2 weeks
4	Finance Dept presents to the Budget Committee of Council for approval	Director, Finance	2 weeks
5	The approved budget is forwarded to Ministry of Finance, Planning and economic development	Director, Finance	3 weeks
6	Secretary to Council forwards budget to MOES for approval	Secretary to Council	2 weeks
7	Submission of the BFP (Budget Framework Paper)	PDD, Budgeting Officer	1 week

Appendix 4: Budgeting Procedure



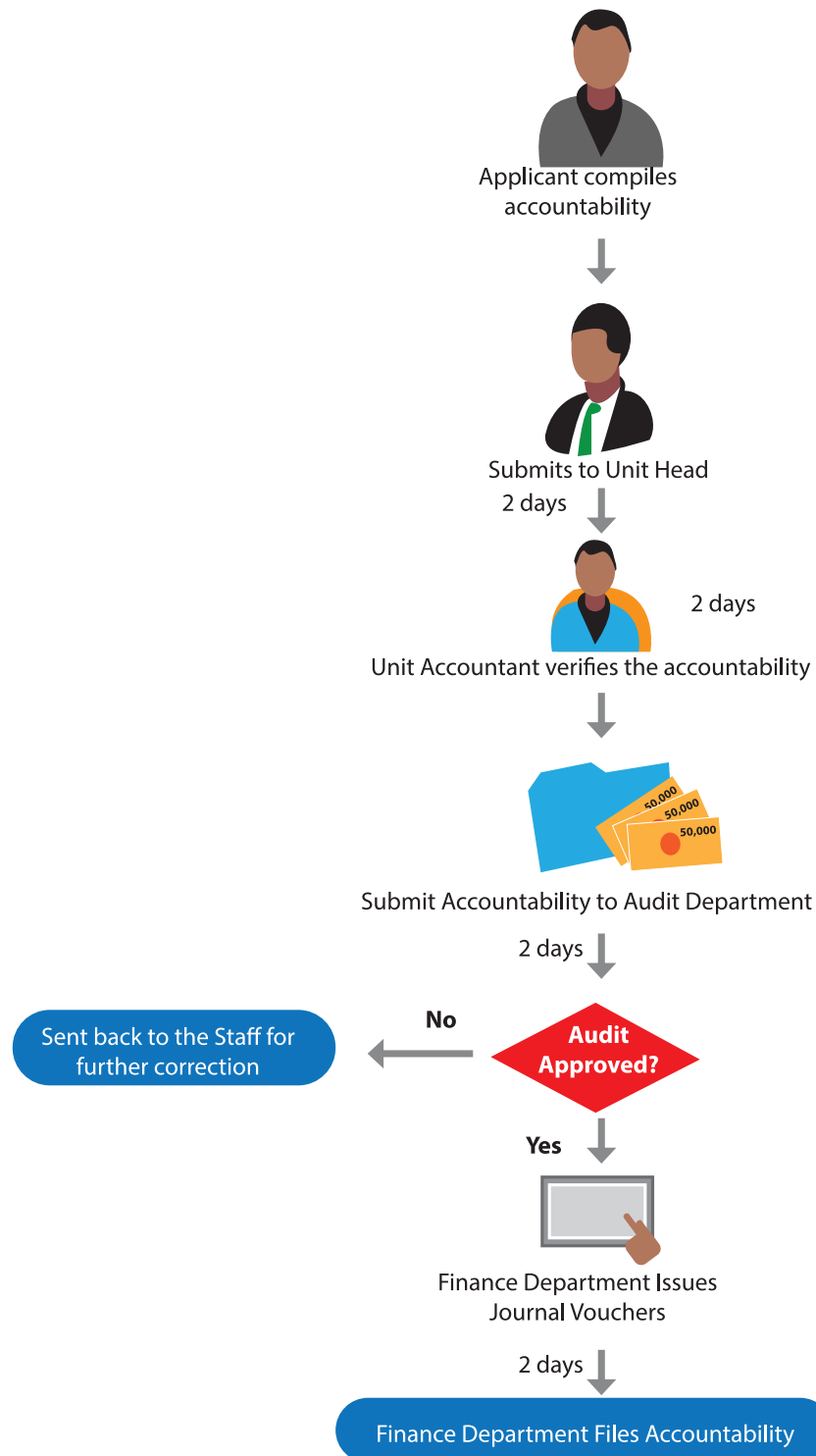
PROCESS		BUDGET PROCEDURE	
Policy		Guidelines in the Finance Policy	
Purpose		To ensure a systematic, timely and clear approach to planning resources	
Scope		All university units	
Process Owner		Director, Finance	
Definitions		Identification and allocation of resources.	
Brief Description of Procedure			
Risks		Inadequate and inaccurate data; delays, inadequate budgeting skills, lack of a monitoring function	
Skills Required		Financial Management	
S/N	Activity	Responsible Officer	Duration of Activity
1	Conduct a needs assessment study as informed by the universal strategic plan	Unit Head	1 month
2	Conduct an analysis of the information from the assessment study by October	Unit Accountant	2 weeks
3	Identify resource mobilization	Unit Accountant	2 weeks
4	Matching funding sources to identified Activities	Unit Accountant	2 weeks
5	Allocate funds according to identified activities/priorities e.g. salaries, research, maintenance, utilities, infrastructural development)using the budget template provided by the Finance Department	Unit Accountant	1 week
6	Submit to Unit finance Committee for consideration and approval	Unit Accountant	2 weeks
7	Submit Budget to Finance Department	Unit Head	1 week

Appendix 5: Budget Implementation



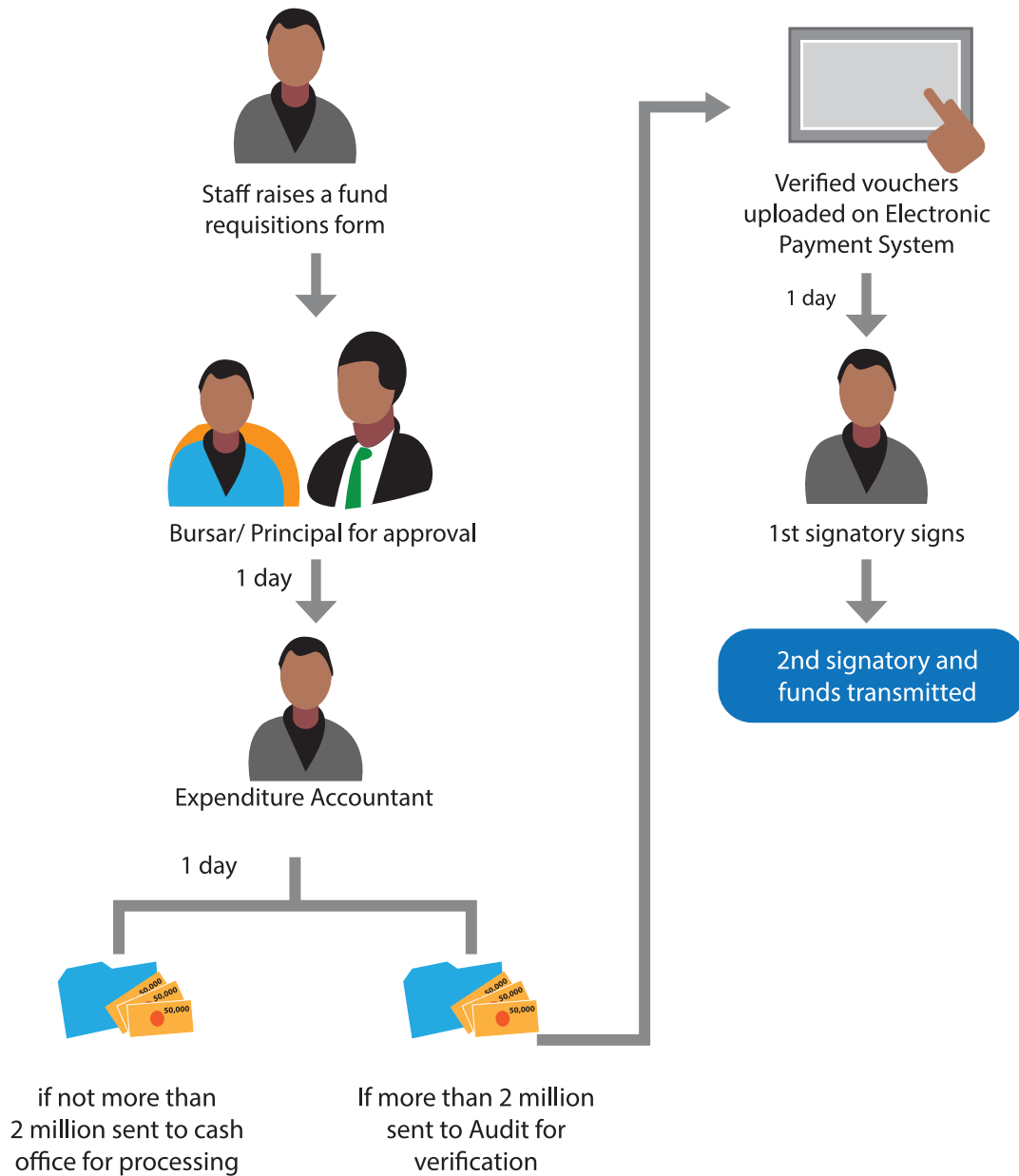
PROCESS		BUDGET IMPLEMENTATION	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All Units	
Process Owner		Director, Finance	
Definitions		The manner in which the approved budget is executed	
Brief Description of Procedure		Monitoring of resource units	
Risks		Inadequate data, under budgeting data, over budgeting, corruption	
Skills Required		Managerial, accounting	
S/N	Activity	Responsible Officer	Duration of Activity
1	Approved budgets communicated to units	Director, Finance	
2	Review their work-plans based on the approved Budget	Unit Heads	Quarterly
3	Submission of monthly budgetary performance reports explaining any significant variances	Unit Heads	End of every month
4	Review of the unit budget performance	Unit Heads	At the end of every quarter
5	Consolidation of quarterly budgetary performance reports	Director, Finance	At the end of every quarter
6	Submission of reports to subcommittee	Director, Finance	

Appendix 6: Accountant for Advances



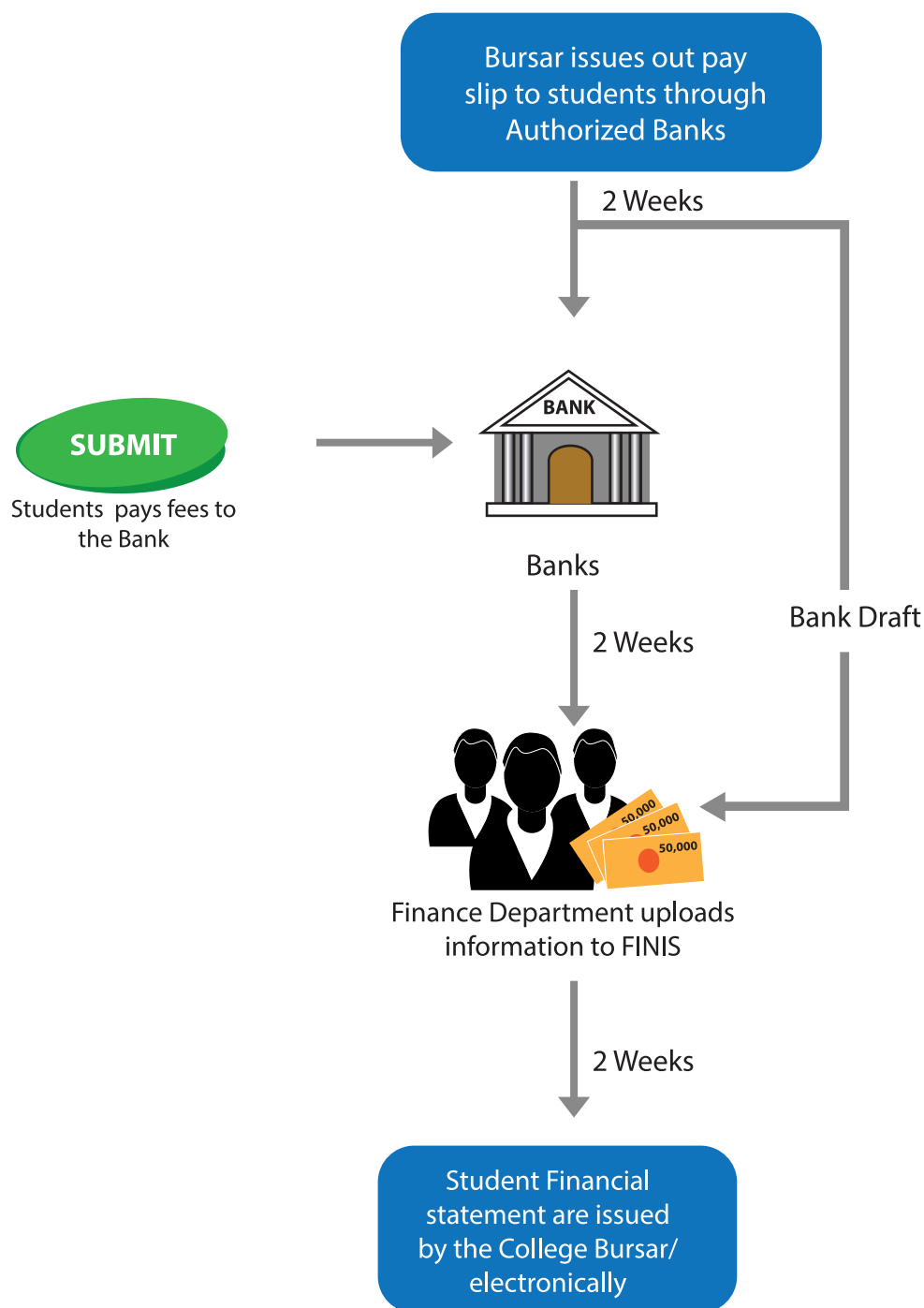
PROCESS		ACCOUNTING FOR ADVANCES	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All financial transactions	
Process Owner		Director, Finance	
Definitions		Obtaining supporting documentation	
Brief Description of Procedure		Preparation and submission of financial advances	
Risks		Accountability timelines	
Skills Required		Book keeping	
S/N	Activity	Responsible Officer	Duration of Activity
1	Applicant compiles accountability	Applicant	3 weeks after the end of the activity
2	Submits accountability to the immediate supervisor (Unit Head)	Applicant	2 days
3	Submission to the Finance Director	Unit Accountant	2 days
4	Director/ Bursar forwards the accountability to audit for verification	Finance Director	2 days
5	Issues journal vouchers	Unit Accountant	5 days
6	Files accountability	Unit Accountant	5 days

