



AFRICA COLLEGE OF THEOLOGY-ACT
Training Redemptive Servant Leaders

FINANCIAL POLICY AND PROCEDURES MANUAL

AUGUST 2023

Foreword

These Financial Regulations deal with the management of Africa College of Theology finances and resources. They have been prepared to serve as a guide to all staff dealing with finances in the application of financial regulations, policies and procedures.

While preparing the regulations, reference has been made to GAAP, International Financial Reporting Standards (IFRS), and the Rwandan Law.

It will be the duty of all members of staff dealing with financial matters to familiarize themselves with the document and adhere to the guidelines therein. The Rwanda Government may occasionally issue guidelines regarding financial management of the College, and in such cases these guidelines shall prevail. The College senior management may review sections of these regulations and until a revised financial regulation document is issued, such reviews shall prevail.

All issues relating to the interpretation of these financial regulations shall be referred to the Director of Finance.

It should be noted that the use of the term “he” in the document refers to both male and female members of staff.

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ACRONYMS

ACT	Africa College of Theology
DPAF	Deputy Principal Administration and Finance
DF	Director of Finance
JV	Journal Voucher
MINEDUC	Ministry of education
P&L	Profit and Loss
Journal Voucher	Journal Voucher

1. FINANCIAL MANAGEMENT PROCEDURES

1.1 Purpose and Scope

The Africa College of Theology (ACT) is committed to achieving its objectives through the efficient and effective execution of its educational programs. It desires to become the theological institution of excellence. Thus, the College seeks to have excellent management systems that enable it to effectively utilize its resources to realize optimal results in every field.

Broadly, ACT's financial management processes should ensure efficiency, transparency, economy, timely and reliable financial information, appropriate accounting policies, suitable accounting rules, staffing competencies, and appropriate internal control systems without undermining the execution of the College's activities. More specifically, this manual aims to achieve the following objectives:

To explain accounting assumptions and policies adopted by ACT;

To describe the accounting procedures operated by ACT;

To create uniform financial and accounting policies and practices that shall be adopted by ACT;

To provide a guide to staff involved in bookkeeping thereby creating sound management and control of ACT's financial resources;

To provide high standards of financial reporting and enable management to make effective and timely financial decisions;

To improve the internal control system of ACT;

To document ACT's work ethics; and

To provide a reference for training new staff.

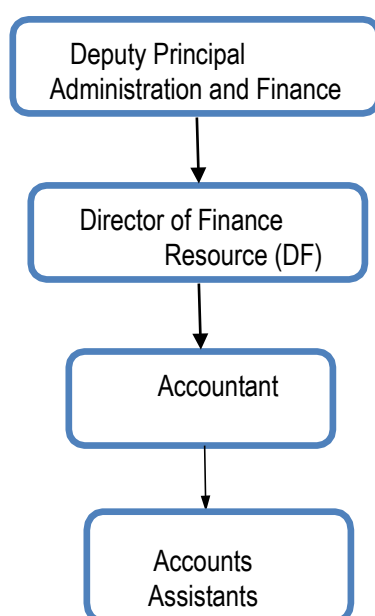
Financial management and accounting is a cycle entailing three major interdependent and successive elements: financial planning and budgeting; accounting and internal control; and financial reporting – including auditing of financial reports

2. Roles and Responsibilities of the Finance Department

2.1 Purpose

The finance department is responsible for all financial matters at ACT. The finance department provides technical and advisory role to the College Council and the School Principal on matters relating to financial management. The overall responsibility of staff in the finance department includes accounting, preparation, reporting, analysis, budgeting and project management. The department is organized and structured as reflected in section 2.1.1

2.1.1 Organization structure of ACT's Finance Department



2.2 Job descriptions and job profiles of staff in the Finance Department

The staff in the finance department includes DPAF, DF, Accountant and Accounts assistant. Their job descriptions and qualifications are detailed out here below.

1. Deputy Principal Administration and Finance (DPAF)

Job Summary

- The DPAF is the Accounting Officer of ACT. He/she, therefore, has the overall responsibility for an effective and efficient management of all financial resources of the College. He/she automatically takes over the challenge of ensuring that the ACT periodically prepares financial statements that objectively and satisfactorily justify

the uses of funds.

- The DPAF has the responsibility over the daily operations of the College including budgeting, financial records, application, interpretation and implementation of the accounting manual, the internal structures and the receipt and disbursement of funds. He/she may delegate the administrative responsibilities as deemed necessary
- As a Deputy Principal (Administration), he/she will be a key member of the school's senior management team and will oversee all non-curriculum areas as well as enhance holistic education by driving strategic planning and ensuring efficient management of resources. He/she will also lead a team of Executive and Administrative Staff to achieve excellence in school administration and operational support.

Key Responsibilities

- Strategic planning and resource management
- School organization and administration
- Human resource, finance, estate, logistical, and general administration matters
- Security and emergency planning for the school
- Communication, publicity, and management of public feedback
- Service excellence initiatives and delivery of quality of service to stakeholders
- Management of student affairs, including strategic planning for student placement, scholarship matters, recruitment, and placement of students as well as administration of student programs
- Implementation of physical infrastructure upgrading works
- Planning and implementing IT infrastructure improvement works and projects to increase productivity
- Establishment of knowledge management structures and systems
- Reports to the College Principal

Job profile, skills and Experience for the Deputy Principal Administration and Finance (DPAF)

- At least 4 years in a leadership position with general management experience. Prior experience in strategic planning, and financial and human resource management would be an advantage
- Excellent people and leadership skills
- Passion for educating and interacting with youth and children

- A dynamic and highly driven individual with strong communication and analytical skills
- A Bachelor's degree or equivalent; those without a degree and with relevant experience and expertise may also apply.

2. Director of Finance (DF)

The **Director of Finance** reports directly to the DPAF and will supervise all staff in the finance department. The DF will be responsible for the following tasks.

Job Summary

- The DF is tasked with overseeing and supervising the work of the finance department. He or she is responsible for planning, implementing, and Controlling the College's overall financial performance, planning & budgeting, reporting, compliance, and systems administration.
- Reports to Deputy Principal Administration and Finance

Key Responsibilities

- Supervising Finance Department
- Assist the DPAF in developing and implementing strategic plans and budgets.
- Prepare and present quarterly progress financial reports to the Senior Management through the DPAF to keep them abreast with budget execution.
- Develop, review and maintain all finance and finance-related policies and procedures to ensure they are aligned to ACT's mission.
- Oversees budgeting, accounting, payables, auditing, payroll, receivables, cash-flow, benefit management,
- Supervision of the finance staff and outsourced accounting and auditing services.
- Review annual budget and monitors and reports budget performance.
- Manage the organization's risk by enforcing internal controls and assisting with external and internal audits.
- Provide the finance department with guidelines and timetable on monthly, quarterly and annual basis in terms of the reporting requirements and the timelines within which reports are required.
- Develop appropriate chart of accounts customized to ACT's business operations.
- Prepare the annual budget to ensure it reflects all the financial needs of the college for the following financial year.
- Ensure accuracy and completeness of financial reports and provide quarterly and

annual financial reports.

- Preparing, examining, and analyzing accounting records, financial statements, and other financial reports to assess accuracy, completeness, and conformance to reporting and procedural standards.
- Ensure thorough verification of monthly payroll before effective payment,
- Establishing tables of accounts and assigning entries to proper accounts.
- Implements internal controls and assisting with external and internal;
- External relations (suppliers, banks/financiers, students)
- Procurement, Internal controls monitoring,
- Assuming responsibilities of DPAF in his/her absence

Job profile of the Director of Finance (DF)

- Bachelor's degree in Accounting, or finance.
- A Master's degree in accounting, finance, economics, or a related field is a plus.
- Possession of CPA, or ACCA is a plus.

Experience and Skills

- A minimum of 4 years experience heading the finance Management function as the Director of Finance
- Experience in strategy execution and formulation;
- Thorough knowledge and understanding of financial management and IFRS, GAAP
- Leadership in environments of change and innovation;
- Deep knowledge of development finance;
- High-level competence with structuring and negotiating complex transactions;
- Demonstrated competencies in planning and organizing, critical reasoning, decision making, and problem-solving skills;
- Demonstrable track record of successful and sustainable financial management
- Demonstrated competencies in negotiating skills

3. Accountant

The Accountant reports to the Director of Finance and shall be responsible for

- Computing the taxes owed and preparing tax returns, ensuring compliance with payment, reporting, and other tax requirements.
- Analyzing business operations, trends, costs, revenues, financial commitments, and obligations, to project future revenues and expenses or to provide advice.
- Developing, maintaining, and analyzing budgets, preparing periodic reports comparing budgeted and actual costs.

- Preparing local purchase orders and follow up with suppliers.
- Providing with records needed and assisting in the audit process.
- Ensuring the filing system is properly maintained and various supporting documents are in place.
- Ensuring fixed assets are safeguarded, insured, and maintaining fixed asset register.
- Coordinating training schedules for internees.
- Posting payment and adjusting journals in the system.
- Checking the accuracy of posted documents in the statements and approving bank reconciliation.
- Guiding Accounts Assistant staff by coordinating activities and answering questions.
- Reconciling financial discrepancies by collecting and analyzing account information.
- Complying with statutory reports and local financial legal requirements by studying existing and new legislation, enforcing adherence to requirements, and advising management on needed actions.
- Maintaining customer confidence and protecting operations by keeping financial information confidential.
- Maintaining professional and technical knowledge by attending educational workshops; reviewing professional publications; establishing personal networks; and participating in professional societies.
- Contributing to team effort by accomplishing related results as needed
- Preparing bank reconciliations for all the bank accounts and submit them to the DF for approval
- Preparation of part-time payroll and ensuring all supporting documents are provided
- Assuming responsibilities of DF in his/her absence

Job profile of the Accountant

- Bachelor's degree in Accounting, or finance.
- Minimum of 3 to 5 years of accounting experience with at least 2 years as an accountant.
- Knowledge and understanding of strong accounting and internal control processes.
- Advanced Excel skills and experience in analyzing and manipulating financial data.
- Experience with accounting software at an advanced level.
- Detail orientation with the ability to quickly master the subject matter and see it in the context of a broader business framework.

- Ability to work on multiple projects simultaneously and meet project deadlines.
- Demonstrated supervisory experience and team skills.
- Effective manager and good at working with peers.
- Excellent analytical, organizational, and problem-solving abilities.
- Ability to work with diverse staff with sometimes challenging working conditions

4. Assistant Accountant

The duties and Responsibilities of Assistant Accountant will include the following:

- Reports to the Accountant
- Overseeing tuition fees processes i.e. Proper recording of sales invoices,
- Proving with debtors' aging reports and doing daily follow-up
- Ensuring only eligible students are allowed to sit for the exams.
- Systematically maintaining filing systems e.g. Bank payment vouchers, part-time contracts, debtors lists/ aging reports,
- Checking whether petty cash transactions posted in the system are correct.
- Assisting in the audit process
- Generating sales invoices and receipting respective payments by students
- Providing daily/ weekly/ monthly reports of sales and received payment by students
- Issuing exam eligible list to invigilators/ clearance cards to students and ensuring only eligible students sit for an exam
- Preparing and providing reports of sponsored students e.g. FARG, NGOs, Government, etc.
- Maintaining filing systems systematically, e.g., petty cash vouchers, part-time contracts, debtor's lists, deposit slips/receipts, and graduation clearance forms.
- Handling and controlling invigilators' attendance forms and preparing weekly invigilation reports.
- Store management functions I.e. preparation of items/ purchase requisition forms, issuing of items from the store, keeping store records, receiving the purchases, posting purchase invoices in the system, preparing weekly reports on usage
- Verifying items billed against items ordered and received and reconciling differences through follow-up with the vendor and/or other employees.
- Petty cash management

- Receiving all financial records, recording them, and filling or disseminating them to the respective personnel.
- Sorting out incoming and outgoing daily posts and answering any queries relating to daily financial operations relating to students, other employees, debtors, potential customers, creditors
- Assisting in any other financial duties and responsibilities as may be assigned

Job profile of Assistant Accountant

- Advanced diploma in accounting or Bachelor's degree in Accounting, or finance.
- Minimum of 3 years in cash management
- Knowledge and understanding of strong accounting and internal control processes.
- Working knowledge of Excel spreadsheets and Microsoft Word
- Demonstrated supervisory experience and teamwork skills.
- Ability to work with diverse staff with sometimes challenging working conditions

3. General Policy Framework

3.1.1 Authority for Financial Decisions

The DPAF is the Accounting Officer of ACT.

The DPAF has the overall responsibility for the effective and efficient management of all financial resources of the College. He/she automatically takes over the challenge of ensuring that ACT periodically prepares financial statements that objectively and satisfactorily justify the uses to which funds are put.

The DPAF has the responsibility for the daily operations of the College including budgeting, financial records, application, interpretation, and implementation of the accounting manual, the internal structures, and the receipt and disbursement of funds. He/she may delegate the administrative responsibilities as deemed necessary. All staff of ACT (Academic and Non-academic) have the responsibility of being honest while handling all the financial matters of the College, and also of complying, in good faith, with all the financial policies and procedures as given in this manual. They shall exercise utmost restraint over the finances and other assets of the College and conduct themselves in a manner befitting their status as members and stakeholders of ACT.

3.1.2 Delegation of Authority for Financial Decisions

The authority on financial decisions is delegated on the following principles:

- Delegation of authority promotes efficiency, cost-effectiveness, and transparency in the College;
- Delegation empowers those employees to whom authority has been delegated, and makes them accountable for their decisions;
- Delegated authority must align with responsibility so that those with accountability for outcomes have the means and commensurate administrative ability to act accordingly;
- Delegated authority must be clarified in writing to prevent administrative holdups which may result from confusion about responsibilities or accountabilities, especially when systems, procedures, and organizational structures are changing;
- Delegation does not absolve the person delegating the responsibility for the use of that authority. This means that the person delegating remains accountable and delegated authority may be withdrawn at any time if misused;
- If an employee acts outside the scope of, or without delegated authority, he/she may be held personally liable, and such an employee could be required to indemnify the College for any loss incurred arising out of his/her actions;
- It is prohibited to split transactions or invoices in an attempt to circumvent prescribed authority limits, and such actions would be treated as actions beyond authority.

4. School Fees Policy

4.1 Introduction

This policy document outlines the College fees management process about student fees along with the debt management procedures to be followed. The policy relates to all fees payable to the College by students as tuition, library services, and other miscellaneous services. The Policy applies to all students; full-time, part-time, school/Institution based in both undergraduate, postgraduate, and any other person enrolled as a student of the College. All College staff are expected to familiarize themselves with this policy and to contribute to its effective implementation. This policy contains information about methods for tuition fee payment, payment terms and due dates for tuition fees, refund of

tuition fees in the event of withdrawal from the College and the provisions, including sanctions that apply in the event of a failure to adhere to payment terms.

4.2. Purpose

The purpose of this policy is to:

- i. Sensitize students and staff about the College policy on the management of fees

payment processes and procedures to meet the College's financial obligations.

- ii. Formalize the management of the College's fees income and to provide specific sanctions for non-payment of fees to students and clear any ambiguity.

4.3. Execution

The Finance Department shall generate lists consisting of students who have paid fees while teaching staff will ensure that only those on the class lists attend classes and sit for examinations. In this respect, teaching staff will be required to counter-check against the bona fide students' list obtained from the Schools/ Faculties Administrators and the Finance Department.

5. Fees to be Paid by Students

5.1 Introduction

All school fees shall be set by the College Senior management and approved by the College Council.

Proof of fees payable by a sponsor (Companies, Charitable Colleges, Individuals, etc), shall be in writing by the sponsor. Such payments shall be made payable to ACT bank accounts. However, it remains the responsibility of the student to ensure full payment of fees.

All students, foreign and Rwandan citizens pay the same tuition fees. Evening, day, and weekend programs also pay the same amount of tuition fees. No student will be allowed to sit for examinations without clearing tuition fees.

5.2 Registration Fee

Students are required to pay fees and other charges in respect of their program at the time of registration. No registration is complete until all fees have been paid.

Registration fees are **Frw 25,000 for BA and Postgraduate students 35,000 frw**. This is a one-off fee and includes the Application fees, the student identity card fees, and the Library card fees.

Registration fees are paid to ACT bank accounts by each and every admitted student and during the time of registration each student has to present the registration fee receipt before being registered.

5.3 Tuition Fees

Program	Non-residential	Residential (Room, board and meals)
PGD	2,000,000	2,649,000
BA	1,600,000	3,040,000
Diploma	1,200,000	2,640,000
Masters	3,000,000	

Other fees are any fees owed to the College for services other than Tuition and Registration Fees. The table below outlines the various services offered and their charges.

Description of fees	Cost (Frw)
Academic documents /Loss of student ID	"To whom it may Concern", Transcripts (1 st copy is free), and other documents; Frw 5,000 per document.
Re-registration fees	Frw 25,000 annually

Late Registration	5,000frw
Thesis fees	Undergraduate Frw 150,000 and Postgraduate: Frw 400,000
Transfer /shifting	Transfer of session, Department, or Campus: Frw 10,000
Loss of receipt	Frw 1,000
Special exams	Frw 10,000 per exam
Drop out fees	The unofficial dropout fee is Frw 50,000
Library	Access to the Library is free using student cards. However, loss of library materials (books) will be charged the cost of the material.
Retake	Frw 20,000
Request for official transcripts	5,000 frw per copy
Official transfer of grades/transcripts to other institutions	10,000frw each
Graduation fees	Frw 30,000 for gown hire and Frw 20,000 upon return of gown to the College within 2 weeks after graduation
English Proficiency Fees	To be determined at the time of the exam and paid by the student

All fee categories mentioned above are liable to change from time to time with relevant approvals and without prior notice to the students.

5.4 Fees Payment Mode and ACT Bank Accounts

Fees shall be paid by depositing the specified amount in the bank accounts provided by the College and subsequently presenting the banking /deposit slip for verification and receipting. The College shall also accept bankers' cheques /certified cheques from recognized banks and financial institutions. The College shall not accept cash or personal cheques.

ACT bank accounts

The official ACT bank account is:

- Bank Name: Bank of Kigali
- Account number: 000490777617060

These account details shall be used for all students' fees.

5.5 Support to Students

Students are supported for their study at ACT through Africa New Life Ministries students' scholarships up to 60% for PGD, 62.5 % for BA, and 85% for all students who qualify.

5.6 Loss of Banking Slip

To encourage the students to be more responsible, the students are reminded that the banking slip is conserved as an accounting document that should be kept for a long time, every student who loses his/her bank slip will have to go back to the bank and get the stamped copy of the banking slip which has been lost

6. Refunds Policy

All fees paid (for Registration and all other academic payments) are non-refundable except in case of double payment or payment to ACT accounts by error.

A refund on tuition fees which will be determined by the College can be made to a student who withdraws from the College, where the College is satisfied that the circumstances made it impractical for the student to continue with the studies. In all cases, the tuition fee for a semester in progress at the time of request is non-refundable. A student seeking a refund should complete a refund request form and return the form to the Finance Department for processing. Refund cheques will be made payable to the person or institution who paid the fees.

6.1 Debt Recovery and Penalties for Late Payment

Fees and other charges are due for payment at the time of registration (registration fees). Tuition fees are payable on a semester basis and approved installment plans. If students can't pay the full fees at the time of registration, a suitable payment plan approved by the DPAF on recommendation from the Finance or other Departments shall be made on how the outstanding fees will be paid. The student will be required to pay fees as per the approved payment plan. Failure to adhere to the plan will result in the automatic exclusion of the student from the bona fide students' list.

Failures to pay fees by the due date will also attract a late payment fee equal to 20,000 Rwf In addition;

- i. If fees remain unpaid beyond the stipulated period, Students will not be allowed to sit for exams. Access to classes will also be restricted unless outstanding fees are paid in full or a new payment plan is agreed upon with the Finance Department.
- ii. If the fees remain unpaid, the student will subsequently be notified in writing of the College's decision to take legal action to recover the outstanding debt, including costs that may be incurred e.g. commission and charges that may be incurred in debt collection.
- iii. The College will withhold the conferment of awards (Degree/Diploma) to students who have outstanding balances.

Note: The College reserves the right to collect fees owed.

7. Managerial Responsibility

The DPAF in conjunction with the senior management is responsible for the implementation of this policy. Staff at the Finance Department are responsible for the effective operation of fee collection and accounting procedures.

8. Internal Control Framework

The management of ACT is obliged to implement suitable internal processes designed to ensure reliability of financial reporting, effectiveness and efficiency of operations, safeguarding the resources/assets of the College, and compliance with applicable laws and regulations. The fundamental component of an internal control system is the overall control framework embedded in the college vision of raising redemptive servant stewards, consequently influencing control consciousness and discipline among employees. The minimum guidelines for ACT's desired control framework include:

8.1 Organizational Structure

As a minimum, ACT's organizational structure should ensure that the following responsibilities are performed by different individuals and that there is an independent hierarchical internal check over the Actions of those individuals.

8.2 Authorization of Transactions

- i. Execution of those transactions (including direct dealing with the suppliers, price negotiations, confirmation of delivery, etc.);
- ii. Record keeping for those transactions; and
- iii. Payments for those transactions.

8.3 Assignment of Authority and Responsibility:

- i. Delegated authority must align with responsibility;
- ii. Job descriptions and responsibilities must be well defined in writing and communicated to the respective employees who must acknowledge receipt in writing;
- iii. Assigned authority limits as well as the consequences of non-compliance must be communicated to the respective employees and acknowledged in writing; and
- iv. The responsibility for the operation of key internal financial controls such as bank account signatories and reconciliation must be clearly defined and communicated.

8.4 Integrity and Ethical Values

- i. The effectiveness of internal financial controls depends directly on the integrity and ethical values of the employees who are responsible for creating and administering those controls. Therefore,
- ii. The background of the prospective employees should be cross-checked before delegating to them responsibility for financial transactions;
- iii. There should be written Codes of Conduct and personnel regulations regarding such aspects as the prevention of conflicts of interest, expected standards of ethical and moral behavior, and respect for authority; and

- iv. Management should visibly take appropriate disciplinary action when an employee's conduct fails to meet the specifications in the Codes of Conduct.