Appendix 7: Staff/Student Claims



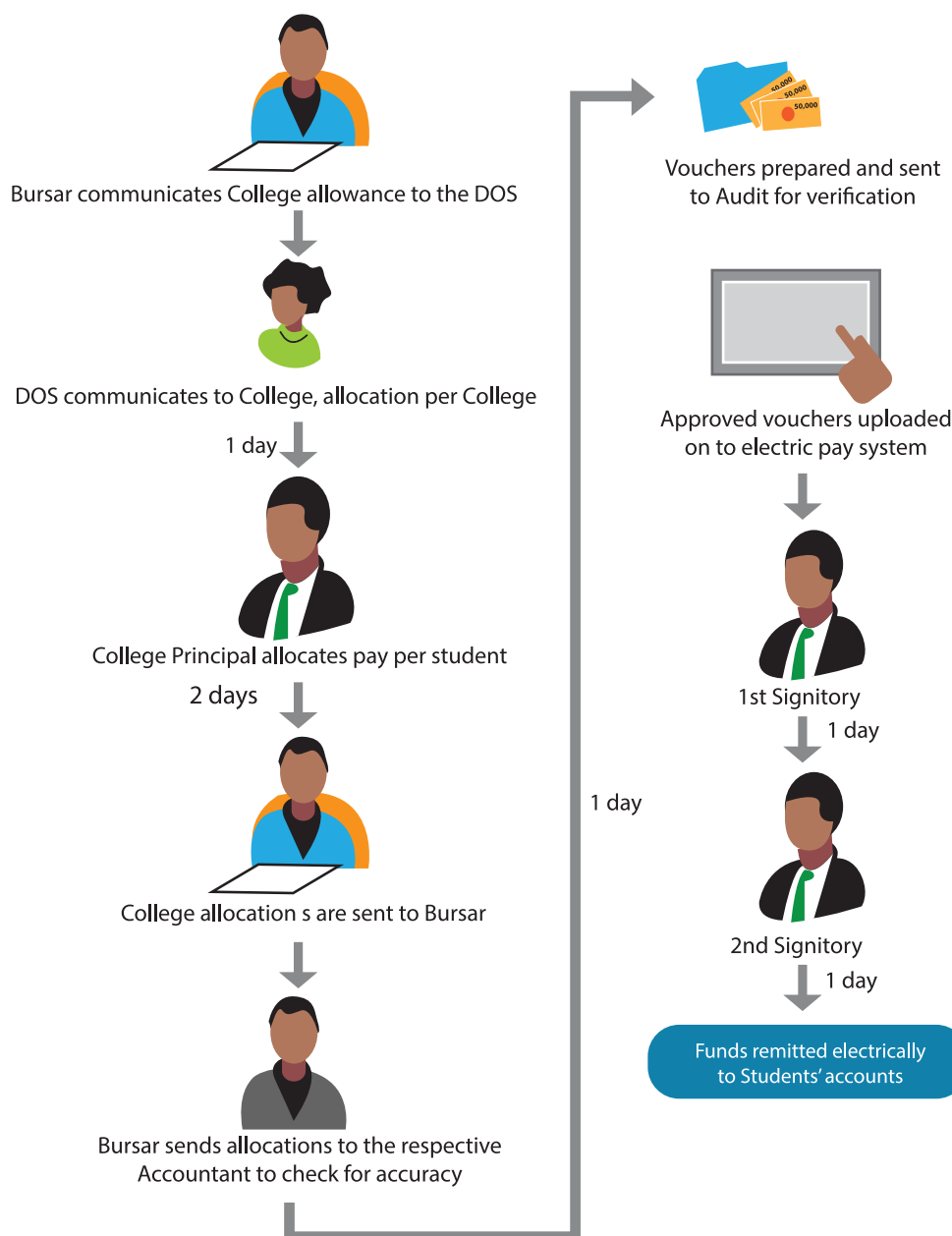
PROCESS		STAFF CLAIMS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All claims (Staff and Students)	
Process Owner		Director, Finance	
Definitions		Money requisitioned for, for performing a duty	
Brief Description of Procedure		Submission of claim up to payment	
Risks		False claims, lack of integrity	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Staff/Students raises a funds requisition claim	Applicant	1 day
2	Staff/Students submits claim	Applicant	1 day
3	Approved claims by Principals/ Director Finance, are forwarded to the Expenditure Accountant for processing of payment vouchers.	Accountant in charge of Payments	1 day
4	Payment Vouchers are forwarded to Audit for Verification	Accountant in charge of Payments	1 day
5	Verified Payment Vouchers are uploaded on the Electronic Payment System or a Cheque is written.	Accountant in charge of Payments	1 day
6	1st Signatory Signs.	1st Signatory	1 day
7	2nd Signatory Signs and Funds transmitted to the beneficiary.	2nd Signatory	1 day

Appendix 8: Payment of Fees by Student



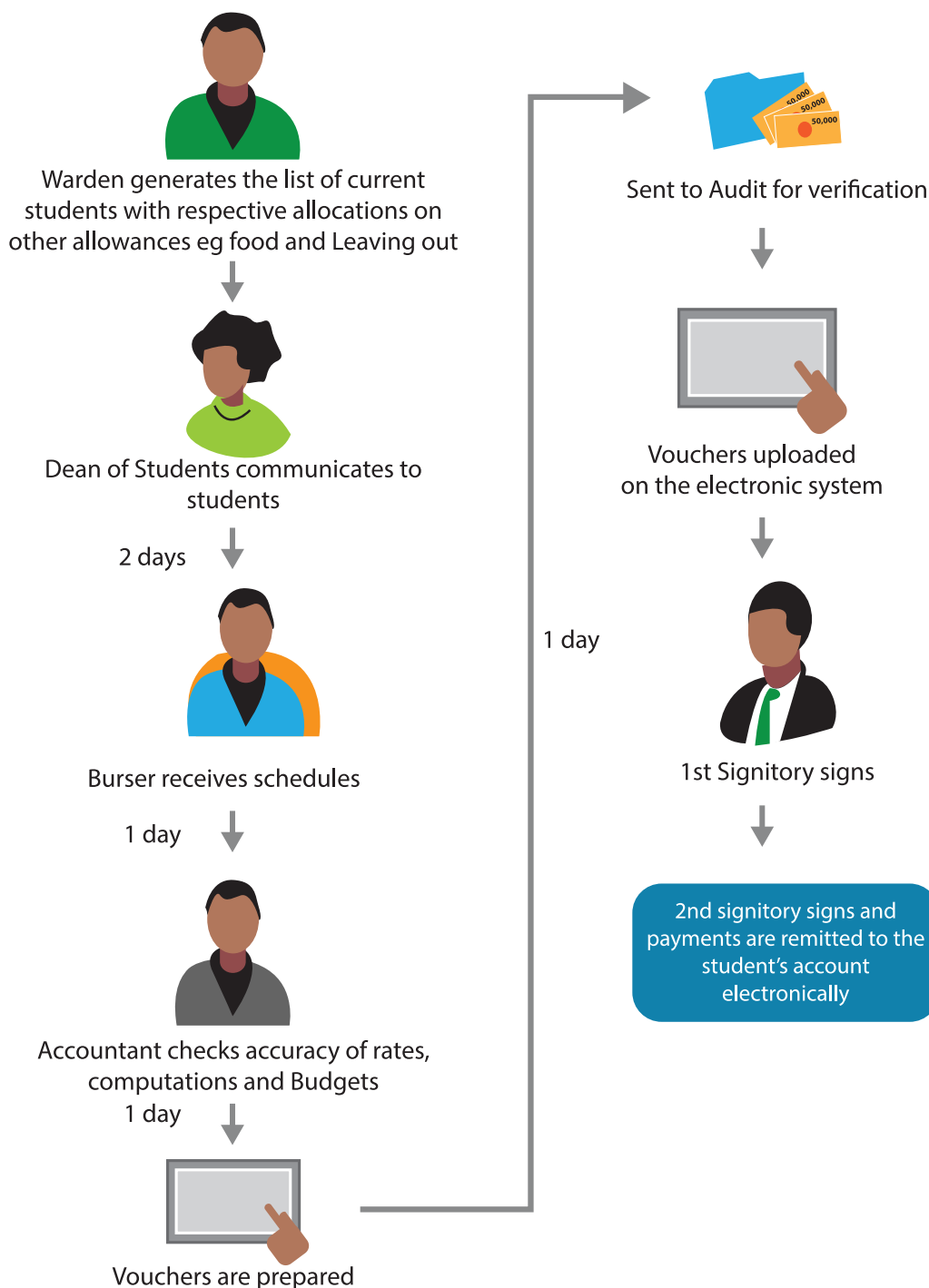
PROCESS		PAYMENT OF FEES BY STUDENTS	
Policy		Fees Payment Policy in the University Prospectus	
Purpose		To ensure systematic payment of tuition and other fees and timely capturing of student data	
Scope		New and continuing students	
Process Owner		Academic Registrar, University Bursar	
Definitions		Payment of University fees to access facilities	
Brief Description of Procedure		Payment of university fees and updating of student financial status	
Risks		Forgery of payment documents, Delayed payment of fees which disrupts University plans, Security and breakdown of Financial Information System (FINIS)	
Skills Required		Verification skills, ICT skills, Financial Analysis skills	
S/N	Activity	Responsible Officer	Duration of Activity
1	Issue pay slips to students through the Bank	Bursar	2 weeks
2	Receive payment from the Students on behalf of the University	Banks	2 weeks
3	Upload Information to FINIS	Finance Department	2 weeks
4	Receive and issue Financial statement to students.	College Bursar	

Appendix 9: Student Payment – Special Faculty Allowance



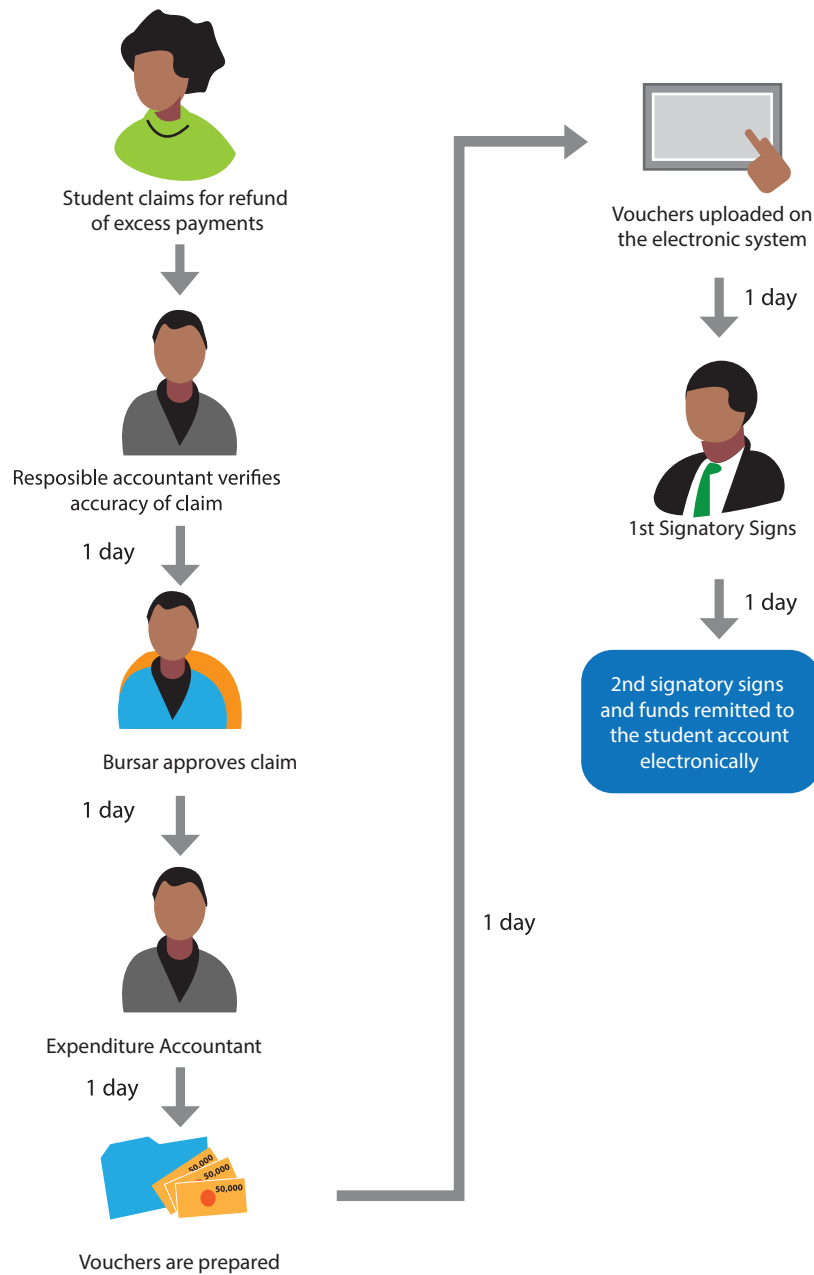
PROCESS		STUDENT PAYMENTS: SPECIAL FACULTY ALLOWANCE	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Students Payments	
Process Owner		Director, Finance	
Definitions		Payment of students allowances	
Brief Description of Procedure		Submission of clean payment	
Risks		Delayed payment, strikes, fraud	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The Bursar communicates the budget for special School allowance to the Dean of students.	Director, Finance	1 day
2	The Dean of Students communicates to the Colleges, allocations per faculty.	Dean of Students	1 day
3	The College Principal allocates payments per student within the allocated budget.	College Principal	2 days
4	The School allocations per student are sent to the Bursar for payments.	College Principal	1 day
5	Bursar sends these allocations to the respective Accountant to check for accuracy /budgets	Director, Finance	1 day
6	Vouchers are prepared and sent to Audit for verification.	Accountant	1 day
7	Approved Vouchers are uploaded onto the Electronic payment System.	Accountant	1 day
8	1st Signatory signs.	1st Signatory	1 day
9	2nd Signatory signs and funds are remitted electronically to the student account.	2nd Signatory	1 day