8.5 Commitment to Competence and Efficiency

Employees should possess the knowledge and skills essential to the performance of assigned jobs. Therefore, ACT should be committed to hiring employees with appropriate levels of education, experience and skills matching with assigned jobs, and to provide the employees with adequate supervision and training.

8.6 Management Philosophy and Operating Style

Management philosophy and operating style affect the way how ACT's activities are managed. Management must take the lead in compliance with the provisions of the Manual or any other regulations of the College.

9. Accounting Policies

9.1. Purpose

International Financial Reporting Standards (IFRS) require Colleges to set and disclose accounting policies used in the preparation of financial statements. This section describes the main accounting policies adopted by ACT in accounting for income, expenditure, assets and liabilities.

9.2. Fundamental Accounting Assumptions

It is generally assumed that financial statements are based on the following assumptions:

- i. Going concern
- ii. Consistency
- iii. Accruals
- iv. Matching principle

Each of the above assumptions is defined below.

Going Concern

The going concern rule assumes that the College "has neither the intention nor the need to liquidate or curtail the scale of its operations drastically in the foreseeable

future”. If there are indications that the going concern assumption is inappropriate, the financial statements are likely to need preparation using an alternative basis

Consistency

Accounting policies should be applied consistently to all transactions:

- i. During the accounting period; and
- ii. From period to period.

Accruals

Under the accrual concept, revenue is recognized when earned and expenditure when incurred. Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. This principle will be applied as follows:

Revenue Recognition

Revenues from school fees are recognized when the services are rendered. (School registration; student commits by paying school fees)

Expenditure Recognition

Expenses will be recognized when incurred even though payment may not have been made.

Matching Principle

It is important to record expenses in the period to which associated revenue is generated.

9.3. Accounting Policies

Financial statements shall be prepared under the historical cost convention as modified to include the valuation of fixed assets.

The accounting policies on the preparation of financial statements are provided below, and they specifically include policies on accounting for revenue, expenditure, depreciation, foreign currency transactions, and bad debt provisions.

Revenue from School Fees

Revenues comprise tuition fees and other income during an accounting period. There may also be sundry income arising from the sale of assets, etc.

All revenues will be accrued and accounted for in the financial period to which they relate.

Bad Debt Expense

A bad and doubtful debt provision shall be made for specific debts.

Employee Costs

The full costs of employees will be charged to the accounts during the period in which employees work. Material amounts earned but unpaid at the end of the financial period will be accrued. These include, but are not limited to, accruals for annual leave and leave passages not yet taken.

Other Expenses

The cost of other supplies and services will be accrued and accounted for in the period during which they are consumed or received. Material sums unpaid at the end of a period for goods or services received or works completed shall be accrued. Similarly, expenses paid for in advance of the period to which they relate shall be recorded as prepayments in the balance sheet and released gradually to the profit and loss account following their appropriate timing.

Fixed Assets

Direct expenditure for the acquisition, creation, or enhancement of fixed assets will be capitalized on an accrual basis. Expenditure on the acquisition of a tangible asset will be capitalized and classified as a fixed asset, provided it yields benefits to the College and the services it provides for a period of more than one year.

Post Balance Sheet Events

The occurrence of a material post-balance sheet event relating to conditions that did not exist at the balance sheet date will be disclosed in the financial statements. The disclosure will state the nature of the event and, where possible, an estimate of the financial effects.

Foreign Currencies

All transactions must be recorded in the accounting system with a base currency (local currency) value. If a transaction originates in a foreign currency, then the foreign currency equivalent should also be recorded.

The accounting policy in relation to exchange rates is that profit and loss account items are converted at the average rate for the period, while balance sheet items are converted at the closing rate for the period. The rates to be used are the mid-rate from the National Bank of Rwanda.

Other Receivables

Trade receivables are carried at anticipated realizable value. Specific provisions shall be made for all known doubtful receivables.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For 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.

Provision for Liabilities

ACT will make proper provision for any liabilities or loss likely (or certain) to be incurred, where there is uncertainty as to the amounts or the dates on which they might arise. Provisions, or changes in provisions, will be charged to operating costs. Subsequent related costs will be charged directly against the provision to the extent that the remaining provision is over the cost. Where the provision is exhausted, subsequent costs will be charged directly to the P&L (or relevant balance sheet account where applicable.)

Provisions

Provisions are recognized when ACT has a present legal or constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the College expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Summary

In summary, accounting policies which must be included in the financial statements should

- i. reflect the methods of applying the fundamental accounting concepts of "accruals", "going concern", "consistency" and "prudence";
- ii. enable users of the financial statements to understand the basis on which they have been prepared.

Stocks and Stores (inventories)

Stocks will be valued on a weighted average basis. Fixed assets items in the stores will be recorded in the stock records and their usage controlled through the use of store movement cards.

Responsibility

It is the responsibility of the Accountant to:

- i. develop, amend and recommend to the management group and College Council the accounting principles, policies and procedures in the light of changed circumstances (both internal and external);
- ii. ensure that the accounting policies and principles are observed by accounting staff; and continuously scrutinise all books so as to ensure that all accounting instructions in force are observed, no portion of the system at any time is allowed to fall behind, and abstract transcripts and other records are clean and neat

10. General Practices and Procedures

10.1. Basis of Preparation of Financial Statements

The financial statements will be prepared in compliance with the accounting standards adopted by ACT.

10.2. Departures from Fundamental Accounting Assumptions

Any departures from these fundamental accounting assumptions should be disclosed in the financial statements.

10.3. Accounting Concepts

In setting accounting policies, the Finance Department should be governed by the following criteria:

Prudence:

Expenses, liabilities, assets and revenue shall not be overstated or understated. In addition, losses shall be recognised as soon as possible, and gains included in the financial statements when certain;

Substance Over Form:

The substance over form principle must be considered in cases where the legal form of a transaction does not mirror its economic substance. Accounting should always reflect economic substance over legal form;

Relevance and Materiality:

Information is relevant if it influences users on economic decisions and material if it affects the evaluation of financial statements

10.4. Approvals

All accounting transactions must be approved. An approval mandate must be in place to govern the approval requirements and limits on different types of transactions.

The general DF on approvals are as follows:

☐ The approvals process is a key internal control in the College's operations, ensuring that only valid, properly ordered and approved transactions are posted into the accounting system;

☐ The claimant must sign the form (particularly in cases of staff claims, requests for advance, or payment vouchers that specifically relate to individuals such as subscriptions, leave passages etc);

☐ An approver who is also a bank signatory may not sign a cheque for settlement of his / her own claim, unless such a claim has also been approved by a (different) Head of department;

☐ The Accountant will typically do the preparations and preliminary review of all payment vouchers, checking for accuracy (casting), correct accounting for VAT and withholding tax, matching to Local Purchase Order (LPO), and Goods Received Note (GRN). Where the coding can be readily determined from the above information, the Accountant will also verify the account code. In other cases, coding can only be verified once the approver has indicated the exact nature and purpose of the expense;

☐ All transactions will be done with the approval of the DF and the DPAF will authorise all transactions (finance section of the voucher) before final posting is made to the system. In addition to areas reviewed by the Accountant, the DPAF will check for correct approvals and final transaction coding;

10.5 Journal Entry Process

A journal entry (also known as a journal voucher / JV) is an entry or transaction used in the Accounting System general ledger to book amounts for assets, liabilities, expenses, and revenues for a company or entity. Journal entries are initiated and completed by the Accountant with the proper security access to create journal entries in Accounting System. Journal Entry documents should be initiated and completed on a timely basis to ensure that those reviewing have time to take action. If possible, the Accountant should not wait until the fiscal month closing week to initiate documents. Access to reverse journals is restricted to the DPAF, The JV will be prepared by the Accountant who will forward to the DF for review who will also forward to the DPAF for approval and then recorded in the accounting system. All journal entries made must be sequentially pre-numbered and filed sequentially. A list of all JVs raised and recorded should be entered in a Journal Entry Listing Form.

Approval

All correcting journal entries proposed by an entity must be approved by the DPAF. When instructed by the DPAF, the DF may approve the correcting journal entries in his or her absence.

Recording Transactions

The following procedures should be followed to initiate a journal entry:

- i.** Generate supporting documentation for the proposed journal entry.
- ii.** Send the correcting journal entry form and any supporting documentation to the DF for review and then to the DPAF for approval and signature.
- iii.** File a copy of the correcting journal entry form and the supporting documentation.
- iv.** Post the journal entry recorded in the general ledger immediately.
- v.** Confirm to the DF and DPAF that all correcting journal entries have been posted in the respective general ledger.
- vi.** File documents as appropriate

10.6. Accounting Periods

The Financial Year

The College's financial year runs from 1 January to 31 December for Tax submission purposes. For example, the financial year 2019 runs from 1 January 2019 to 31 December 2019. However, to meet donor reporting requirements, the College's financial year shall run from 1 November to 31 October. For example, the financial year 2019 runs from 1 November 2018 to 31 October 2019.

The Accounting Period (month)

The financial year is split into twelve accounting periods, with January being period 1 and December being period 12.

10.7. Accounting Documents

10.7.1. Purpose

This section describes the type and nature of key accountable documents maintained by ACT, their control, custody, and security. The main objectives of these documents include:

- i. To provide third-party evidence, which is more reliable than evidence provided by internally generated documents;
- ii. Provide authority for effecting an accounting transaction;
- iii. Provide reliable references to books of Accounts and Management records.

10.7.2. Examples of Important Accounting Documents

- i. Receipt Vouchers;
- ii. Payment Voucher s;
- iii. Petty Cash Payment Vouchers;
- iv. Local Purchase Orders;
- v. Sales Invoices;
- vi. Suppliers/Purchases Invoices
- vii. Goods Received Notes;
- viii. Delivery Notes;
- ix. Store Issue Vouchers;
- x. Journal Voucher;

Note: All accounting documents shall be pre-numbered either directly by an Accounting system or in a printer where applicable.

10.7.3. Accounting Documents Register

An accounting documents register shall be maintained for the specified accountable documents. All documents received and issued shall be recorded in the register. Each issue shall be signed for by the drawer/recipient. At no time shall a person hold more than one active accounting document of the same nature. The Accountant shall maintain the register.

10.7.4. Custody of Accounting Documents

The documents above shall be kept in the custody of the DF, and access to these documents shall be restricted to the key holder or his/her authority. The DF shall check

these books on a regular basis to ensure the documents are correctly recorded and properly stored.

10.7.5. Completed Accounting Documents

The users shall account for all completed accounting documents. The accounting documents register shall show when such books were completed. Completed books shall be kept for the purposes of maintaining an audit trail.

10.7.6. Retention of Accounts and Supporting Documents

All financial records shall be retained for ten (10) years after the end of the financial year to which they relate or for seven (7) years after the External Auditors have completed the audit of the accounts for the relevant year, whichever is later.

They shall only be destroyed subject to approval from the College Council and in conformity with the guidelines issued by MINEDUC.

10.7.7. Loss of Accounting Documents

The Accountant shall frequently take stock of accounting documents. Loss of these documents or part thereof shall be immediately investigated. The Accountant shall inform the DF or DPAF, who will, in consultations with the Senior Management make a decision as to whether to report the matter to police, publish the loss in the press, or any other action in the circumstances, in the best interest of the College.