Appendix 10: other Student Allowances



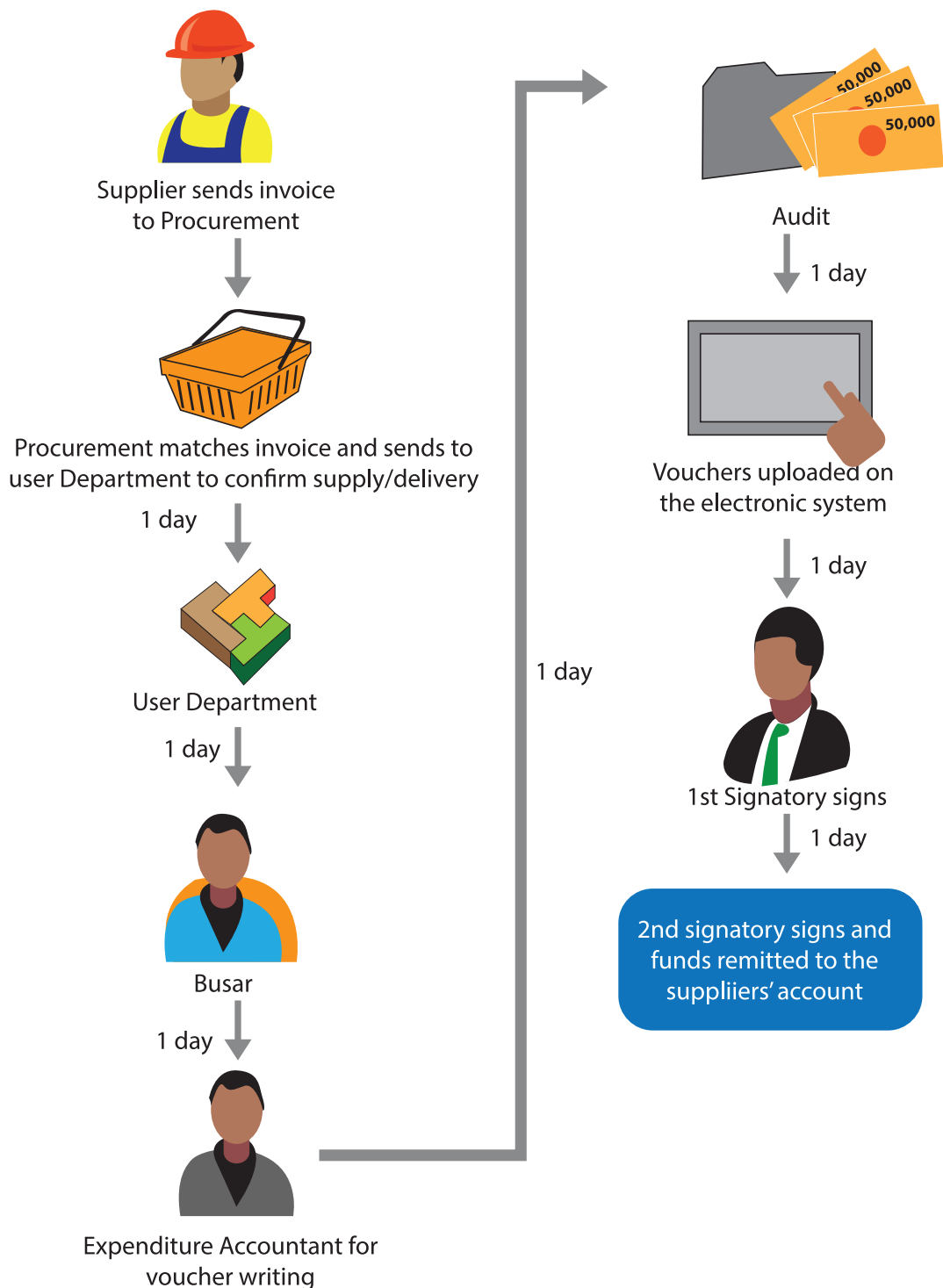
PROCESS		OTHER STUDENT ALLOWANCES (FOOD, DISABILITY, LEAVING OUT ALLOWANCE)	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Students Allowances	
Process Owner		Director, Finance	
Definitions		Payment of students’ allowances	
Brief Description of Procedure		Processing of students’ claims	
Risks		Delayed payments, strikes, fraud	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The warden generates the list of current students with respective allocations.	Warden	1 day
2	Wardens Forwards the list to Dean of Students for Approval.	Warden	2 days
3	Dean of Students forwards approved list to Bursar for payment.	Dean of Students	1 day
4	The Bursar forwards the list to the respective Accountant for checking accuracy of rates, computations and Budgets.	Accountant	1 day
5	Vouchers are prepared and sent to Audit for verification.	Accountant	1 day
6	Verified Vouchers are uploaded on the Electronic Payment System.	Accountant	1 day
7	1st Signatory signs.	1st Signatory	1 day
8	2nd Signatory signs and Funds are remitted to the student account electronically.	2nd Signatory	1 day

Appendix 11: Students' Refund



PROCESS		STUDENTS' REFUND	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Students fees	
Process Owner		Director, Finance	
Definitions		Determination of excess fees paid	
Brief Description of Procedure		Process of refunding excess students' payments	
Risks		Delays, accuracy, lack of funds	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The Student claims for refund of excess payments.		
2	The responsible accountant verifies the accuracy of the claim and recommends to the bursar accordingly.	Accountant	1 day
3	The Refund claim approved by the Bursar is forwarded to Expenditure for processing of vouchers	Director, Finance	1 day
4	Payment Vouchers are written by expenditure accountant and sent to Audit for verification.	Expenditure Accountant	1 day
5	Approved Vouchers are uploaded on the Electronic System.	Expenditure Accountant	1 day
6	1st Signatory signs.	1st Signatory	1 day
7	2nd Signatory signs and Funds are remitted to the student account electronically.	2nd Signatory	1 day

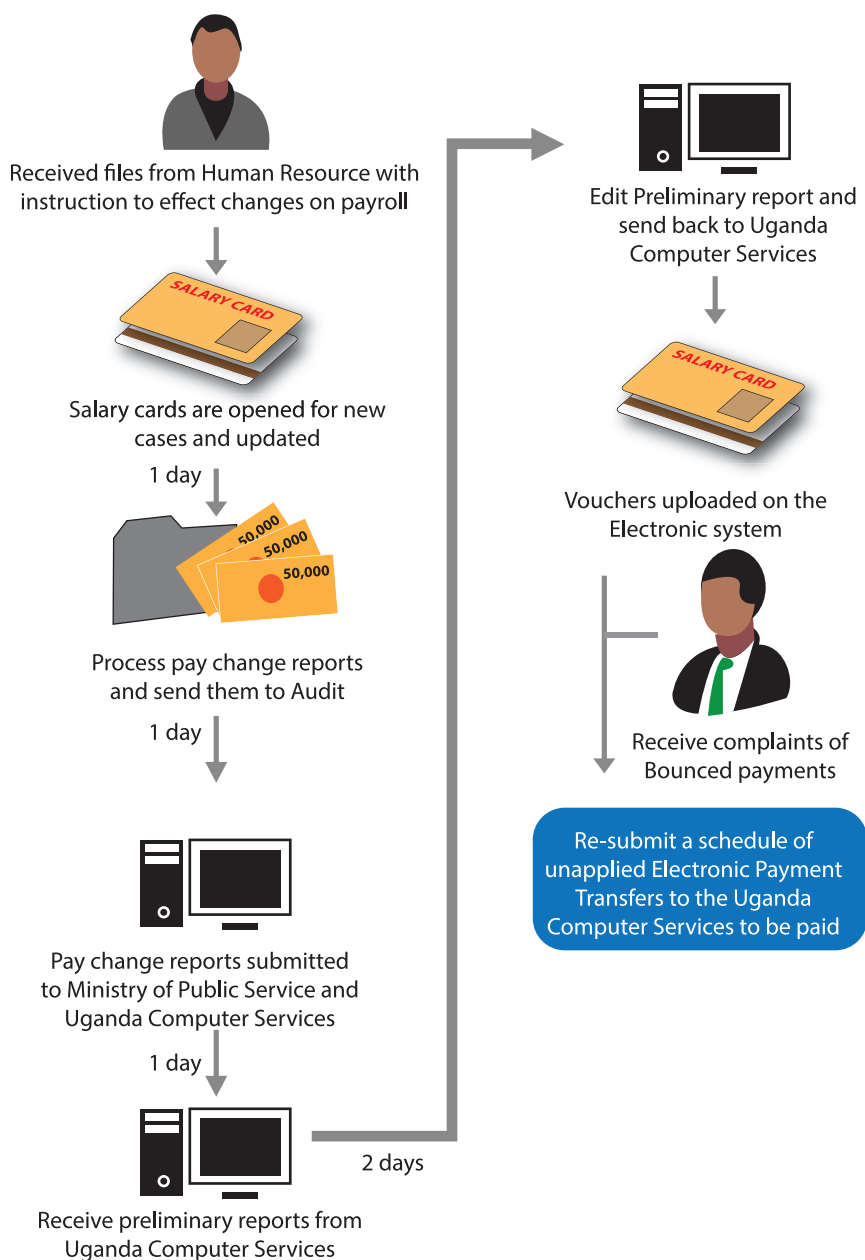
Appendix 12: Suppliers' Payment



PROCESS		SUPPLIERS’ PAYMENT	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All suppliers payments	
Process Owner		Director, Finance	
Definitions		Payment of foods and services	
Brief Description of Procedure		Process of receiving and paying suppliers’ claims	
Risks		Delays, lack of funds, fraud	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Supplier sends invoices to the Procurement office for matching of Invoice, Local Purchase Order and delivery documents.	Procurement Officer	
2	Procurement matches invoice to order and delivery documents/performance documents and send it to the user departments to confirm delivery.	Procurement Officer	1 day
3	The User departments confirm delivery/performance of service and send it to the Bursar’s office for payments.	Unit Head	1 day
4	Bursar approves invoice and sends to expenditure for voucher writing.	Director, Finance	1 day
5	Payment Voucher are sent to Audit for verification	Internal Auditor	1 day
6	Verified Vouchers are uploaded on the Electronic Payment System.	Accountant	1 day
7	1st Signatory signs.	1st Signatory	1 day
8	2nd Signatory signs and funds are remitted to the supplier electronically	2nd Signatory	1 day

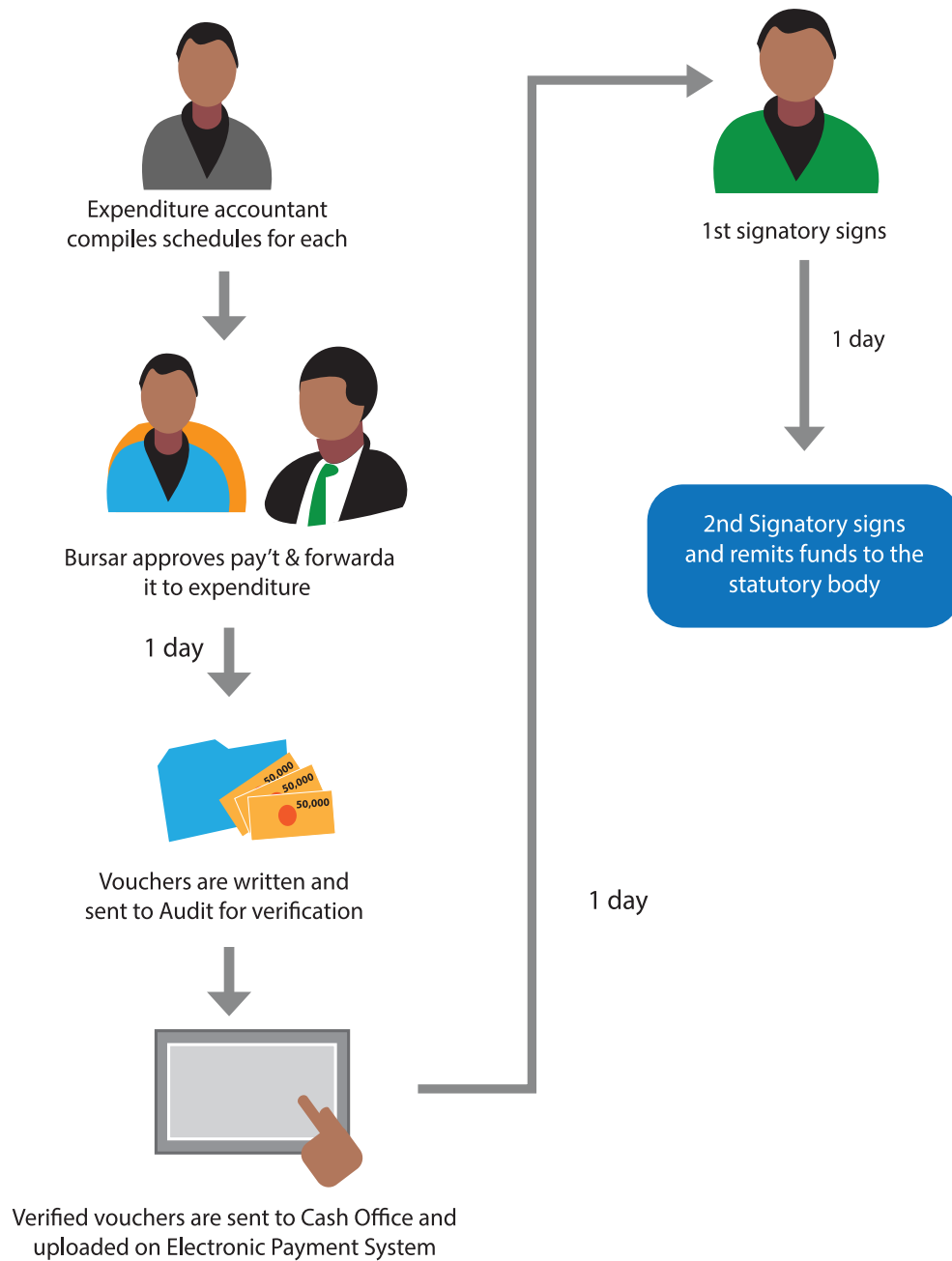
Finance Department

Appendix 13: Payment of Salaries



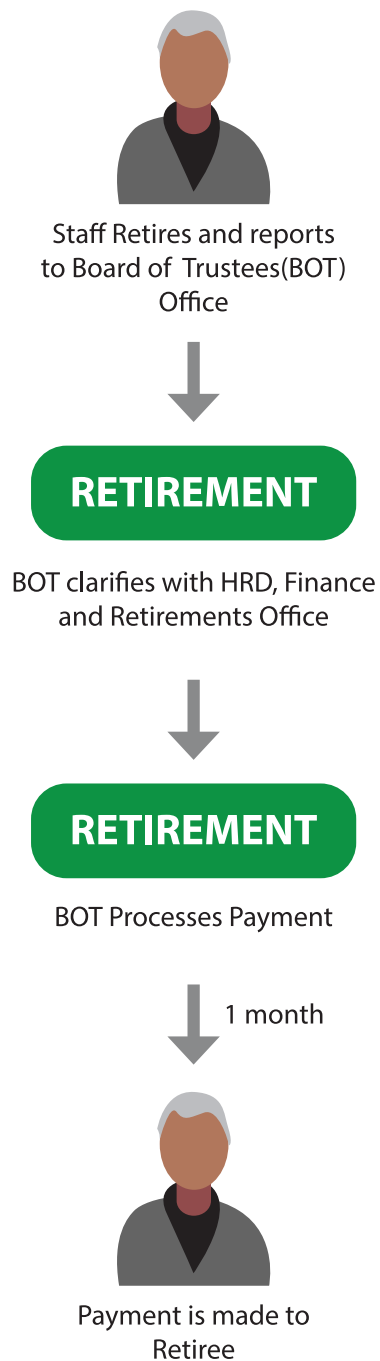
PROCESS		PAYMENT OF SALARIES	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All payroll benefits	
Process Owner		Director, Finance	
Definitions		Compilation of payment of payroll	
Brief Description of Procedure		Payment of staff salaries	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Receive files from Human Resource with instruction to effect changes on payroll e.g. New Appointment, Retirement, Promotion, Individuals requisition for overtime payments, Requisition for Payment of Arrears etc.	Director, Human Resources	
2	Salary cards are opened for new cases and updated.		1 day
3	Process pay change reports and send them to Internal Audit and Human Resource for verification.	DHR/Finance Director	1 day
4	Submit the Pay Change Reports to Ministry of Public Services and then to Uganda Computers services	Finance Director	2 days
5	Receive preliminary report of payroll from Uganda Computers Services.	Manager Finance and Administration	2 days
6	Edit the preliminary reports and resend them to Uganda Computer Services	Manager Finance and Administration	1 day
7	Salary is paid to individual Bank accounts	Finance Director	1 day
8	Receive complaints of unpaid Electronic Payment Transfers.(Bounced Salary)	Finance Director	Continuous
9	Resubmit a schedule of unapplied Electronic Payment Transfers to the Uganda Computers Services to be paid	Finance Director	1 day