10.7.8. Change of Officers

- i. Personnel responsible for financial records, funds, or other property shall be relieved of their responsibility only after their accountability and handover procedures have been cleared and assumed by a designated successor.
- ii. Clearance shall be obtained after a physical count of assets to ensure records agree with existence. Financial records shall be verified or reconciled for accuracy. The physical count and reconciliation to the records shall be done by both parties (incoming and

outgoing officers), who will append their signatures on the approval documents as a show of acceptance of the accountability report.

- iii. The outgoing officer shall remain responsible for any discrepancies noted in the certificate for the period he/she held office.
- iv. For temporary change of officers, the same verification shall be followed except that there shall be no need to complete a certificate.

10.7.9. Specific Purpose of Each Accounting Document

The specific purpose of each of the above-mentioned Accounting documents is given below.

Receipt Voucher

Whenever ACT receives money either directly on its bank Accounts or physically by a banker's cheque, a receipt voucher with ACT's logo and address shall be given. The voucher may be generated by software or be raised manually from printed material. The voucher shall be prepared by the SA and be approved by the DF/DPAF. The Receipts column of the Cash book shall make reference to the receipt voucher. Appendix 1 shows the specimen of a receipt voucher.

Pre-numbered Payment Voucher shall support all bank payments. All payments entered in the bank cash book shall make reference of the relevant Payment Voucher number; in fact, the cash book will have a column specifically reserved for the Payment Voucher numbers. Appendix 1 shows the specimen of a Payment Voucher.

Petty Cash Payment Voucher

All cash payments shall be supported by petty cash payment vouchers. All payments entered in the petty cash book shall make reference of the relevant petty cash payment voucher number. The petty cash book shall have a column specifically reserved for the petty cash book payment voucher numbers. Appendix 3 shows the specimen of a Petty cash payment voucher.

Local Purchase Order

A local Purchase order is a document issued by Management authorizing the purchase of goods or acquisition of services for ACT. After approval, and delivery to the supplier of goods or services, it becomes a legally binding document and seals a contract between

the supplier and ACT. Local purchase orders shall be pre-numbered on ACT's printed material and shall always be approved by the DF and DPAF and be attached to all suppliers' invoices, except as may be specified in ACT's procurement policy. Appendix 4 shows a specimen of the Local Purchase Order. A local purchase order is used to award contracts for the supply of goods and for the supply of services, a service contract suffices. In all cases, a local purchase order may be issued following the laid ACT down procurement policy and procedures.

Invoices

A pre-numbered invoice, printed with ACT's address, shall be issued to students as required, and receipt vouchers shall be raised to acknowledge collection from the student. Reference shall be made to the relevant student's invoice.

Suppliers/Purchases Invoice

ACT shall be given invoices for all goods and services it procures from suppliers. All payments for such goods and services shall be supported by the relevant suppliers' invoices.

Goods Received Note

All goods purchased by ACT shall be delivered to stores before they are used. The storekeeper shall raise a Goods Received Note for all goods received in the stores. The goods received note shall be pre-numbered and printed with ACT's name and address. A copy of the goods received a note signed by the storekeeper, to acknowledge the receipt of the goods, shall be presented with the supplier's invoice when demanding payment. The goods received note number becomes a reference document for the storekeeper when updating the stock bin card. The quantity of each type of stock received and recorded on the stock bin card shall be matched with the appropriate goods received the note. The goods received note shows the type of goods received and the quantity. The storekeeper shall make note on the goods received of short deliveries or defective goods. Highly technical goods shall only be received in the presence of an expert. Appendix 5 shows a specimen of a goods received note.

Delivery Note/book

A delivery note shall be used when ACT is delivering goods to others. The recipient of the goods signs the delivery note to acknowledge receipt of the goods. The delivery note can also be used in the form of a book when delivering reports and other external correspondences to others. The delivery book can also be used internally for the exchange of reports and other correspondences between staff and departments.

Stock Issue Voucher /Material requisition note

Stock issue vouchers shall be pre-numbered and printed with ACT's address and name. Stock issue voucher gives authority to the storekeeper to release materials from the stores and shall be approved by the Accountant or the Heads of the user Departments. The stock issue voucher is a reference document for updating the stock bin card, particularly the issues.

Journal Voucher

Journal vouchers shall be pre-numbered and printed with the address and name of ACT and shall be used for the correction of errors or making any other adjustments to the Accounts. Appendix 6 shows the specimen of a journal voucher.

11. Budgeting and Financial Planning

11.1. Purpose

A budget may be described as an itemized summary of estimated or intended revenues and expenditures for a given period along with proposals for financing them. Financial planning and budgeting set out a financial blueprint for the ensuing year's activities and guides the accounting and reporting of the financial implications of those activities. ACT's annual budget shall mean the budget for Activities of the College for the period between 1st January and 31st December of each year. It shall be presented in Rwf. Fundamentally, each budget holder gets involved in the planning/budgeting process to ensure ownership. A budget holder is an employee with delegated authority for financial decisions.

At a minimum, the annual financial planning/budgeting process should entail predetermining the following:

- i. The College's goals and objectives to be achieved over the coming year;

- ii. The detailed activities to be carried out during the year to achieve the set goals;
 - iii. Assigned responsibility for each of those goals i.e. who does what;
 - iv. Assigned deadlines for completion of each of those activities;
 - v. Yardsticks for measuring the performance of those activities – Key Performance Indicators (KPI). For example, target income, budgetary expenditure limits, etc.;
 - i. Agreeing on the KPI between the assigned employee and his/her immediate supervisor who would be responsible for appraising the performance of that employee;
 - ii. Establishing the periodic intervals for appraising performance – it is recommended that appraisal should be carried out in intervals not later than six months;
 - iii. Identifying necessary resources for the performance of the planned activities e.g. vehicles, equipment, human capital, etc;
 - iv. Putting a cost to those activities and resources and making cash flow projections for the ensuing year – budget. A budget reflects a “translation” of the several plans of action for the ensuing year into financial implications; and
 - v. Agreeing corrective measures to be taken to address deviations from the plans.
- In addition to the budget for the specific financial year, it is required that financial projection shall be made annually for three to five years

11.2. The Budgeting Process – Who does what?

The budgeting process shall follow a “bottom-up” approach to ensure full participation and ownership by the budget holders. This approach shall ensure the motivation of those involved and the smooth implementation of the budget. The allocation of responsibilities under the bottom-up approach shall be as follows:

- i. Determining the strategic objectives and goals for the year being budgeted. This shall be the responsibility of the Principal’s office in consultation with the College Council. The task is best accomplished in a specific “pre-budget meeting”.
- ii. Determining the various activities to be performed to achieve the objectives and goals. This is the micro level of the budgeting process and it is the responsibility of each departmental head, in consultation with the respective employees under their supervision. Activities shall be translated into monetary terms so as to determine the financial resources involved – budget.

- iii. With the support of the Accountant, DF & DPAF coordinates the budgeting process, and the other managers are required to provide the necessary underlying data, especially the non-financial data. Essentially, there shall be sub-budgets for each cost center of ACT.
- iv. The DF shall consolidate the sub-budgets (departmental budgets) into a draft budget (Master Budget) for the College. It is important that departmental budgets are discussed and agreed upon between the respective budget holders and the DF before consolidation.
- v. A specific budget preparation committee meeting constituting the DPS, DF, Deans, etc to draft the budget. The review and approval of the draft consolidated budget lie in the responsibility of Senior Management. At such a meeting, chaired by the Principal, the DPAF shall present and explain the draft budget in detail.
- vi. There should be a comparison of the budget to the previous year's budget and actual performance. Particular attention should be drawn to any budget overruns (i.e. where total expenditure exceeded funds available).
- vii. It is the responsibility of the DPAF to ensure that the draft budget is presented to the management in the right form and at the right time for discussion and approval. The Principal executes this task in collaboration with the DPAF who ultimately presents the detailed explanations thereof.
 - i. After the management's approval, the draft budget shall be presented to the College Council
 - ii. The approved budget is an authority to the DPAF and Principal to spend the funds in carrying out Activities detailed in the budget.
- iii. The approved budget shall be fed into the Accounting software in use so that it becomes an integral part of the Accounting system. A budget integrated into the Accounting system shall be automatically monitored, in the sense that it shall be able to generate budgetary control reports any time management requires them.
- iv. The budget implementation shall be subject to monthly monitoring of the budget variances. This monitoring facilitates remedial measures and financial forecasts of the remaining months of the financial year.
- v. It shall be the responsibility of the Accountant to prepare budget performance reports on monthly basis.
- vi. Management by exception shall be exercised i.e. taking action on unusually big variances, whether favourable or unfavourable.

- vii.** Transfer of budgets from one category to another shall not be allowed unless prior written approval is given by the Principal.
- viii.** The DPAF shall ensure that all expenditure is within the budget before a commitment is undertaken. If the expenditure was not provided for or exceeds the budget, prior approval shall be obtained from College Council.
- ix.** In case of emergency, and where the College Council is unable to meet, the Principal may take an urgent decision in order to fulfil the obligations of the College and such decision must be brought to the knowledge of the Chairperson of the College Council within 15 days. The decision must be brought to the attention of the subsequent College Council meeting for examination.

11.3 Budget Calendar

The date of budget submission to the College Council is a more critical factor in the ACT budget calendar. Consequently, the following deadlines apply for each financial year.

- Mid-year review of budget variances for the prior year and projections for the remaining months 30th August.
- Pre-budget meeting to determine strategic objectives and goals for the year being budgeted on 30th September.
- Departmental budgets and detailed costing of micro activities necessary to achieve the objectives and goals for the budget year 15th October.
- Budget committee meeting to discuss and agree to draft consolidated budget on 30th October.
- Presentation of the draft budget to the College Council on 15th November.
Submission of the final draft budget to the College Council on 30th November.
- Top-down explanation of the final budget to budget holders 15th December
Inputting the approved budget in the financial accounting system 31st December.

11.4. The Content and Format of the Annual Budget

The budget is a statement of financial plans presented in form of projected financial statements comprising of Log frames with cost drivers and A budget sheet. These

documents shall show monthly trends as well as the comparative actual financial statements for the year running. It is important to prepare detailed supporting schedules to explain the workings of the amounts in the financial statements. Thus, the schedules would show the correlations between the several variables and the underlying amounts in the financial statements.

11.5 Budgetary Control Measures

For proper control and monitoring of budget execution, variances between actual financial performance and the corresponding budgets shall be identified, analyzed, and explained every month. This frequency will facilitate putting in place remedial measures at the right time in practice, the significance of specific budget variances varies with the underlying activity; e.g. a 10% variance on income target could be significant, while a 20% on stationary expenditure may be immaterial due to the values involved. Nonetheless, in principle, variances beyond 10% shall be explained and remedial measures taken. The respective budget holders shall be involved in the budget variance analysis process because they are the persons possessed with the primary reasons for the variances under their jurisdictions. If this approach is not used, there may be disagreements between the accountants (who analyze the variances) and the budget holders over the reasons and remedial actions to be taken.

12. Chart of Accounts

12.1. Introduction

The Chart of Accounts facilitates the objective and consistent classification of ACT's expenditure and income into specific account heads, with codes that allow easy identification. Transactions shall be identified, and allocated account codes as detailed in the College's Chart of Accounts.