Appendix 14: Statement of Payments



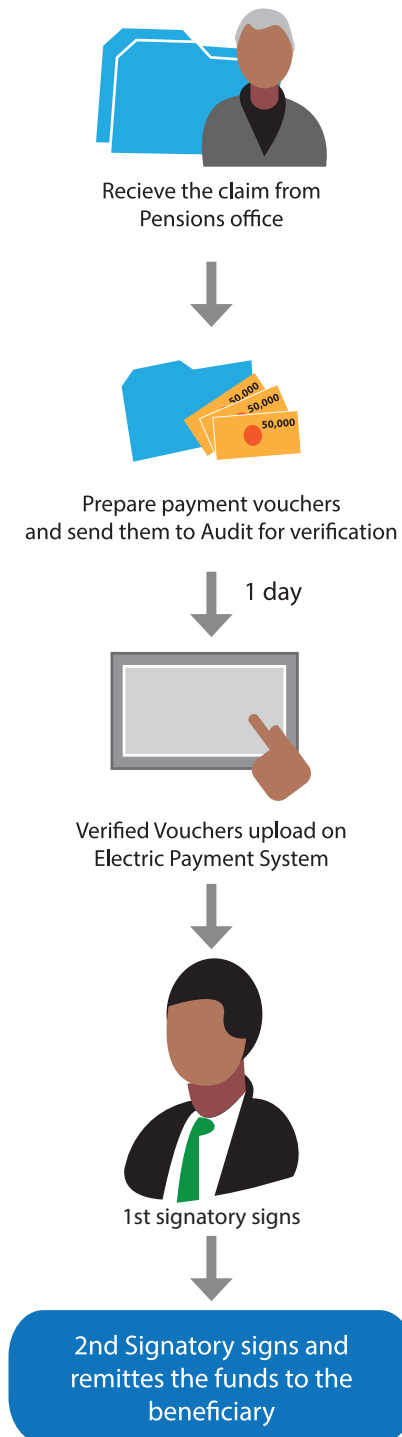
PROCESS		STUDENT PAYMENTS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Statutory deductions	
Process Owner		Director, Finance	
Definitions		Deductions on staff earnings by law	
Brief Description of Procedure		Remittance of statutory deductions	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Expenditure accountant compiles schedules for each type of tax or NSSF deductions at the end of the month and forwards it to Bursar for approval of payment	Accountant, Expenditure	
2	Bursar/ Dean approve payment and forward them to expenditure for voucher writing.	Director Finance	1 day
3	Vouchers are written and sent to Audit for verification.	Accountant Expenditure	1 day
4	Verified vouchers are uploaded on the Electronic Payment System.	Accountant Expenditure	1 day
5	1st signatory signs.	1st Signatory	1 day
6	2nd Signatory signs and remits funds to the statutory body.	2nd Signatory	1 day

Appendix 15: Processing of DAP Payments



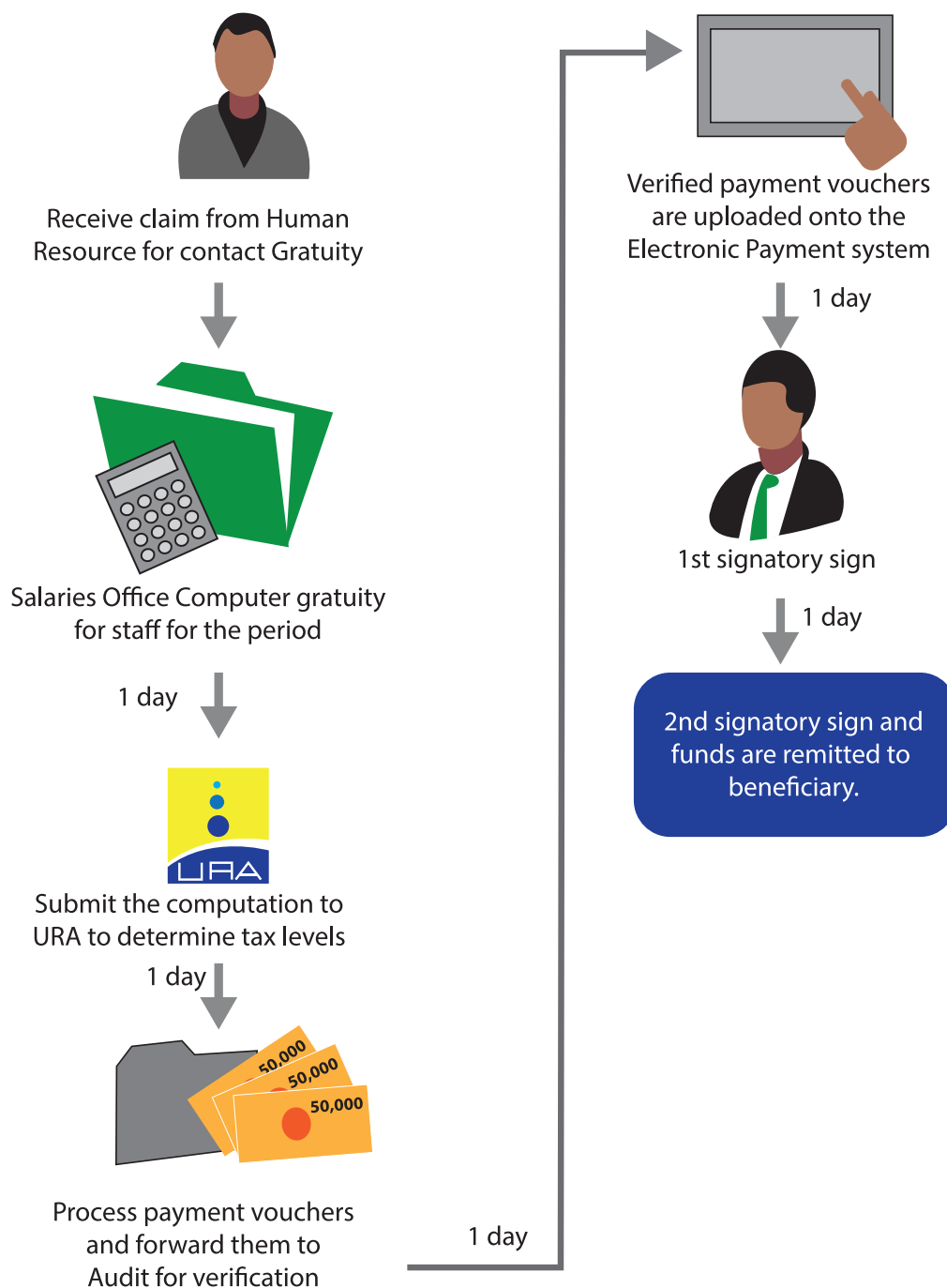
PROCESS		PROCESSING OF DAP PAYMENTS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Makerere University Retirement Benefit Scheme (MURBS) - Savings	
Process Owner		Director, Finance	
Brief Description of Procedure		Claiming savings with MURBS	
Risks		Delays, accuracy of dates	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Filling of Withdraw forms by retirees.	In-charge of Retirement Benefits (DHR)	1 week
2	Submits the form to MU&RBS	Claimant	1 day
3	MURBS processes payment	Board of Trustees	1 month

Appendix 16: Payment of Pensioners



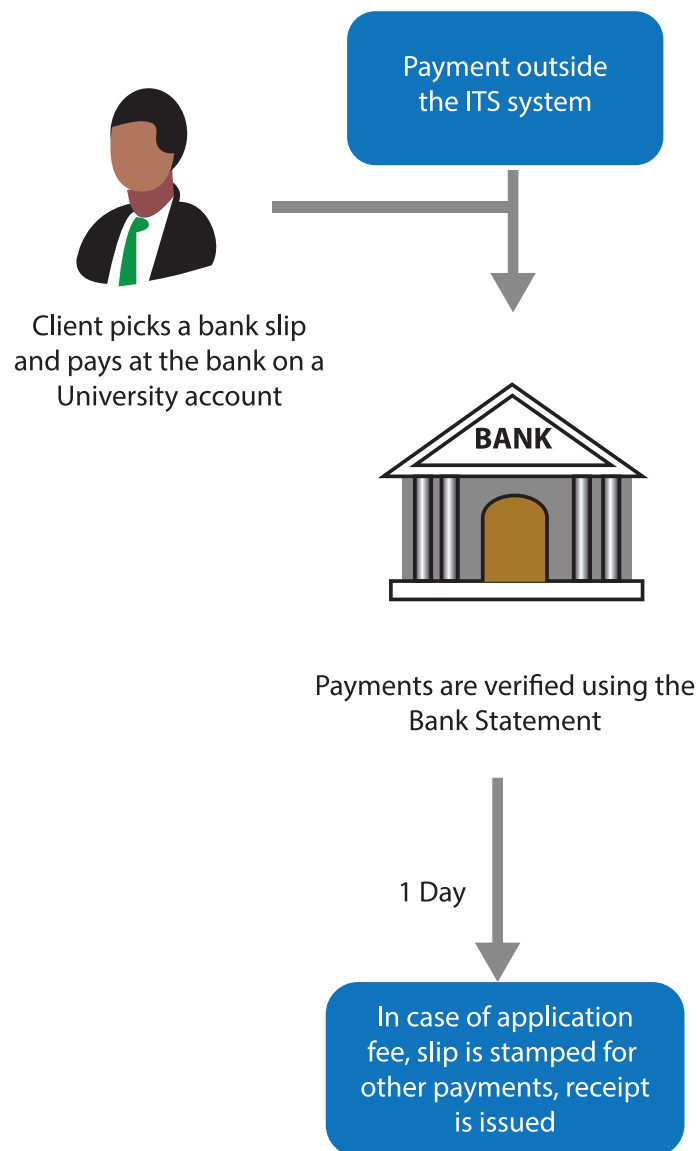
PROCESS		PAYMENT OF PENSIONERS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Beneficiaries in service 2004 and before	
Process Owner		Director, Finance	
Definitions		Savings on in-house pension scheme	
Brief Description of Procedure		Claim of in-house pension savings	
Risks		Lack of funds, wrong data, etc	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Receive the claim from pension office.	Manager Finance and Administration	1 day
2	Prepare payment Vouchers and send them to Audit for verification.	Manager Finance and Administration	1 day
3	Verified Vouchers are uploaded onto the Electronic System Payment.	Expenditure Accountant	1 day
4	1st Signatory signs.	1st Signatory	1 day
5	2nd Signatory signs and remits the funds to the beneficiary.	2nd Signatory	1 day

Appendix 17: Payment of Contract Gratuity



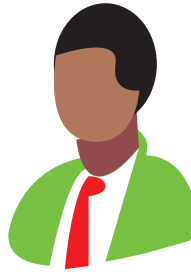
PROCESS		PAYMENT OF CONTRACT GRATUITY	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All contract staff	
Process Owner		Director, Finance	
Definitions		Gratuity payment	
Brief Description of Procedure		Claiming of end of contract payments	
Risks		Lack of funds, wrong data	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Receive claim from Human Resource for contract Gratuity.	Manager Finance and Administration	1 day
2	Compute contract gratuity for staff for the period.	Manager Finance and Administration	1 day
3	Submit the computation to URA to determine the Tax levels.	Manager Finance and Administration	1 day
4	Process Payment Vouchers and send them to Audit for Verification.	Expenditure Accountant	1 day
5	Verified payments vouchers are uploaded on the Electronic Payment System.	Expenditure Accountant	1 day
6	1st Signatory signs.	1st Signatory	1 day
7	2nd Signatory signs and remits funds to staff.	2nd Signatory	1 day

Appendix 18: Receipts Outside the ITS System



PROCESS		RECEIPTS OUTSIDE THE ITS SYSTEM	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Receipt of some functional fees	
Process Owner		Director, Finance	
Brief Description of Procedure		Receipt of some functional fees	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The client picks a bank slip and pays at the bank on a University account	Revenue Officer	1 day
2	Payments are verified using the Bank statement	Revenue Officer	1 day
3	In case of application fee, the slip is stamped and that is where the process ends.	Revenue Officer	1 day
4	For other payments, a receipt is issued to client.	Revenue Officer	1 day

Appendix 19: System Based Receipts



A student deposits the money in the bank



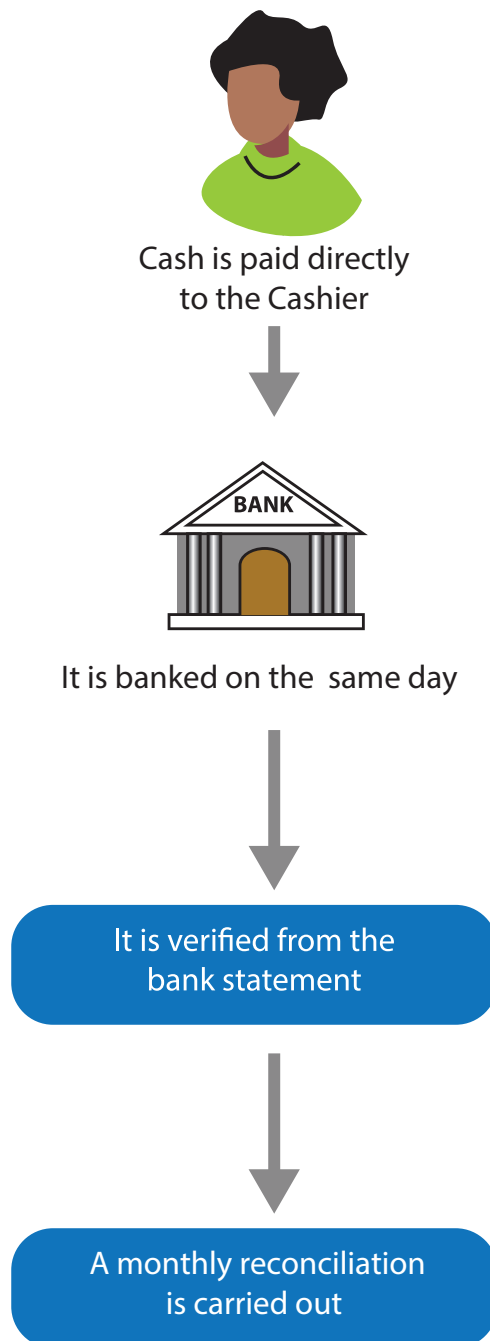
Following day, the responsible accountant uploads student payment for previous day onto student's financial statement



Student accesses his/her Financial Statement Electrically

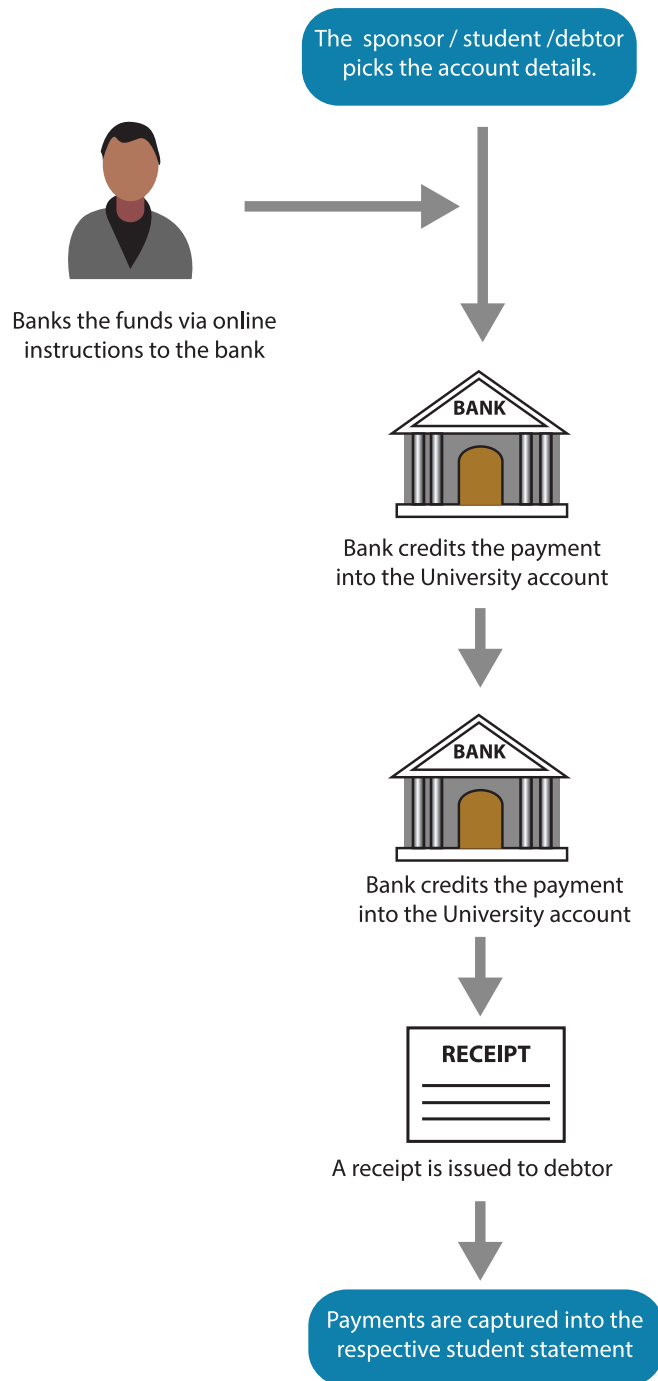
PROCESS		SYSTEM BASED RECEIPTS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All Student payments in the bank	
Process Owner		Director, Finance	
Brief Description of Procedure		Updating students fees payments	
Risks		System breakdown, bank delays in remittances	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	A student deposits the money in the bank.	Student	1 day
2	Following day, the responsible accountant uploads student payment for previous day unto student’s financial statements.	Revenue Accountant	1 day

Appendix 20: Cash Payments Less than UGX 5,000



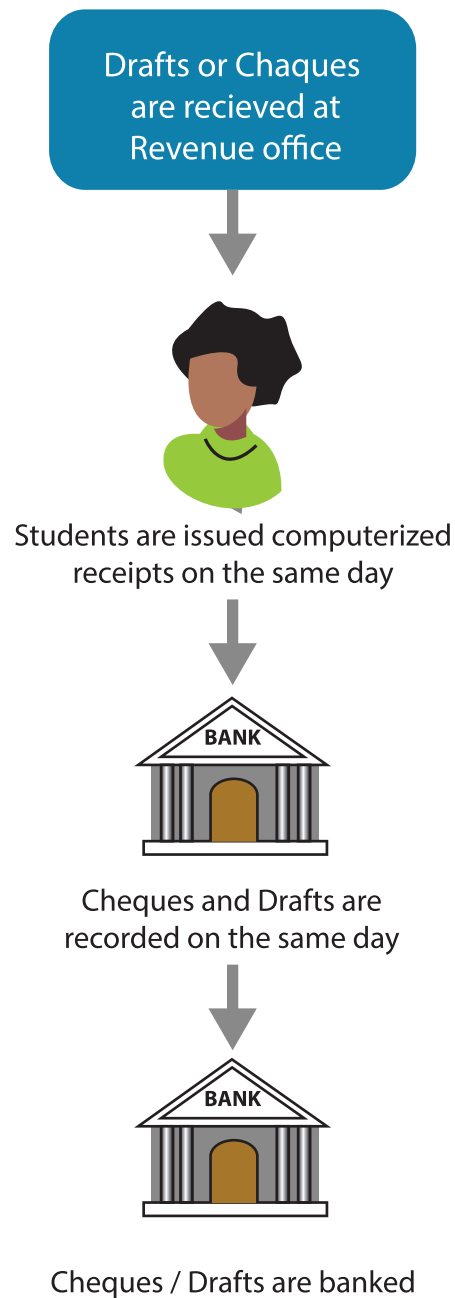
PROCESS		CASH PAYMENTS LESS THAN UGX 5,000	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		All cash payment at University	
Process Owner		Director, Finance	
Brief Description of Procedure		Receiving and banking of cash receipts	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	Cash is paid directly to the cashier.	Revenue Officer	1 day
2	It is banked on the same day	Revenue Officer	1 day
3	It is verified from the bank statement	Revenue Officer	1 day

Appendix 21: EFT / RTGS Payments



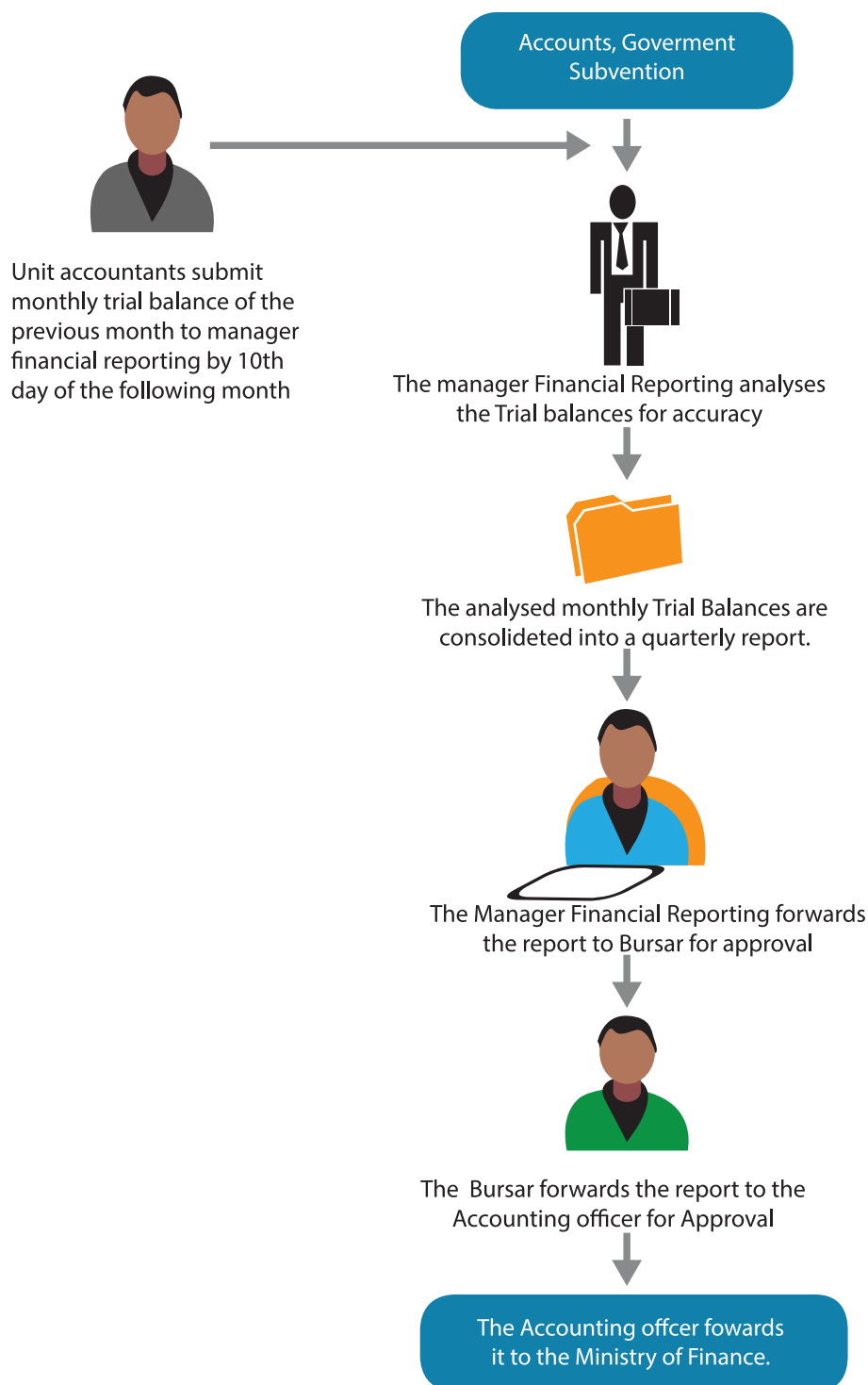
PROCESS		EFT/RTGS PAYMENTS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Electronic funds payment of fees	
Process Owner		Director, Finance	
Brief Description of Procedure		Process of paying tuition by EFT	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The sponsor /student/ debtor picks the account details.	Student	
2	Banks the funds via online instructions to the bank.	Student	1 day
3	The bank credits the payment into the University Account.	Revenue Officer	1 day
4	Payment is verified by printing the credit entry on the University account.	Revenue Officer	1 day
5	A receipt is issued to the debtor/student.	Revenue Officer	1 day
6	Payments are captured into the respective student statement.	Revenue Officer	1 day

Appendix 22: Cheques / Drafts Payments



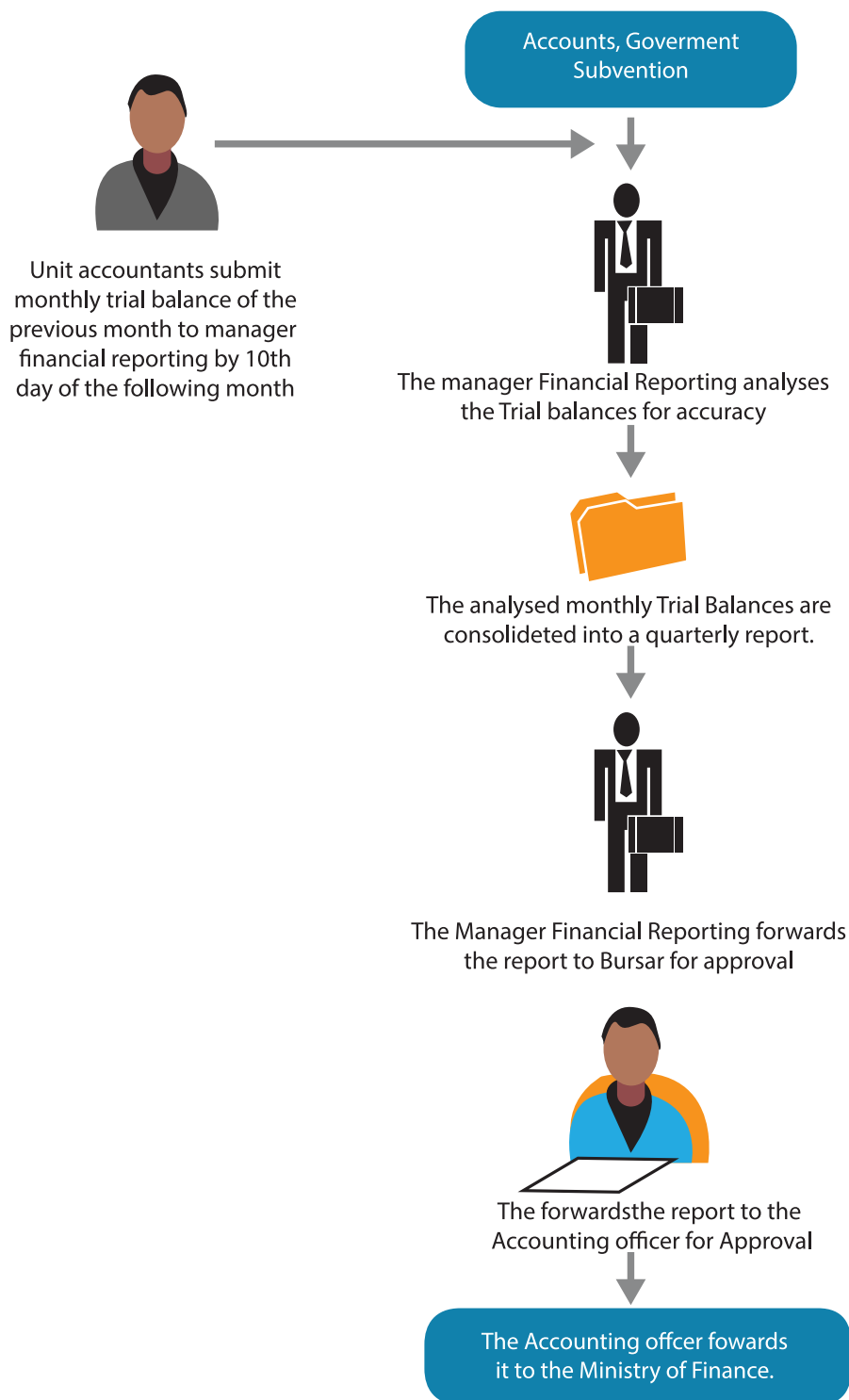
PROCESS		CHEQUES/DRAFTS PAYMENTS	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Tuition payments by cheque /drafts	
Process Owner		Director, Finance	
Brief Description of Procedure		Receipting of fees payment by cheque	
Risks		Bouncing of cheques	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The Drafts or Cheques are receipted at Revenue office. It is receipted and directly goes to the students statements.	Revenue Officer	1 day
2	Cheques/ Drafts are banked	Revenue Officer	1 day
3	Students are issued computerized receipts.	Revenue Officer	1 day
4	Recording cheques and drafts and preparing banking	Revenue Officer	1 day
5	The cheques are then banked.	Revenue Officer	1 day