12.2. Key Principles of Transaction Coding

- i.** All transactions entered into the financial systems will require coding. To ensure that all relevant information is captured, the relevant accounting form must be attached to each transaction. The form has appropriate input spaces for the required codes.
- ii.** Get it right the first time: All the management and financial reports are driven by account coding.

- iii. Incorrect coding will lead to inaccurate reporting, and also to delays because time will have to be spent to make corrections to the accounts. It is the responsibility of the Accountant to ensure that all transactions are correctly coded. It is the responsibility of the Accountant and the DF or DPAF to review and approve coding before the Accountants post the transaction to the system.
- iv. Coding is by the reason for, rather than the nature of, the expenditure. This means that an expense will be coded to the budget line relating to the reason why (purpose) it has been incurred. For example, an air fare may be incurred for training, regional meetings, leave passages, recruitment, etc. The cost will not be charged to the account code for air fares (nature of the cost), but rather to the code for training, leave passages, etc (reason for the cost).
- v. Costs that are incurred by or relate to an individual (such as medical, and airfares) should have the staff's initials as part of the analysis code to facilitate drill-down analysis and reporting.
- vi. Description should be adequate in order to provide sufficient information about the transaction without the need to revert to the original document. The DF or DPAF should agree with the Accountant on standard abbreviations and formats to be used for narrative and description in the various systems.

12.3. Approval of the Chart of Accounts

The Chart of Accounts shall be approved by senior management in consultation with the internal auditor for approval.

12.4. Controls on the Chart of Accounts

The chart of accounts acts as reference data for transaction analysis and reporting. Access to it must be controlled and monitored by DF or DPAF to avert risks to the integrity of the data.

The DF must ensure that:

- i. Access to amend the chart of accounts (add, delete, activate, or deactivate codes) is restricted only to authorized personnel; and
- ii. Approval procedures (e.g. for setting up a new accounts code, client, or staff member) are properly followed and the right paperwork is in place

13.Accounting Systems

13.1. Purpose

This section introduces the accounting systems used by the department, describes their core functionality, outlines the key work plan for each system, and describes the inter-relation between the systems.

13.1.1. Introduction

The operations of the Finance Department are computerized and there is an accounting system in place in ACT. All management and statutory information should be produced from this system, though some further analysis may be required using Microsoft Excel as a front end. Departments that use the accounting system must use the system in a consistent manner to ensure uniformity of working practices across the College. Complete training courses on the core systems, together with related manuals are provided by supplier of the Accounting System. Systems" training is part of the induction program and is a combination of formal training sessions as well as on-the-job training. The staff of Accountant grade and above must be trained in systems administration, report writing, and import/export routines. The DPAF is responsible for the administration, maintenance, security, and integrity of the financial system. He/she may delegate certain tasks in this respect to the Accountant. The DPAF is also responsible for training all new staff on the systems and carrying out periodic refresher training as may be required.

13.2. Key Concepts of Accounting Systems

This section describes the key concepts of any accounting system, in order to provide a background framework for users.

13.3. Basic Structure of Any System

All systems consist of three key components:

- i. Inputs,
- ii. Processing and
- iii. Outputs.

13.4. Inputs to Financial Systems

Inputs comprise all the data entered into the system. Following the principle of Garbage-In-Garbage-Out (GIGO), the DPAF must ensure that there are adequate controls over all inputs to secure the integrity of the system. All transactions must be properly authorized and supported, and a full audit trail maintained. The aim is to get inputs into the system “right first time” to maximize the department’s efficiency, as well as the reliability of the outputs. The key is therefore proper and complete transaction coding per the chart of accounts, relevant description, approval / authorization of entries, controlled access to the system, and an audit trail. Inputs may be manual (paper) entries such as a supplier invoice, or an electronic file from another system or spreadsheet. All manual inputs should be supported by the originating document, attached to the relevant accounting form. The form contains all coding information as well as approvals. The Account is responsible for the bulk of data capture, while the DPAF is responsible for reviewing and validating the data. This may be done through reconciliations and exception reports, many of which can be automated.

Types of input data:

- i.** Journal Entries
- ii.** Supplier Invoices Bills
- iii.** Payroll Entries
- iv.** Payments
- v.** Disbursements

Controls over inputs include:

- i.** restricted access to systems
- ii.** restricted access within systems
- iii.** signing of input documentation to ensure conformity with principles and policies
- iv.** batch controls where systems are being interfaced

13.5. Processing

Processing is the core functionality of the system and is the primary responsibility of the supplier. However, the DF has an important role to play in systems administration, (including but not limited to backups, installing upgrades as provided by the supplier, controlling user access). The DF must have a good understanding of the process controls

and business rules of the system. Any change in requirements to processing must be channeled to the supplier (for common systems) or directly to the supplier (for local systems such as payroll). The DF should not attempt to make processing changes himself/herself. System processing may be instantaneous on posting or uploading the transaction data or may require manual intervention for instance to approve a held journal or initiate an export routine. The DF can monitor the correct functionality of the system in many ways, including exception reports, audit trail reports, reconciliations, etc. In most systems, an error message appears at the time of transaction processing if there is a problem. Such errors must be resolved quickly to maintain the integrity of the system.

13.6. Outputs

Outputs consist of reports (printed or soft copy) and export files. This is the area where the user has the most room for maneuver with most systems since reports do not have any impact on the underlying data or processing. Export files can easily be integrated with other applications like Microsoft Excel or Access for further analysis or formatting/presentation. Output files are more easily tailored to suit user requirements. In systems with powerful report writers, the user has a lot of flexibility to customise reports to meet specific requirements. Output files are also a key tool in exception reporting, enabling the user only to look at information that falls outside of certain criteria, thereby focusing on areas that require further investigation. DF and DPAF should therefore have adequate controls in place to ensure that transactions are thoroughly reviewed and approved before they are entered into any of the financial systems.

13.7. Responsibility for Financial Systems

The DF is primarily responsible for the integrity, security, and proper operations of the College's financial system, and plays the role of the systems administrator. The DF may enlist the help of a management information system (MIS) in certain areas, such as network backups and setups on new machines.

The DF's responsibility includes, but is not limited to:

- i. Setting up new users and deleting/restricting access for staff that have left employment with the College.
- ii. Daily and periodic backups and offsite storage as required.

- iii. Installation of upgrades and patches
- iv. Training of new users on the system, and periodic/refresher training of all users
- v. Day-to-day systems administration including troubleshooting and problem solving
- vi. Liaising with MIS to ensure sufficient server space and server speed.
- vii. Controlling and reviewing all inputs to ensure data integrity.
- viii. Customising of locally required reports to ensure full but efficient utilization of the system
- ix. Maintaining and updating reference data.
- x. Import and export routines, closing and opening of periods and other month-end routines.

14. Books of Accounts and Cash Management

14.1. Purpose

The purpose of the cash management system is to ensure that:

- i. All receipts are accurately accounted for and banked intact;
- ii. All payments are properly verified and approved before payment is made;
- iii. All vouchers and supporting documentation are properly stamped “paid” immediately after payment is done There is adequate segregation of responsibilities;
- iv. All cash transactions are properly recorded in the General Ledger system;
- v. Bank and cash reconciliations are done on a timely basis; and

14.2. Responsibilities

The DPAF has the overall responsibility for safeguarding the organization’s financial resources. He/she must ensure that:

- i. The Assistant Accountant updates the collections register promptly and posts and allocates the receipt to the general ledger, with proper matching against debtors.
- ii. The officers in charge of petty cash imprest floats maintain proper records, retain all expense vouchers and submit a properly supported and approved retirement prior to replenishment of the imprest.

- iii. ACT's cash resources are managed and controlled effectively to eliminate wastage or misuse, and to minimize bank overdraft charges.
- iv. All bank accounts are regularly reconciled, and all outstanding items rigorously followed up.
- v. Bank reconciliations must be completed at least monthly, but most are likely to require weekly reconciliations on the busier accounts.
- vi. Bank charges are carefully monitored to ensure that they are in line with agreed tariffs.
- vii. Overdraft and loan terms and conditions are monitored and respected, and the College fulfils its obligations to lenders.
- viii. A periodic cash position and rolling cash forecast will be in place to facilitate cash management and reporting.
- ix. Cash-in-transit and cash kept on the premises, particularly overnight and at weekends, is within the limits of the organization's insured interest.
- x. Cash reporting requirements are complied with and
- xi. Maintaining a positive relationship with the organization's bankers and other financial institutions.

14.3. Summary of the Cash Management System

The main features of the system are:

- i. The College operates a number of bank accounts
- ii. Pre-numbered revenue receipt books will be adopted. A receipt must be issued for any cash, cheque, bank draft or telegraphic transfer (TT) received by the College.
- iii. Receipts are prepared in duplicate, following the sequential numbering. The original receipt is given to the customer, while a copy is retained in the receipt book and is used as the source document to post the transaction to the Accounting System. All relevant information pertaining to the receipt must be recorded – e.g. invoice number, part payment, if the payment is net of VAT or Withholding tax etc.

- iv. In the event that a receipt is spoiled or otherwise rendered invalid, it must be cancelled and retained securely in the receipt book.
 - v. The bank deposit slips must be completed in duplicate. Receipt numbers should be endorsed at the back of the duplicate copy of the respective bank pay in slip.
 - vi. All receipts must be posted in the accounting system on the same working day.
 - vii. The collections register must be updated immediately a receipt is issued. The DF must have access to the collection's registers on a daily basis.
 - viii. All cheque payments are made on the basis of properly approved and fully supported payment vouchers. The payment voucher must be stamped and dated with the PAID stamp, and the cheque number recorded on the voucher. (All payment forms contain an entry field for the cheque number). Payment vouchers must be filed in sequential order by cheque number. Cheque payments must be posted into the accounting system by the morning of the following working day.
 - ix. Receipts must be obtained from suppliers and other third parties for all payments made. The receipts should be attached to the relevant payment voucher.
- ☐ Where cash payments are made, the recipient must sign for the cash received in a permanent book, in indelible ink.
 - ☐ Petty cash payments are made on approved petty cash vouchers, which must be supported by receipts and/or other relevant documents.
 - ☐ Bank reconciliation statements must be prepared frequently. Active bank accounts should be reconciled at least once a week and the less active ones monthly. As a minimum, all accounts must be reconciled by the 5th of the subsequent month for reporting purposes.
 - ☐ As part of the bank reconciliation process, it is also necessary to track the difference between cleared and un-cleared balances and establish the dates when un-cleared funds are expected to clear. Any undue delay in clearing of deposits must be followed up with the bank.
 - ☐ At periodic intervals, but at least quarterly, foreign exchange valuations on the bank balances must be carried out for both management and statutory reporting.

14.4. Security of Cash and Accountable Documents

The DF is responsible for ensuring the safe custody of cash and all supporting documents. All cash value documents should be controlled effectively as regards printing, storage and issuing. Persons to whom such documents are issued must sign for them in the register maintained by the Cashier / Accounts Assistant Accountant for this purpose. Pre-numbered documents must be issued and used in strict numerical sequence. Accountable documents include:

- ☐ cheques;
- ☐ payment vouchers;
- ☐ purchase orders;
- ☐ cash vouchers;
- ☐ materials requisition and issue note.