Appendix 23: Accounts/ Government Subvention



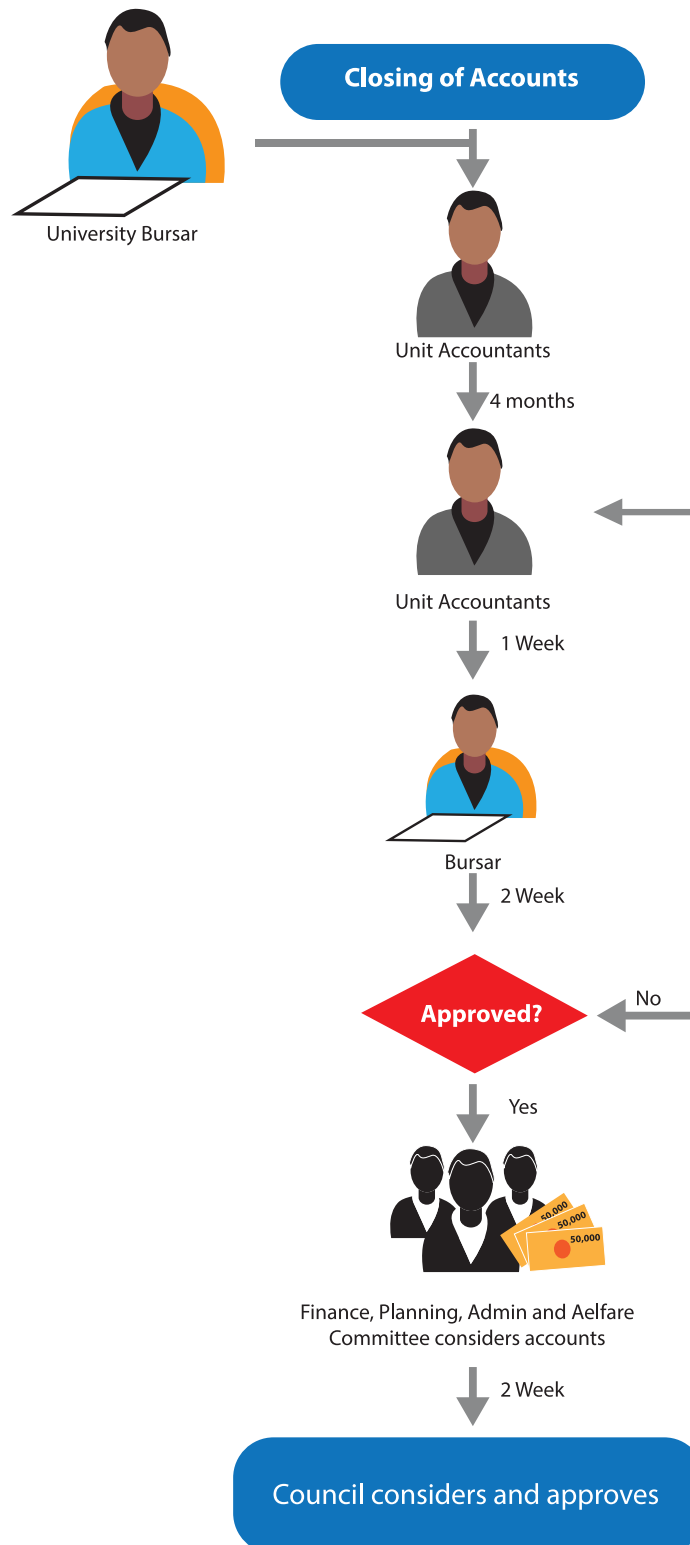
PROCESS		ACCOUNTS/GOVERNMENT SUBVENTION	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Government Releases	
Process Owner		Director, Finance	
Brief Description of Procedure		Reporting of Government subvention use	
Risks		Fraud	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The Unit accountants submit monthly trial balances of the previous month to the manager Financial Reporting by 10th day of the following month.	Unit Accountants	2 days
2	The manager Financial Reporting analyses the Trial balances for accuracy.	Manager, Financial Reporting	2 days
3	The analysed monthly Trial Balances are consolidated into a quarterly report.	Manager, Financial Reporting	2 days
4	The Manager Financial Reporting forwards the report to Bursar for approval.	Manager, Financial Reporting	2 days
5	The Bursar forwards the report to the Accounting officer for Approval.	The bursar	2 days
6	The Accounting officer forwards it to the Ministry of Finance.	Accounting Officer	2 days

Appendix 24: Appropriation in Aid (AIA)



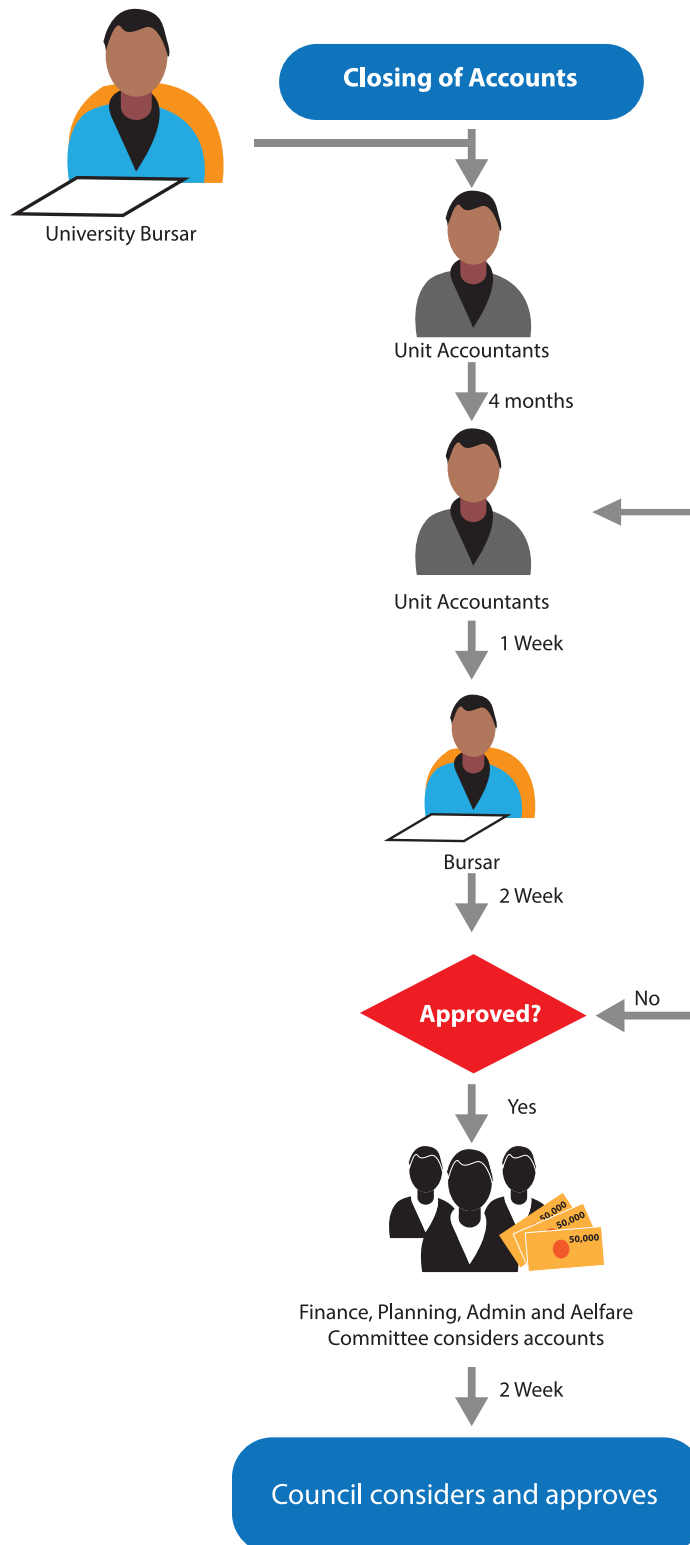
PROCESS		APPROPRIATION IN AID (AIA)	
Policy		Finance Policy	
Purpose		Efficient and effective use of resources	
Scope		Internally Generated Funds (IGF)	
Process Owner		Director, Finance	
Definitions		Reporting of all IGF	
Brief Description of Procedure		Preparation of technical & financial reports	
Skills Required			
S/N	Activity	Responsible Officer	Duration of Activity
1	The Unit accountants submit monthly trial balances of the previous month to the manager Financial Reporting by 10th day of the following month.	Unit Accountants	2 days
2	The manager Financial Reporting analyses the Trial balances for accuracy.	Manager, Financial Reporting	2 days
3	The analysed monthly Trial Balances are consolidated into a quarterly report.	Manager, Financial Reporting	2 days
4	The Manager Financial Reporting forwards the report to Bursar for approval.	Manager, Financial Reporting	2 days
5	The Bursar forwards the report to the Accounting officer for Approval.	The bursar	2 days
6	The Accounting officer forwards it to the Ministry of Finance.	Accounting Officer	2 days

Appendix 25: Year-end Processes (Closing of Accounts)



PROCESS		YEAR-END PROCESSES	
Policy		Finance Policy	
Purpose		Financial accountability, reporting and proper planning for the next period	
Scope		Financial Management	
Process Owner		University Bursar	
Definitions		End of period financial report	
Brief Description of Procedure		Reconciliation of the expenditure with the income of the financial year	
Risks		Fraud, poor time management, lack of documentation, incompetent accountants, Double counting	
Skills Required		Accounting skills, ICT skills	
S/N	Activity	Responsible Officer	Duration of Activity
1	Issuing circular to accountants on documentation reconciliation at the beginning of March	University Bursar	1 week
2	Carry out final reconciliation	Unit Accountants	1 month
3	Submission consolidated financial statements to the University Bursar	Unit Accountants	1 week
4	Review of submissions and demands for corrections, if any	University Bursar , Unit Accountants	2 weeks
5	Submission of finance, planning, administration and welfare committee to council through the DVC (F&A)	DVC(F&A) , University Bursar	1 week
6	Consideration of final accounts	DVC(F&A) , University Bursar	2 weeks
7	Submission of final accounts to Council	University Secretary	1 week
8	Consideration and approval of final accounts	University Secretary	1 month
9	Publication of final accounts		

Appendix 26: Year-end Processes (Annual Financial Statements)



PROCESS		YEAR-END PROCESSES	
Policy		Finance Manual	
Purpose		Financial accountability, reporting and proper planning	
Scope		Financial Management	
Process Owner		University Bursar	
Definitions		Statements of income and expenditure, assets and liabilities for the financial year	
Brief Description of Procedure		Reconciliation of the expenditure with the income of the financial year	
Risks		Fraud, poor time management, lack of documentation, incompetent accountants, Double counting	
Skills Required		Accounting skills, ICT skills	
S/N	Activity	Responsible Officer	Duration of Activity
1	Bursar issues circular to accountants on documentation reconciliation at the beginning of March	University Bursar	1 week
2	Accountants carry out reconciliation	Unit Accountants	4 months
3	Unit accountants send consolidated financial statements to the University Bursar	Unit Accountants	1 week
4	University Bursar reviews submissions and demands for corrections, if any	University Bursar , Unit Accountants	2 weeks
5	Financial statement submitted to Finance, Planning, Administration and Welfare Committee of Council through the DVC (F&A)	University Bursar	1 week
6	Committee, in consultation with DVC(F&A) and University Bursar, considers final accounts	University Secretary	2 weeks
7	University Secretary submits to Council	University Secretary	2 weeks
8	Council considers and approves	University Council	2 weeks

Draft Financial Management Policies

Financial Management Responsibility Policy

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff and the entire University

A Policy Statement

All University faculty and staff are accountable for processing and recording financial transactions in a timely and proper manner.

Reason for Policy/Purpose

Sound business practices and stewardship principles call for each member of Makerere University faculty and staff to be accountable for safeguarding and preserving the assets and resources of the University, and for accurately recording the transactions of the University for the purposes of appropriately reporting to constituents including students, parents, donors, sponsors, and other interested parties. This document has been developed to provide further guidance on the proper accounting for transactions. While it is impossible to address every conceivable situation that may arise, this policy should provide a framework for faculty and staff to draw upon in their evaluation of Policy/Procedures

The following policy statements pertain to all business activities of the University and are applicable to all members of the faculty and staff. Supervisors are responsible for familiarizing their staff members with this policy. While certain tasks may be delegated to staff directly involved in processing transactions, accountability cannot be delegated. The person delegating tasks remains responsible for proper performance of those tasks.

1. All revenues generated by University activities and all expenditures for goods and services must be recorded and accounted for within the University's Accounting System. Revenues are recorded when earned, generally when the University has delivered the goods or services. Similarly, expenses are recorded when goods or services are received by the University. Holding an invoice or contract does not prevent the expense from being incurred and reportable. Accordingly, invoices should be submitted to Accounts Payable on a timely basis.
2. All transactions, whether recorded directly into the general ledger or entered

through a subsystem, should be transcribed and supported in a way that allows for the preparation of financial statements in conformity with accounting principles generally accepted by Uganda Government. The University Secretary is responsible for the accuracy, integrity, and overall management of the University's financial system and should therefore be consulted on any matters relating to accounting policies and procedures.

3. The recording of all financial transactions must be timely, accurate, and clearly identify the true business nature of the transaction. Specific guidance pertaining to the timely posting of transactions is published on the Finance Department website, in a monthly memorandum, and in a closing calendar prepared by the University Finance Department.

4. No transaction, whether recorded directly into the general ledger or indirectly from a subsystem, nor any supporting documentation, shall be deliberately left incomplete or distorted. No payments made on behalf of the University are to be approved with the understanding that any part of such payment is for any purpose other than that described on its supporting documents.

5. The Accountant of each College and Division is responsible for oversight of financial transactions affecting individual cost centers (consisting of an organization and a funding source code) or research project/task in the University's financial records system. It is the University Bursar's responsibility to coordinate with the department chair, principal investigator or other designees to:

6. Verify that transactions are reviewed and approved by an individual with the appropriate level of knowledge and authority to do so.

1. Verify that adequate internal controls are established over processing of financial transactions affecting the school or administrative department. Internal controls include segregating duties, limiting both physical and data access to individuals who need such access to perform their responsibilities, and monitoring and evaluating financial results as outlined below.

2. Verify that periodic reports of account activity are reviewed to determine that all charges and entries are accurate and complete. The review must include a comparison of budget to actual results where applicable, and trends or areas of concern must be identified. For significant deviations from expected results, the variance must be investigated and reasons documented, along with any necessary corrective action plan.

3. Verify that all entries made to each revenue and expense account have been properly allocated and that transactions represent activities that pertain to the purpose of the account. In the case of restricted accounts, verify that all transactions comply with donor-imposed restrictions on the use of funds.

4. Take appropriate and timely action to correct any improper charges allocated to a cost center or research project/task by notifying the Comptroller's Office. All notifications should be made to the University Secretary, unless the transaction pertains to a sponsored research project. Notification for research adjustments should be made to the Director of Grants University Bursar's Office.

5. Verify that all charges to governmental and other restricted sponsoring agency accounts are appropriate and allowable under the sponsor's regulations.
6. Verify that all University property is properly secured and accounted for on a periodic basis. Physical property of the University must be safeguarded, used for University purposes, and properly maintained. See the Fixed Asset Management Policy for more information.