It is the responsibility of the DF to ensure that:

- ☐ imprest floats in issue at any one time do not exceed the limits agreed
- ☐ safes utilized for the purposes of storing cash are secure;
- ☐ he/she holds all duplicate keys to safes and maintains a register of all key holders;
- ☐ all receipts are paid into the correct bank account; and

- ☐ any losses of keys or receipts (cash or cheque) are reported to the DF, DPAF and the College Principal and to the police immediately.

14.5. Receipts

Main sources of revenue for ACT are tuition fees.

Students make payments in either of the following ways:

- ☐ banking into ACT's bank accounts
- ☐ direct transfers into ACT bank accounts

15. Petty Cash Management

15.1. Purpose

The purpose of the petty cash system is to ensure:

- ☐ the maintenance of sufficient amount of float to meet small cash needs
- ☐ safe custody of petty cash funds

- ☐ adequate controls over petty cash held and petty cash payments made
- ☐ prompt and accurate processing, issuance, recording and accounting for petty cash.

15.2. Introduction

A petty cash float is to be maintained on an imprest basis. The imprest float is set at an amount specified by the DPAF. The purpose of the petty cash float is to provide quick access to cash for payment of small office expenses that may be required on a day-to-day basis, such as taxi fares, postage, snacks for meetings, petrol for pool cars, etc. ACT petty cash float is set at **Rwf 100,000**.

The Assistant Accountant in charge of the imprest is responsible for ensuring that adequate funds are provided at all times by transfers from the bank account. An imprest float must be fully accounted for and approved by the appropriate Section Head before it can be replenished.

Petty cash payments are made on approved, pre-numbered petty cash vouchers, which must be supported by receipts and/or other relevant documents.

The petty cash retirement must contain all coding information (as for a receipt) to enable proper coding in the accounting system. Where petty cash expenses are incurred on behalf of clients (i.e. disbursements) the customer code must be recorded on the voucher.

15.3. Policy

A petty cash float will be maintained to meet office expenses. ACT management has agreed on the float amount of **Rwf 100,000** which will be monitored and revised, with approval of the DPAF, when considered necessary. Any payments over **Rwf 20,000** will be made by Cheque.

Petty cash will be securely locked up in a safe. Adequate security measures should be put in place while transporting petty cash from the bank. The DF will conduct surprise petty cash counts to ensure petty cash is safe, used as intended, and accounted for correctly. The count sheet will be counter-signed by both the Accountant and the person conducting the count and date. Any discrepancies noted will be reported immediately to the DPAF.

15.4. Responsibility

The DF will have the following responsibilities:

- ☐ ensure that there are sufficient funds to meet operational requirements;
- ☐ ensure that all petty cash payments are proper and duly authorized following the approval mandate
- ☐ ensure that the amount of petty cash in hand agrees with book balances;
- ☐ stamp all paid vouchers and supporting documents with a "PAID" stamp immediately after payment is made;
- ☐ submit an authorized and fully supported accountability to the Finance Department for reimbursement on a timely basis
- ☐ ensure safe custody of the petty cash at all times

The Accountant will have the following responsibilities over petty cash:

- ☐ check petty cash vouchers and ensure that amounts shown are correctly cast and agreed with supporting documentation and have been duly authorized;
- ☐ ensure that the petty cash balance in the balance sheet is following the imprest limit set.

15.5. Petty Cash Procedure

The Cashier in charge will prepare an advance request, attach the previous retirement with all supporting documents such as receipts, invoices, and vouchers, and obtain DF's approval. (Ideally, this should be before the float is exhausted, for instance when the balance falls below Rwf 20,000). The approved retirement and request for reimbursement will then be submitted to the DF. In the Finance Department, the assistant responsible for payments will process the Advance. A payment voucher will be made on the same day and withdraw cash from the bank. The payment voucher will be posted to Accounting system on the same day. A payment voucher will be raised for the replenishment. The petty cash replenishment cheque should be reconciled to the petty cash expenditure. Any discrepancies noted should be investigated immediately and corrective action taken.

Cash Reconciliation Procedures

This will be conducted daily by the Assistant Accountant supervised by the SA who will ensure that it agrees to the daily balances.

15.6. Payment Procedures

15.6.1. Cheque Payments

Cheque payments are used to settle obligations such as those to suppliers, statutory authorities, and staff. Cheque payments are initiated by a payment voucher with support documents of the amount required such as Supplier invoice where applicable.

The key principles relating to cheque payments are:

- ❑ Cheque payments are made based on duly authorized payment vouchers accompanied by respective supporting documents.
- ❑ In order to smooth the workflow of the Finance Department, the DPAF may schedule cheque payments only to be done on specific days, for example, suppliers and staff may be paid at bi-monthly intervals.
- ❑ Cheques must be signed by authorized signatories following the bank mandate.
- ❑ Cheque signatories are responsible for reviewing all the supporting documents to satisfy themselves that the payment is lawful and that it has been processed properly.
- ❑ Cheque signatories will not sign blank cheques under any circumstances.
- ❑ Cash cheques must be opened when signing the cheques.
are dispatched by post, the particulars of the cheque will be recorded in the dispatch register and dispatched to the payee by registered post.
- ❑ Receipts must be obtained for all payments made, and attached to the payment voucher
- ❑ The Assistant will date-stamp all documents with a “PAID” stamp on which both the date and cheque number are endorsed.
- ❑ Summary information relating to each payment must be recorded in the chequebook register or counterfoil.
- ❑ Spoiled or invalidated cheques must be canceled, and the chequebook register updated to show that the cheques have not been used

- ☐ The DF must ensure safe custody of chequebooks at all times.
- ☐ Used chequebooks/stubs must be stored for the statutory period as required by the Rwanda laws
- ☐ Paid vouchers, together with supporting documents, are filed serially in paid cheque voucher files by the Assistant Accountant.
 - ☐ Most cheques will be delivered to or collected by suppliers and/or staff. The person receiving the cheque will sign for it in the register. Where possible and practicable the cheques will be deposited directly on the payee's accounts.

15.6.2. Cash Payments

The key principles relating to cash payments are largely similar to those governing cheque payments as outlined above. Cash payments are primarily made to provide staff with funds to cover travel expenses when going on assignments or traveling out of the country. Other cash payments should be kept to an absolute minimum to minimize the inherent risks of having cash on the premises. Staff salaries and supplier payments will not be made in cash. Staff are expected to have bank accounts to which their salaries are transferred at the end of the month. The cash held on the premises must be within the limits of the insurance policy governing cash-in-transit and cash on the premises overnight or at weekends. The DF should therefore ensure that cash withdrawn from the bank will be disbursed to the intended recipients on the same day. Any cash held overnight must be locked in a secure safe. As far as possible, staff expense or reimbursement claims should be settled by cheque or direct bank transfer. Very small claims however may have to be settled in cash for practical purposes. The petty cash float may be used for this purpose. As with other payments, all vouchers must have supporting documents attached and will be duly approved by the relevant Head of Section. Paid vouchers must be date-stamped and posted to the accounting system on the same working day. All cash disbursements must be signed for in the cash dispatch book by the individual collecting the cash. Bank mandates, authorized signatories, and agents

15.6.3. Bank mandate

A bank mandate must be put in place. This governs the authorized signatories and approval limits on the bank accounts. The key principle is that all bank accounts will have

at least three signatories but two can sign the cheque. The signatories will be determined by the College Council. Any changes to the bank mandate must be approved by the College Council and College Council minutes taken to record the resolution. Changes to the mandate must be communicated to the Bank in writing. In the event of an authorized signatory leaving ACT, the banks must be notified immediately in writing.

15.6.3. Authorised Agents

The College must also have a list of appointed agents for the bank. These are officers of the College who are authorised to carry out certain specified actions with the bank on behalf of ACT. Such actions include, but are not limited to:

- ☐ Collecting or receiving bank statements, credit advice slips and other banking correspondences
- ☐ Withdrawing cash from the bank

The Principal will approve the appointment of agents, in consultation with the College Council. In the event an authorised agent leaves the organisation, the bank must be notified immediately in writing.

16. Bank Accounts Management

All bank accounts shall be opened in the names of Africa College of Theology and shall only be opened or closed with the authorization of the PRINCIPAL in consultation with the DPAF.

16.1 Operation of Bank Accounts

Senior management shall ensure that only minimum necessary number of bank accounts is maintained for ease of management and reconciling and also to minimize cost associated with maintaining bank accounts;

- ACT shall have bank account authorized signatories in sufficient numbers and categories to prevent possibility of operational paralysis due to absence of one or more signatories, without compromise to the internal controls over the financial resources of the College;
- ACT shall maintain and update a register for all bank accounts maintained by it;
- No staff shall use a ACT's bank account to conduct personal affairs;
- Monthly bank reconciliations shall be carried out for each bank account maintained by ACT and submitted as part of monthly financial statements submitted to the DPAF by

the 15th day following the end of the month;

- In no circumstances should deposits and payments made by error by the bank, be recognized in ACT's books of accounts. Rather these should be reported to the bank in writing for resolution and follow up action instituted.

16.2 Opening and Closure of bank accounts

- The DPAF shall identify the need for a new bank, new bank account, additional facilities or amendment in account signatories;
- In the case of closure of a bank account, the DPAF shall highlight reasons to close that bank account and prepare a request and submit it to the PRINCIPAL for review and signature.
- The request shall indicate the following information - the reason for opening or closing the account and proposed signatories;
- The Name and Branch of the bank;
 - Nature of account; and
 - Proposed account title.
- The PRINCIPAL will review and if in agreement, sign; then the DPAF shall submit the request to the bank for action.
- The accountant shall maintain a register of bank accounts. The register should contain information regarding the name and number of the bank account; purpose of the account (e.g. operational, deposit, savings etc.); date of opening the bank account; the banker and the branch, if applicable; the names of the authorised account signatories and individual authority limits if applicable; and copies of specimen signature for each of the signatory should be filed.

16.3 Procedures for Issuing Cheques

- A cheque should be issued in such a way as to minimize the possibility of making any subsequent changes in it in figures or words. This is meant to mitigate against forgeries and fraudulent alterations.
- It is prohibited to sign any blank cheque leaves.
- Unless a chequebook has been exhausted, a new one should not be used.
- All signed cheques should be sent or delivered to their beneficiaries as soon as possible.
- All cheque stubs/counterfoil for issued cheques must be properly kept for audit purposes.

16.4 Cancelled Cheques

A cheque may be cancelled, say, upon making errors while writing the cheque. The following applies to canceled cheques:

- Where a cheque is cancelled for any reason before being issued, the word "**Cancelled**" should be written clearly on the cheque and its counterfoil.
- Cancelled cheques should be kept for audit purposes.

- Where the transaction related to the canceled cheque had been recorded in the cashbook, such transaction should also reflect the change in cheque references.

16.5 Procedure for stopping Cheque Payment

After the issuance of a cheque to the beneficiary, the cheque may be stopped for various reasons, say, upon realizing errors were made while drawing the cheque, the cheque has been reported as lost, the cheque has expired. The following shall apply to stop cheques:

- The right to stop payment of a cheque will be limited to the DPAF.
- A cheque should be stopped immediately upon receiving a notification from the beneficiary that the cheque has been lost, stolen or damaged after he/she has received it.
- A cheque will be considered cancelled immediately after obtaining a confirmation from the bank that the cheque will not be paid, and after the bank has taken all the necessary procedures to cancel it.
- A replacement cheque may be issued if it is proved that the beneficiary has not collected the cheque amount during its validity period, after obtaining confirmation from the bank to the effect that the beneficiary has not cashed the cheque.
- Management shall issue a replacement cheque after getting confirmation from the bank that the cheque has not been paid upon the submission of the “stop payment notification”.
- Where a cheque has expired, management should issue instructions to the bank to stop the cheque.

16.6 Bank Account Signatories

All bank accounts shall only be operated with the joint signatures of authorized signatories. The following are the Proposed signatories on ACT bank

Signatories	Threshold
1. Principal	
2. DPAF	
3. Any other Member of Senior Management appointed by the Council	

The following procedures apply to bank account signatories:

- No person shall act as a signatory to any bank account without an appointment letter to that effect issued by the College Council; Payment order/cheque must be signed by at least two authorised signatories and all cheques shall be non-negotiable.
- The letter appointing a signatory should specify his/her role, responsibility,

monetary limit and any conditions of appointment.

- Before signing the payment order/cheque, the bank account signatory is required to ensure that the supporting payment order has been properly signed by the persons vested with the authority to sign it;
- The signatory must further satisfy himself/herself that the payment order/cheque is correctly drawn and that the payee and the amount correspond with the details of the supporting payment voucher;
- It should be noted that splitting payments into smaller Payment Orders or cheques to circumvent the established signing limits is not allowed;
- Unlike, authority over expenditure (payment voucher authorisation), bank signatory authority CANNOT be delegated. This means that any bank account should have more than two signatories so that while a signatory is temporarily unavailable, there is no need to appoint a new (yet temporary) signatory.

16.7 Bank account reconciliation

- The Director of Finance is responsible for ensuring that bank reconciliation statements are prepared on a monthly basis.
- The bank reconciliation should be prepared by the accountant,
- The reconciliation should be prepared within 10 days after the end of each month to allow time for review by the Director of Finance and timely preparation and submission of monthly financial statements to the MD and other partners.

17. Staff Imprest, Claims and Mission Allowances

17.1. Introduction

To describe the procedures and accounting treatment of imprest given to staff, imprest may be given to ACT staff where it is found necessary, for example, to finance travel expenses or purchase of important items where prices may not be known with certainty in advance.

17.2. Procedures

- i. All employees shall request for imprest through their supervisors in writing to the DF. The request shall show the purpose of the imprest and the estimated amount required.
- ii. Once the request is approved by DF, an imprest voucher shall be prepared and addressed to the accountant. The approval request for the imprest shall always be annexed to the imprest voucher.

- iii. All imprest shall be accounted for to the accountant by producing the necessary invoices and receipts within a reasonable time, depending on the circumstances of each case under which the imprest is given.
- iv. Whenever imprest shall be given to a staff member his/her personal account shall be debited with the corresponding credit entry in cash or Bank account in ACT's accounting system.
- v. When the staff member accounts for the imprest given, his/her account shall be credited to cancel the original debit entry and the corresponding debit will be in the appropriate expense/asset account.
- vi. No additional imprest shall be given to a staff member before a previous imprest is fully accounted for.
- vii. Unless there are justifiable reasons for holding on imprest for more than one month, imprest not accounted for within one month after the month it was given shall be recovered from the employees' salary in equal instalments. The Human Resources department shall authorize the recovery from employee's salary.

17.3. Other claims

Travel Allowances

College policy on official travel requires that College transport be used for official duties whenever possible but where transport is not available; a member of staff may claim reimbursement for the use of his/her vehicle upon provision of proof of payment. The reimbursement shall be based on the official approved rates.

PER DIEM RATES

Destination	MEALS&PERSONAL SPENDING	MAXIMUM ACCOMMODATION EXPENSES
United States	\$ 100	\$150
Dubai	\$ 100	\$ 150
England	£100	£200
Rest of Africa	\$ 50	\$ 150
Outstation- in Rwanda South Africa	\$100	\$120
Europe	€100	€200

- i. Expenses in the personal spending column will not require receipts
- ii. Expenses on Hotels, cabs, etc. must be receipted and detailed accountability must be given.
- iii. Hotels should be pre-planned before apart from exceptions for emergencies.
- iv. **Note:** Whenever required an employee may take accountable advance and provide receipts and detailed accountability.
- v. Per Diem beyond 15 days outside Rwanda shall require the approval of the Principal or his designate.
- vi. Exceptions to this may be approved by the Principal's office.

18. Payroll Procedures

18.1. Purpose

This section describes the system and procedures to be followed and the documentation to be used in preparing and analyzing ACT's monthly payroll. Payroll transactions include salaries (including advances); allowances; loans; and processing of joiners; and leavers.

The purpose of the payroll system is to ensure:

- ☐ Complete and accurate data capture and payroll processing
- ☐ Production of all required reports on time
- ☐ Employees are paid following letters of appointment and any revisions thereafter are adequately documented.
- ☐ There is adequate security over payroll data.
- ☐ Statutory and voluntary deductions are properly calculated accounted for and remitted to the appropriate authorities timely.

18.2. Policy

ACT will issue appointment letters to all newly employed staff and the payroll processing will be in line with the terms and conditions of service of each category of staff. The Finance Department will not make payroll changes without the express authority of the Principal. Tax will be deducted on all taxable pay following relevant tax law. ACT will comply with local labour laws, regulations governing employment, and provisions of specific employment contracts. to avoid the risk inherent in carrying large sums of money

and minimize the risk of loss of payroll frauds, all staff will be required to operate bank accounts through which their salaries will be paid. The payroll will be prepared monthly by the Director of Finance and Approved by the Deputy Principal of Administration Finance and will ensure that this is prepared by the 25th of every month. The payroll will be Prepared by DF, and approved by the Principal. Once approved, they will be forwarded to the DPAF for authorization of payments. Salary bank transfer instructions and the payment order will be forwarded to the bank to ensure salaries are credited to employee bank accounts before the end of the month. Part-time and visiting teachers shall be paid based on the approved payment form indicating hours of teaching and approved by the Deputy Principal of Academics.

18.3. Summary of the System

The main features of the system are as follows:

- ☐ The Human Resource Officer prepares the payroll. All approved amendments to the payroll must be received by the DF and approved by the Principal by the 25th of every month to ensure processing in the same month;
- ☐ The DF will review the staff expense account aged analysis report and identify overdue advances that are to be recovered from payroll.
- ☐ The DF will review staff loan account balances and ensure that recoveries are made from payroll in accordance with agreed principles.
- ☐ The payroll is closed on 25th of the month, and the payroll signed off by the Human resources Reviewed by the DF and Approved by the Principal and authorised for Payment By DPAF. The payroll will compile a monthly payroll file with all supporting documents for payroll entries, and reconciliation schedules to show movements from prior to current month on key fields such as basic pay;
- ☐ Payment of salaries to staff is by means of direct transfer to their bank accounts.
- ☐ Cash payments for payroll are strongly discouraged. All employees are required to maintain a bank account into which their salaries are paid; in exceptional circumstances where some employees (such as temporary or casual staff) are paid in cash or by cheque, they are required to sign for their salary in a payroll dispatch book maintained by the Human Resource;

- ☐ Pay slips must be issued to staff no later than the last working day of the month.
- ☐ All statutory deductions and contributions should be accounted for and recorded. The DF must ensure that the payroll system is capable of processing all statutory requirements, and producing the necessary monthly/quarterly / annual returns;
- ☐ The Accountant will upload the payroll journal to the Accounting system by the last working day of the month. This is necessary to allow sufficient time for the following routines to be completed:
- ☐ Account allocation of the salaries control accounts (net pay control, health & social contributions control accounts) and preparation of month-end schedules for the balance sheet

18.4. Payment of Lecturers

- ☐ Full-time Lecturers are paid on a monthly basis in arrears.
- ☐ All remuneration paid to full time Lecturers is subject to statutory deductions (i.e. PAYE, NSSF, etc.) and calculated in accordance with the National taxation laws in force.
- ☐ Part-time Lecturers are paid based on actual hours taught. It is the number of hours taught multiplied by the rate per hour. Claims are made on time sheets which must be checked by the Accountant, verified by the DF and approved by the Principal and authorised for payment by DPAF.
- ☐ Remuneration of part-time Lecturers is subject to statutory deductions calculated in accordance with the National taxation laws in force.
- ☐ No salary is paid in cash but directly through the individual's bank account

19. Staff Loans and Advances Policy

19.1. Introduction

The general policy is that loans or salary advances will not be issued to staff.

ACT will only approve salary advance in case of utmost emergency. This shall be applied for in writing and approved by the Principal. The amount of salary advanced shall not

exceed 3 times of the net salary of the member of staff. It shall be repayable within a maximum of 12 months. The amount deducted each month should not exceed 1/3 of the net salary.

The procedures for obtaining a salary advance shall be as follows:

- i. The request for a salary advance should be first approved by his or her immediate supervisor.
- ii. The employee who wishes to apply for a salary advance shall then write a request letter or fill a request form to the Principal. Once approved, it will be sent to the Finance Department for payment.
- iii. After an advance has been paid, the equivalent amount will be recovered in equal instalment throughout the period stipulated in the approved request letter. This will be subject to a maximum repayment period of 12 months.
- iv. Approval of salary advance application is dependent on the institution's cash flow.

19.2. Loans from Financial Institutions

ACT may agree to facilitate personal loans for staff with reputable financial institutions such as banks and leasing companies.

ACT will not guarantee such loans but will assist the employees by:

- recommending them to the institutions by signing a salary certificate form
- remitting salaries to the designated accounts and; notifying the institution (lender) when the staff member leaves the Organisation

20. Accounting for Accruals and Prepayments Procedure

20.1. Purpose

This section describes the system and procedures to be followed and the documentation to be used in calculating and accounting for accruals and prepayments at the end of each financial period.

20.2. Responsibilities

The DF is responsible for:

- Carrying out a full analytical review of the accounts to ensure that any prepaid transactions have been properly accounted for, and all material accruals are posted;
- Advising the accountant and subordinate staff on the computation of accruals required in the period.
- Ensuring that accruals are duly reversed when the respective expenses are approved and posted
- Reviewing and signing off the month-end accruals schedule to confirm that all balances carried forward are valid
- Reviewing the prepayments schedule and ensuring that all charges which relate to the current month are posted
- Reviewing and signing off the prepayments schedule for the balance sheet file, ensuring that all balances carried forward are valid and the timing of transfers from prepayments to profit & loss account is clearly shown
- Ensuring that account allocation is maintained in the accounting system to match entries that cancel out, facilitating analysis of the closing balances

20.3. Procedures for Accruals

The DF should at the end of the financial period examine the College's records to establish goods or services received during the period, for which no charge has been obtained from the supplier (invoices not submitted) or no accounting action taken (invoices received but not yet approved). Examples include telephone calls, utilities, and bank interest for which the supplier submits invoices in arrears.