Budget Policy

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff, Students and the entire University

A Budget overview

Makerere University, as a statutory authority established under the Universities and Other Tertiary institutions Act 2006, is required to undertake planning, budgeting and reporting in accordance with the following legislation:

- Finance Act
- Public Finance and Accountability Act Uganda

The University prepares and manages its budget in conjunction with the annual strategic planning process. The budget is based on estimates provided by each responsibility centre and its purpose is to deliver the approved plans of colleges, administrative units and institutes. Detailed accrual budgets are prepared as five distinct programs:

- **Operating** - revenue and expenditure of all units relating to teaching, support activities and central overhead commitments
- **Research and External Services** - research training and institutional grants schemes, research infrastructure (derived either from central allocations out of operating funds or from external sources) and external revenue for specific research, consulting, testing or continuing education projects
- **Asset Management** - the major building program, maintenance programs, University minor works, IT infrastructure program and library resource allocation
- **Central Financing** - central financing receipting and distribution.

A detailed definition of each of the above programs is provided in the University's Financial Management Practice and Procedures Manual.

Program budgeting enables the University to monitor the source and application of funds provided from Government, donations, international and domestic fee-paying students, external service activities and commercial-like operations.

The University's Strategic Planning Package and the Budget Package are released in the second half of each year. The Vice-Chancellor and Executive Director, Finance and

Resource Planning meet with each responsibility centre to discuss plans for the future three years. Responsibility centres then develop their annual budgets based on their plans and discussions from these strategic planning meetings.

1.3 Roles and responsibilities

The Directorate of Finance and Strategic Planning is responsible for collating budgets received from colleges and administrative units and for preparing the final University-wide budget in January each year.

Finance and Planning Committee of Council is responsible for considering strategic budget issues, approving the budget framework, and endorsing the University's budget. Council is responsible for approving the University's budget.

1.4 Budget cycle

Makerere's financial year is based on the government of Uganda financial year, and the budget for the University is set within this time frame. The annual budget is developed on an annual basis incorporating anticipated revenue and expenditure for all activities of the organization that have financial implications. The University's budget for the following year is completed by January each year and approved by Council at its January meeting. Annual budgeting allows strategic analysis and decision making to be undertaken as part of the University's budget process. The budget is a detailed operational financial plan with the two out-years developed at a strategic level.

The budget is an integral part of the University's planning process and is achieved through the steps described below.

Step 1 - Development of Finance and Infrastructure Plan

Step 2 - Development of budget package

Step 3 - Development of draft programs and faculty / division / institute budgets

Step 4 - Budget signed off with Vice-Chancellor

Step 5 - Budget endorsed by Planning and Resources Committee and approved by Council

Step 6 - half year reforecast

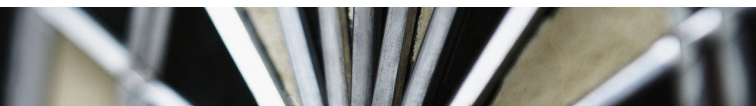
Step 7 - Second half year reforecast (Second half Yr1)

Step 8 - End of Year Financial Reporting (First half Yr2)

4.1.5 Corporate level budget development

In preparing corporate budget projections for inclusion within the University's Budget Package, the Division of Finance and Resource Planning is required to:

- determine the internal distribution of Commonwealth grant funding for both teaching and research grants;
- estimate revenue from fee-paying students and other income sources;
- identify existing and new strategic initiative funding; and



- review funding levels for University-wide overheads.

The development of the budget at the corporate level is detailed in the Financial Management Practice and Procedures Manual.

4.1.6 Load management and funding implications

Student load (EFTSL) projections underpin the internal distribution of Commonwealth grant funding for both teaching and research, along with the projections of income from fee-paying students, for the purpose of developing the University's budget at the corporate level.

QUT and the Australian Government enter into a three-year Funding Agreement, which outlines EFTSL by funding cluster and other arrangements for funding under the Commonwealth Grants Scheme. EFTSL is calculated for all academic organizational units. This is combined with load projections from other funding sources (international students, domestic fee-paying students etc.) to gain a total load picture for the academic organizational unit and faculty.

4.1.7 Budget development and approval

Budget development

As part of the strategic planning and budgeting process (A/2.2) faculties, divisions and institutes prepare and submit, for detailed review, their proposed annual teaching program budget, along with research-related budget submissions, for the coming financial year and two out-years.

The Division of Finance and Resource Planning liaises with the sponsors of the other budget programs to support budget development within the specified timeframes. Upon completion, all budget programs are consolidated into the University's 'consolidated budget' for the triennium.

Budget approval

From a management perspective budget approval authority lies with:

- Specific levels of management within organizational units who have authority to approve draft budgets throughout the budget development process.
- Executive deans of faculty / heads of division / institute directors who will review and approve their proposed budget prior to submission to the Planning and Budget Department, Division of Finance and Resource Planning.
- The Executive Director, Division of Finance and Resource Planning, who is charged with consolidating the budget at the corporate level.

Written approval from the Vice-Chancellor is required for budget transfers from the central contingencies to the Division of Finance and Resource Planning.

The University's consolidated budget is submitted through Vice-Chancellor's Advisory

Committee to Planning and Resources Committee for review and endorsement, prior to formal submission to QUT Council for approval.

4.1.8 Budget reforecasting

In the first half and second half of each budget cycle the University will undertake a complete review of its financial performance against the first year of the approved budget. This review is of all budget programs, with the budget to be reforecast to reflect the anticipated outcome for the year. The purpose of this review of annual revenue and expenditure estimates is to make appropriate adjustments for material movements in performance, which result in a major increase or decrease to the overall estimated financial position of the program or activity.

In addition, faculties, divisions and institutes will undertake a formal review of their Operating Program and Faculty Funded Research budget forecasts in the first half and second half of each year. The reforecasting process will involve negotiations between faculties / divisions / institutes and the Division of Finance and Resource Planning regarding budget increases / decreases in revenue estimates, along with material movements in anticipated expenditure performance. Any budget adjustments will occur prior to the end of the first half and end of the second half of the year respectively. The Division of Finance and Resource Planning will liaise with the sponsors of the other budget programs to incorporate changes in revenue and expenditure performance.

4.1.9 Budget reporting

Under the Financial and Performance Management Standard 2009, QUT is required to report on its budget at least once every three months. The University's budget reporting includes:

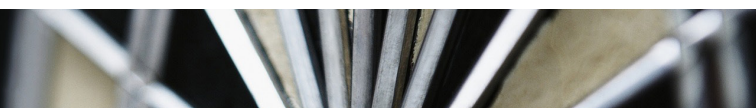
- Submission of Annual Budget
- First half reforecast report
- Second half reforecast report
- Financial Outcome Report.

Monthly management reports are also prepared by the Division of Finance and Resource Planning for submission to Vice-Chancellor's Advisory Committee and Planning and Resources Committee.

4.1.10 Budget adjustments

Allowable budget adjustments fall within the following three categories:

- a) **Material Budget Adjustments:** These adjustments represent significant movement in revenue and expenditure forecasts, which impact on the bottom line of the organizational area and/or budget program.
These adjustments are allowed at budget reforecast time only and are subject



to negotiation between the Division of Finance and Resource Planning and the relevant area.

- b) **Non-material Adjustments:** These adjustments are budget neutral as they have a nil impact on the bottom line of the organizational area and/or budget program. These adjustments are allowed between the months of January and December.
- c) **Allocations to Internal/Collaborative Projects** At budget development time organizational areas are required to identify faculty / division / institute internally funded initiatives within the Operating Program. The allocation of these funds to individual projects is allowed between the months of January and December.
- d) Further details are provided in the Financial Management Practice and Procedures Manual.

4.1.11 Specific budget policies

The Financial Management Practice and Procedures Manual details specific budget policies for application within QUT, including:

- Accrual Budgeting
- Administration Cost Recovery
- Asset Management Program Recovery
- Asset Management Plan - Capital Program Drawdown Facility
- Capital Project Budget Approval
- Capital Budgets
- Australian Government Support and HECS-HELP Funding
- Cost Attribution Policy for Research Training Scheme (RTS) and Institutional Grants Scheme (IGS)
- Devolved Overheads
- Internal Transactions
- International College Fee Revenue
- Long Service Leave
- Performance Pool
- Retained Funds
- User Charging

Policy on Financial Management

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff, Students and the entire University

Policy Statement

It is the responsibility of every officer of Makerere University to ensure maximum transparency and integrity of the University's financial transactions and systems.

1. Accountability and Management

Subject to accountability requirements specified in the relevant legislation, Council as the governing body of Makerere University is responsible for the management and control of the finances of the University (UOTIA 2006). This includes responsibility for the adoption and review of a budget for the University. Although the UOTIA permits Council to delegate certain of its powers and authorities, Council may not delegate its duties in relation to the annual adoption of a budget and the approval of the spending of funds available to the University by way of bequest, donation or special grant.

In accordance with its statutory requirements, the University

- prepares annual financial statements following the close of each financial year, certified by the Chairman of Council, the University Secretary and the University Bursar
- submits annual financial statements to the Auditor-General
- prepares and maintains a Financial Management Practice and Procedures Manual of policy and procedures for the University's accounting and internal controls
- prepares and submits to the appropriate Minister in charge of Higher Education within four months of the close of the financial year an annual report which includes a copy of the audited annual financial statements.

Council Finance Committee is the University's senior financial and resource planning body. The Committee is empowered, on Council's behalf, to approve revisions to budgets and formulate policy on investment management. Finance Committee assists and advises Council on financial and resource planning for the University and receives advice in turn from the University Secretary, regarding the educational profile, strategic plans, resource allocation, and performance. Finance Committee also receives advice on the asset management plan, the implementation and administration of the financial operations of Makerere University including investment of funds, payroll, accounts and purchasing, and

public accountability requirements.

http://www.mopp.qut.edu.au/A/A_03_03.jsp Audit and Risk Management Committee of Council assists and advises Council on risk management and audit related matters, including the performance or discharge of functions and duties under the Financial Accountability Act 2009, the Financial and Performance Management Standard 2009 and the University's Risk Management Services Charter.

The <http://www.frp.qut.edu.au/> Finance Department prepares the University Consolidated Annual Budget, September Budget Report, and Budget Reviews for 30 December and 30 March. In addition to this, the Department also prepares the Financial Outcomes Report, and the Annual Financial Statements for the year ended 30 June each year.

2. Legislative environment

The financial management of the University is governed by

- Enabling legislation - the Universities and Other Tertiary Institutions (UOTIA) Act, 2006
- The Financial Accountability Act 2009
- The Financial Accountability Regulations 2009
- The Makerere University College Statute, 2011

The accounting concepts and standards used by Makerere University are in accordance with the Government of Uganda Financial Reporting Standards

The University's annual financial statements and internal controls framework are audited by the Auditor-General in accordance with the Auditor-General Act 2009 and Financial and Performance Management Standard 2009. Members of the University community are responsible for assisting with the satisfactory conduct of the audit as necessary and for complying with the legislative requirements.

3. Funding allocation and distribution

Makerere University is funded from a variety of sources including the following:

- Government funding through sponsorship of students
- Student fees (Appropriation In Aid)
- substantial support for specific research projects with grant funds channeled through other agencies, for example, the Uganda National Council for science and Technology (UNCST)). Such agencies award grants to the University for use by individual members of staff or a research team for a project approved by the granting agency
- Grants for development projects or other purposes
- Investments on university lands
- Proceeds from commercial units.

Internally, funds are distributed on a monthly basis across the University based on the Consolidated Budget. The Annual Budget development is tied closely to the University's planning process and is approved by Council before the end of the year prior to its

implementation. All University funds are consolidated in one basket and re-distributed according to a zero budget framework.

4. Financial functions, powers and authorities of the University

Makerere University is a body corporate, has a seal, and may sue and be sued in its corporate name. Under the UOTIA, the University may

- enter into contracts
- acquire, hold, dispose of, and deal with property
- appoint agents and attorneys
- engage consultants
- fix charges, and other terms, for services and other facilities it supplies
- establish or administer trust funds.

In addition to its main teaching, research and service functions, the University is also empowered to exploit commercially any of its facilities or resources for the benefit of the University.

5. Responsible officers

The Vice-Chancellor, as chief executive officer, is responsible to Council for all aspects of the institution's management, including its financial affairs. The Vice-Chancellor is assisted in this duty by the following direct reports:

- The Deputy Vice-Chancellor (Finance and Administration) - for administrative aspects
- The University Secretary – for financial control and accountability
- The University Bursar - for planning, resource allocation and financial management.

The University Secretary is responsible for ensuring that the accountability obligations of Makerere University are met.

Heads of individual responsibility centres are responsible for the efficient and effective management of all funds under their control and are bound by the policies and practices set down by Makerere University in line with its financial obligations.

Detailed financial responsibilities, delegations and signing authorities are outlined in the Financial Management and Procedures Manual.

Policy on Asset Management

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff, Students and the entire University

General

An asset is anything of material value and which provides a potential future economic benefit to the University. The University Secretary is responsible for the strategic management of the University's assets including its property, plant and equipment.

Makerere University's asset management framework identifies the key elements associated with asset management, namely acquisition, use, disposal and investment. For property, plant and equipment it considers a 'whole of life' approach including operational requirements, acquisition, enhancements, and disposal of assets, all of which have an impact on asset valuations and depreciation.

The University may control other assets under arrangements with other bodies, or under terms of leasing or tenancy agreements.

Further details on asset management are provided in the *Financial Management Practice and Procedures Manual*.

2. Cash assets

Cash assets include monies that are held in petty cash and in the University's bank accounts and those monies held by the Crown Agents or other approved financial institution for short term investment purposes. It is essential that particulars of all monies due to the University are identified and appropriately recorded so that they may be collected on or before the due date. Staff members who collect such monies are responsible for the safe custody of the collections from the time of receipt until deposited into authorized University bank accounts. Procedures for management and control of monies are provided in the *Financial Management Practice and Procedures Manual*.

Bank accounts may only be opened with the approval of the University Secretary and only in the name of Makerere University. The University Secretary is responsible for authorizing officers to operate these accounts.

Procedures for the conduct of Makerere University bank accounts are provided in the *Financial Management Practice and Procedures Manual*.

3. Receivables

A receivable is money owed to the University for goods or services purchased on credit. Receivables include trade receivables which are sales to regular trade customers that have been completed but not yet paid for, and student outstanding invoices.

All University debt is administered either through the student management system for student fees or through the University's finance system for all other activities.

Prior to performing any work or services that will result in a material debt (see Financial Management Practice and Procedures Manual) by a potential customer to the University, the responsibility centre performing the work or services must perform a credit check on the customer to ensure that the likelihood of a default is minimized.

Credit notes

Credit notes are raised to cancel or amend an invoice raised in error and may only be issued subsequent to approval being given by an officer authorized to commit funds to specific limits, in accordance with the *Schedule of Authorities and Delegations*.

Write-off of debt

Debts due to the University may only be written off in accordance with the delegated authorities to write off bad debts and assets – see Schedule of Authorities and Delegations. Detailed procedures dealing with revenue, credit checks, credit notes, debt management and debt write-off are provided in the *Financial Management Practice and Procedures Manual*.

4. Inventories

Inventories for purposes of Makerere University assets include land held for resale and stock held by the University Bookshop. Makerere University does not normally purchase land for the purposes of resale, however where this is the intention the Financial Management Practice and Procedures Manual, identifies the appropriate management and accounting for the asset. All purchases of land must be notified to the University Secretary

Items such as stationery, spare parts, consumables and components, loose tools, consignment stock and minor equipment held for resale to students or the public are not considered to be assets. However, these items are to be managed and controlled as outlined in the *Financial Management Practice and Procedures Manual*.

5. Other financial assets

Other financial assets include medium to long term investment funds and investments in commercial units.

The University has a number of commercial units and treatment of these companies is outlined in the Financial Management Practice and Procedures Manual.

Shares that are fortuitously acquired arising from prior research activity which recognizes part ownership of the inherent intellectual property may be disposed of subject to the financial authority of the Vice-Chancellor.

The purchase of additional shares within companies already part of the University's

portfolio of investments requires the Vice-Chancellor's approval and shall only be progressed if directly linked with a clear strategic positioning and not be speculative in nature.

All unrealised gains and losses during the period of investment and realized gains and losses following disposal will be accounted for centrally.

6. Property, plant and equipment

A Fixed Assets Register is maintained by the University for All Non-current Assets with acquisition costs in excess of Shs. 5,000,000. This register records all data necessary to identify and locate assets, together with other relevant information (eg depreciation, life expectancy).

Assets with acquisition costs less than Shs. 5,000,000 but greater than Shs. 2,000,000 (greater than Shs. 1,000,000 for ICT equipment) are also recorded in the Fixed Asset Register as portable and attractive items, where required.

Heads of responsibility centres should exercise efficiency and economy in acquiring assets on the University's behalf and observe University and Government purchasing policies.

Insurance of assets

The University Secretary oversees the appointment of an insurance broker to manage the University's insurance requirements.

Rental of assets

When not required for University purposes, University assets may be hired to staff and outside bodies on terms and conditions contained in Makerere University's policy for user charging. Requests for new arrangements must be forwarded to the University Secretary for consideration and endorsed by the Vice-Chancellor.

Leasing of assets

A purchase versus lease appraisal should be prepared by the college or department to validate a recommendation to either lease or purchase an asset. Heads of responsibility centres should obtain the approval of the University Secretary before entering into commitments for leasing assets.

Loss or damage of assets

Heads of responsibility centres are responsible for reporting any loss of or damage to assets as soon as possible to the Security Manager, who will take action to prevent the loss recurring. Where appropriate, an insurance claim should be completed as per instructions on the Finance and Resource Planning website.

In the event of a possible offence under the Uganda Criminal Code or other act or law, the Security Manager is required to advise the police and the University Secretary, who shall notify the Auditor-General. Where official misconduct by a member of the University is indicated, the Security Manager must instead report the matter to the DVC (F&A) who shall notify the Staff Tribunal. The University Secretary is responsible for ensuring that all material losses are recorded in the Record of Material Losses Register (Non-Cash).

Write-off of assets

Action to write-off assets must be in accordance with the delegated authority (Schedule of Authorities and Delegations). The Vice-Chancellor can authorize the write-off of bad debts and assets which are missing, obsolete, irreparable, at the end of their useful lives or scheduled for replacement where the value exceeds Shs. 25,000,000. The University Secretary can authorize the write-off of bad debts and assets up to the value of Shs. 25,000,000. Principals of college/ heads of division can authorize the write-off of assets which are obsolete, at the end of their useful lives or scheduled for replacement or retirement to the value of Shs. 5,000,000.

Depreciation

Assets are depreciated according to accounting standards and policies prescribed by legislation. Depreciation is calculated by applying the straight-line method. Further details are provided in the Financial Management Practice and Procedures Manual

Disposal

Disposal of items can be made when assets are no longer required, have reached the end of their useful life, or are technically or economically redundant. Faculties and divisions are provided with the flexibility of choosing how to dispose of their assets through methods described in the [http://www.frp.qut.edu.au/services/policy/financial_management_manual/Public Procurement and Disposal Guidelines](http://www.frp.qut.edu.au/services/policy/financial_management_manual/Public_Procurement_and_Disposal_Guidelines). To be able to make informed asset disposal decisions, a disposal decision tree has been developed. If a responsibility centre has assets which are surplus to their requirements, but still serviceable, they must canvass other areas of the University to determine whether another responsibility centre has a need for such assets and would be interested in acquiring those assets. Approval for disposal of assets and write-offs is in accordance with the delegated authority.

Assets review

At minimum, an annual review of assets is to be undertaken to verify the existence of assets recorded in the Fixed Assets Register and to assess the serviceability of those assets (remaining life and depreciation rate). Any discrepancies are to be investigated by the responsibility centre. Detailed procedures are provided in the Financial Management Practice and Procedures Manual.

Heads of responsibility centres should also annually review asset usage to determine whether excess capacity exists that may benefit another responsibility centre by mutual arrangement.

Control of assets

In addition to the above controls, heads of responsibility centres should also:

- Implement procedures ensuring as far as possible the security of assets under their control
- Ensure assets are properly maintained with a view to maximizing the period

- of effective use
- Ensure assets are not exposed to any hazards which may result in the insurance contract being rendered null and void in the event of a loss.

7. Intangible assets

An intangible asset is an asset that is without physical substance, such as intellectual property (IP) and information technology software. Software (including purchased software) that is not an integral part of hardware is treated as an intangible asset.

Where the software is an integral part of the related hardware (for example the operating system), it is treated as Property, Plant and Equipment.

To assess an internally generated intangible asset, the project needs to be identified at the earliest possible stage. Internally generated assets arising from development of an internal project must demonstrate that the asset will generate probable future economic benefit.

Software development can be undertaken in-house and will include activities such as design and construction, testing, specifications works, pre-production use, alternatives, improved products, processes or service. Further details on intangible assets are provided in the *Financial Management Practice and Procedures Manual*.

Policy on Borrowing

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff, Students and the entire University

A. Policy Statement

Makerere University may borrow, with the approval of the Permanent Secretary, Ministry of Education, in accordance with the Universities and Other Tertiary institutions Act 2006.

The principles applying to borrowings are as follows:

- Council, following recommendation from Finance and Planning Committee, recommends all borrowings to the Secretary to the Treasurer for approval via the Permanent Secretary, Ministry of Education;
- borrowings must be in Uganda shillings and undertaken in Uganda;
- borrowings will generally be from approved commercial or development banks, with any guarantee or conditions being approved by the Secretary to the Treasurer;
- funds required to meet borrowing repayments are to be accounted for in the annual budget and commitments are to be reported in the University's Financial Statements;
- the University's liquidity level is to be maintained at all times to meet all reasonably anticipated operating cash flow requirements of the University, as and when they fall due; and
- Total borrowings should be a mixture of fixed and floating interest rates wherever practicable.

B. Borrowings

Borrowings may be approved in the following limited circumstances:

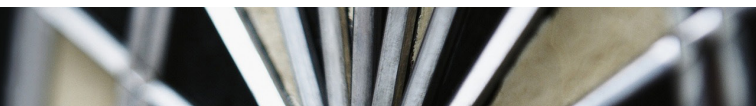
- To further the University's research activities and to commercialize intellectual property;
- To support the Asset Management Program;
- To address unexpected shortfalls in cash flows.

The University Secretary has delegated authority, following endorsement of each request by the Vice Chancellor, to approve access to funds from commercial banks for up to 30 days and within pre-approved limits.

All other borrowings require Council approval following recommendation from Finance and Planning Committee. Such recommendations are to include a detailed business case clearly identifying the benefits of the loan, including a detailed cash flow projection prepared on a discounted cash flow basis.

All borrowings are approved within the context of the published University Consolidated Budget and Asset Management Plan.

C. Records and reporting



The University Secretary ensures that all borrowings are recorded in a central register and that source documents are safeguarded.

The University Bursar provides a status report on borrowings as part of the quarterly report to Finance and Planning Committee.

Policy on Expenditure of University Funds

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff, Students and the entire University

Policy Statement

The University is a Statutory Authority pursuant to the Financial Accountability Act 2009 and is subject to the same legislative and policy requirements as applies to other government and semi-governmental agencies. This includes the Act itself and subordinate guidelines, as well as other pronouncements such as the Public Procurement and Disposal Procedures. This framework is generally not prescriptive on what can or cannot be charged to the University's accounts except to state that all expenditure must be for official purposes and must not, except in special cases (such as " losses and special payments " as defined) be for private purposes.

The University derives a major part of its funds from the Government, but is increasingly reliant upon student fees and its commercial endeavours to support its operational and capital requirements. The University is therefore required to administer its expenditure in a manner which adheres to standards of public sector accountability, but which also supports the flexibility required of an institution operating within a more commercial framework.

Official Expenditure

Expenditure is to be incurred for official purposes only and, if required, officers must be able to identify the relationship or nexus between the expenses and the official business of the University.

Under no circumstances shall University expenditure be incurred for personal or private purposes.

Prior to committing to the expenditure of money, an appropriately delegated officer must ensure that the expense:

- is an appropriate and reasonable use of University funds
- is subject to available funding
- complies with all applicable legislation
- is able to withstand public scrutiny
- is the most economical and effective outlay for its purpose
- is appropriate for the effective operation of the University

- is to be incurred in line with approved University procedures (eg University Procurement Regulations).

Expenditure must be able to be supported on the basis of reasonableness and be publicly defensible. Expenditure is to be properly declared and documented.

Authorization of Expenditure

Ultimate responsibility for the correct expenditure of University funds rests with Makerere University Council.

Council has delegated authority to the Vice-Chancellor to expend funds within approved budget limits and consistent with the University's plans, policies and procedures. However, the expenditure of funds made available to the University by way of bequest, donation or special grant must be approved by Council, in accordance with the UOTIA.

Subject to the availability of funds within approved budget limits, and consistent with the University's plans, policies and procedures, the Vice-Chancellor has delegated commitment of the following expenditure levels (exclusive of VAT, where applicable), on behalf of the University, to senior officers of the University as follows:

The Vice-Chancellor has delegated authority to the University Secretary to approve further delegations below the level of head of school / department / independent section, including delegations for corporate card expenditure and petty cash, to commit up to (exclusive of VAT, where applicable), on behalf of the University, subject to the availability of funds within approved budget limits and consistent with the University's plans, policies and procedures.

Delegations relating to expenditure associated with business-related hospitality and official functions are detailed in the University's policy on hospitality and catering.

Business cases must be prepared and approved for expenditure on projects and/or initiatives in accordance with the Makerere University Business Case Framework Decision Matrix . Business cases are used as the primary supporting documentation for securing funding through the University's Asset Management Plan (AMP).

Business cases must be completed in accordance with the provisions of the Financial Management Practice and Procedures Manual.

Deputy Vice-Chancellors / Heads of Division	Up to
Principals of Colleges	Up to
University Bursar	Up to
Dean of school or equivalent / Centre Directors / heads of department or independent section	Up to

Policy on Private or Un-Official Expenditure

Date of Approval by Council:

Date of Next Review:

Policy Administrator:

Policy Implementation:

- Overall:
- Assistance:
- Application Staff, Students and the entire University

Overview

Items that fall under the category of official expenditure are in most cases obvious. They are those expenses that clearly relate to the carriage of official duties and responsibilities. This would include payments relating to entitlements and conditions of employment such as official travel expenses payable to a staff member.

However the issue of what “should not” be charged to the accounts of the University is subject to judgment in terms of the relationship, either direct or implied, of that expenditure to the carriage of official duties and responsibilities. Examples of expenditure in this grey area, which requires particular discretion by financial delegates prior to approval, include expenditure on entertainment, purchases such as flowers for special occasions, and any expenditure that on face value could be argued to be private in nature (such as outlays for non-official goods and services).

All financial delegates need to err towards caution in considering whether these type of expenditures should be approved, and if any doubt exists, the circumstances underpinning the authorization should be fully documented. All authorizations of expenditure need to be “publicly defensible”. For contentious items the appropriate financial delegate must be a senior officer in the University (principal of college or head of division, or a higher position if necessary) and if doubt exists the University Bursar should be consulted.

Financial delegates authorizing expenditure must ensure that account codes properly portray the nature of the expenditure and the program against which the expenditure has been charged. Under no circumstances, should a financial delegate approve reimbursement claims for themselves. All reimbursements must be approved by the University officer’s immediate superior, or a higher position if necessary and in accordance with relevant University policies and procedures.

2. Non-official or private expenses

Non-official or private expenses should not be provided unless a reasonable nexus can be established between the expenditure and the carriage of official duties and responsibilities. Examples of expenses that are generally regarded as non-official include:

- Non-official entertainment and travel costs (eg excessive or lavish entertainment expenditure and, whilst travelling, personal video hire fees, mini-bar alcohol

- consumption, personal grooming, recreation activities etc)
- Tips or gratuities (except when the University officer is travelling on official business in a country in which it is customary)
- Dinners/functions at a University officer's private residence (unless specifically authorized by the Vice-Chancellor before the event)
- Casual drinks (off campus)
- parking for non-business related trips
- valet parking (unless there are no other alternatives)
- Parking and traffic fines
- Gifts of an essentially private nature (eg birthday or wedding gifts for staff members).

It is acknowledged that there will be circumstances in which a proportion of expenditure is non-official or private (e.g. hotel accounts containing private phone call charges, mobile phone accounts containing private call charges). The private component of these charges should be settled privately and not charged to the University by credit card or account.

Nature of expenses unclear

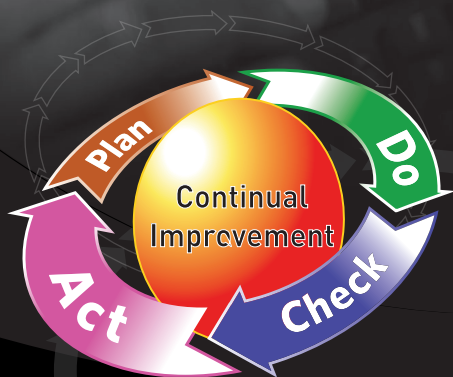
In circumstances where the nature of expenses is unclear, the University officer should meet the expense in the first instance and subsequently submit a claim with appropriate rationale to Corporate Finance for determination.

Our Core Values:

1. A global outlook and outreach
2. Breath of vision, creativity and openness to change
3. Collaboration and team work.
4. Excellence and continuous improvement
5. Transparent and courteous internal and external communication in the organization
6. The highest intellectual and ethical standards and;
7. The values of humane and just society; and in realizing Makerere University as an internationally recognized and globally focused, research-intensive institution, with a vigorous learning and teaching environment; the University commits an unequivocal commitment to high quality permeating all dimensions of academic activities and support services.

Our mission:

To promote confidence in the quality provision (teaching, research and outreach services) that the quality and the standards of awards of Makerere University are safeguarded, enhanced and effectively managed.



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