- i. For goods or services procured by use of LPOs, where the invoice has not yet been received, the DF should review unmatched LPOs and use these as a basis for accrual of material amounts;
- ii. For costs where invoices have been received but not yet approved, the DF should review the commitment account and accrue for material amounts;

iii. For costs incurred under contract such as telephone calls, electricity, and bank interest, the DF should accrue for material amounts based on his / her knowledge and experience of the typical costs incurred; The accrual journals should be supported by workings and supported documents for reference. No standard working papers are to be used because of the varying nature and timing of the different expenses accrued. Accruals should be maintained as permanent records of the adjustments made in each period. It is recommended that a reversing journal is used for posting accruals. The accounting entry for accruals will take the format:

For ease of reporting and analysis, the DF may set up different accrual accounts for key categories of regularly accrued expenses for example:

- leave accruals
- Bonus accruals
- Telephone accruals
- Bank interest accrued

20.4. Procedures for Prepayments

Certain expenses are normally paid in advance, e.g. rent, insurance premiums, and software licenses, for which the College will only receive the benefit or make use of in future financial periods. These may be monthly, quarterly, bi-annual, or annual installments. Amounts that are prepaid should be identified during invoice processing. If any amounts are identified as prepayments during invoice processing, the Accountant will immediately update the prepayments balance sheet schedule. The DF will review all P&L transactions, and also the prepayments schedule for the month to ensure that all prepaid installments relating to the current month have been posted to the P&L. The DF will also check that no prepaid expenses have been debited in full to the P&L. In such circumstances, a journal must be passed to transfer the prepaid portion to the prepayments account, and the balance sheet schedule updated.

20.5. Exchange Differences Concerning Accruals and Prepayments

The DF should be mindful of exchange differences when processing accruals or prepayments that are denominated in a foreign currency. It is important to ensure that

on clearing the balance to the P&L, the balance sheet entry is fully reversed in both base and foreign currency. Exchange differences are more likely to arise on prepayments rather than accruals since accruals are revisited each month and posted at the current month rates. However, the DF must review both accounts at each quarter end to ensure that balances are carried at the correct values both in local and foreign currency.

Realized Exchange Differences

To avoid the build-up of unnecessary exchange differences, it is recommended that the rate at which the prepayments are transferred to the P&L is fixed at the rate ruling at the transaction date and used consistently on all reversals. However, where the exchange rate fluctuates significantly, and the repayment period is long (e.g. more than 3 months) the Accountant may agree with the DF to use current rates. In this case, an exchange difference will arise in local currency. This must be cleared from the prepayments account and posted to the realized. Any residual exchange difference must be posted to the realized exchange difference. Any residual exchange difference must be computed and posted to the realized exchange difference account in the P&L.

Unrealized Exchange Differences

At quarter end, the DF is required to compute unrealized exchange differences on foreign currency-denominated balances by comparing the local currency equivalent in the system (which is at a historic rate) with the local currency equivalent at the quarter-end closing rate. Any material exchange differences should be posted to the unrealized exchange difference account in the P&L. When the balance finally clears, the associated exchange difference will become realized.

21. Fixed Assets Records and Management Procedure

21.1. Objective

To identify the capital expenditure that constitutes fixed assets and highlight the procedures of managing and recording fixed assets.

21.2. Definition of Fixed Asset

Fixed Assets shall be defined as resources of ACT with the following distinguishing features:

- Acquired for use in the College and are not for resale;
- Have estimated useful life of more than one year; and

All material resources which satisfy the above criteria shall be classified as fixed assets of the College. All donations of fixed assets to ACT shall be given a monetary value and included in the books of accounts of the College.

21.3. Procedures for Acquisition, Maintenance & Disposal of Fixed Assets.

Acquisition of Fixed Assets:

- All purchases of fixed assets must be authorized by the Deputy Principal of Finance and Administration and the Principal
- The purchase of fixed assets shall follow the established procurement procedures.
- A fixed asset shall be purchased only when the provision for its purchase is in the
- Fixed Assets acquired through donations shall be brought into the fixed assets' record at cost.
- Expensive or highly specialized items of fixed assets shall be supplied with performance guarantee or warranty agreements for not less than one year.
- The technical specifications and the fixed asset capacity shall be part of the supply agreement and it is on the basis of the specifications that the performance guarantee shall be given.

21.4 Fixed Asset Identification Number (tagging)

- Each fixed asset of ACT shall be given a unique identification number and it shall be indicated on a label, which shall be fixed on each fixed asset.
- Fixed Assets in each office shall be listed and the list shall be fixed in a visible place within that office.
- Transfers between offices shall be made only on authorized transfer forms and the fixed assets record in each office shall be appropriately adjusted. The Accountant shall keep a copy of the Fixed Assets register showing how the fixed assets are distributed within the different departments and offices of ACT.

21.5. Fixed Asset Register

All the fixed assets of the College shall be recorded in a Fixed Asset Register. The fixed asset register shall have the following information about the fixed assets:

- ☐ The Fixed asset description.
- ☐ Manufacturer's serial number.
- ☐ Useful life of the asset.
- ☐ The cost of the item.
- ☐ The date of acquisition.
- ☐ Location of the item.
- ☐ Internal identification number.
- ☐ The name of the supplier.
- ☐ The depreciation rates.

The fixed asset register must be updated with acquisitions and disposals.

21.6. Physical Count of Fixed Assets

ACT's fixed assets shall be physically counted at least once a year. The physical count results shall be compared with the records and any discrepancies found shall be investigated and resolved. The physical count exercise shall produce a report on the physical condition of each fixed asset, highlighting those that have experienced unusual events like major accidents or those that were transferred or exchanged during the year.

21.7. Insurance of Fixed Assets

All the fixed Assets of the College shall be insured against possible risks. in the circumstances, management shall make a decision on the appropriate insurance policies to be taken. it shall be the responsibility of the Procurement office to negotiate fair insurance covers for ACT's fixed assets. It shall be the responsibility of DF to ensure that the insurance premiums are paid on time and that they are properly treated in the accounts. The DF shall ensure that the necessary prerequisites for lodging successful insurance claims are put in place.

21.8. Fixed Assets Repairs and Maintenance

ACT shall provide stewardship of the infrastructure in the area of maintenance and repairs, as such the Stewardship Officer shall take responsibility. Financial needs in this regard shall follow the approval threshold of ACT. Service contracts with reputable companies must be undertaken to ensure that the equipment of ACT is properly maintained. Proper control measures of fixed assets use shall be put in place to ensure that the repair and maintenance costs are kept at a minimum. Measures such as the use of logbooks to monitor the movement of vehicles, use of register books to record personal use of office facilities such as telephone, photocopiers, Internet, etc. If the use of these facilities is not properly controlled, the costs of repairs and maintenance can exorbitantly be high. Where the staff must use the facilities for both official and private work, a system shall be designed to be able to distinguish private use and official use of the facility. Management shall set limits of expenditures for reimbursement to staff that are authorized to use the facilities for both private and official use.

21.9. Depreciation

It is the allocation of the depreciable amount of an asset over its estimated useful life. The fixed assets of ACT shall be depreciated on a straight-line method and based on the time they have been owned by ACT, but ownership for periods of less than one month shall be ignored in calculations of monthly or annual depreciation charges. Different depreciation rates shall be applied in calculating depreciation for the different classes of Fixed Assets owned by ACT. The following depreciation rates, which are in line with the provisions of the Rwandan law, shall be applied.

<i>Asset category</i>	<i>Rate Applicable</i>
Long leasehold land (over 50 years)	Nil
Leasehold land and buildings (less than 50 years)	Over the period of the lease
Freehold land	Nil
Freehold buildings	5%
Plant and machinery	33.33%
Motor vehicles	25%
Furniture and office equipment	12.5%
Computer Equipment-Hardware	25%
Computer software	33.3%
Fixtures and fittings	33.3%

21.10. Loss, Damage, or Theft of the Fixed Assets

The loss, damage, or theft of a fixed asset shall be reported to the operation office which will investigate to establish how the fixed asset was damaged, lost, or stolen. If the asset cannot be recovered it shall be reported to the Accountant who shall then report to the DF and DPAF the DF shall make a report of the loss to the police and shall keep a copy of the report on file and update the report with any police findings. In some cases, like the damage or loss of a vehicle, it shall be necessary that a report is made to the police as soon as possible, in which case the driver of the vehicle at the time of the incident shall make the report to police and the DF and DPAF. Fixed assets lost shall be removed from the fixed assets register and the loss on disposal shall be calculated after taking into account any recoveries from the Insurance companies. The DF shall immediately take the necessary steps to get compensation for the asset lost, damaged, or stolen, from an insurance company.

21.11. Procedure of Disposing of the Fixed Assets

The senior management shall authorize the disposal of the fixed asset in writing.

The DF shall write to the DPAF seeking authority to dispose of one or several fixed assets of ACT. The request shall include reasons why the fixed assets have to be disposed of, and the preferred method of disposal.

Donation: The fixed asset may be disposed of in the form of a donation as may be approved by the senior management.

Auctioning: The reserve price of the fixed asset to be disposed of shall be based on a valuation of the fixed asset given by a relevant professional person. The proceeds of the fixed asset disposal shall be received on sale by a certified cheque drawn in favor of ACT.

22.Accounting for Office Consumables

22.1. Purpose

The purpose of this section is to describe the system and procedures to be followed and documentation to be used to account for and control of office consumables. These primarily include printing, photocopying, telephone, and pool vehicle costs. This section primarily describes the process in so far as it affects the Finance Department.

22.2. Responsibilities

The Accountant is responsible for:

- ☐ Maintaining safe custody of the infrastructure e.g. photocopiers, and vehicles;
- ☐ Ensuring that maintenance and service contracts with reputable suppliers are in place
- ☐ Maintaining operating systems, whether manual or electronic. Examples include photocopying software, printing software, and vehicle mileage logs.
- ☐ Preparing the budgets for consumables for all sections and support departments;

The DF is responsible for:

- ☐ Ensuring that accountabilities are received for office consumables;
- ☐ Reviewing the office consumables budgets for reasonableness;
- ☐ Recovering personal costs from payroll at month end;

22.3. Summary of the System

The costs are incurred in different ways as follows:

- ☐ Pool vehicle costs comprise primarily fuel, maintenance, parking, and insurance charges. These are debited to the motor vehicle accounts.
- ☐ Printing and photocopying costs consist mainly of paper and toner, as well as maintenance. At invoice authorization, the costs are debited to the Stationery account.
- ☐ Telephone and other communication costs are the costs incurred and are debited to the Telephone Account.

The journal entries to record the costs will typically be:

Debit: Expense account (stationery, telephone, vehicle, etc.);

Credit: Cash/Bank

23. Compliance Matters-Taxes and Statutory Returns

23.1. Purpose

The organization is required to comply with all local statutory and regulatory laws. This section describes the main principles to be followed to ensure compliance.

23.2. Responsibilities

The DF is responsible for:

- i. ensuring total compliance with all regulations, and that the organisation is not subjected to any penalties or embarrassment for non-compliance
- ii. all returns are filed, and payments are made by the due dates as required by the Rwanda laws
- iii. organizing tax health checks on all areas –payroll taxes, withholding (and other indirect taxes), income tax – at least once a year
- iv. reviewing all transactions to ensure compliance before processing in the accounting systems
- v. keeping abreast of new developments through constant liaison with the TAX department, and ensuring the Finance team is kept well-educated on regulatory requirements and changes
- vi. ensuring that where tax is withheld on invoices

The Accountant is responsible for

- i. Checking the accuracy of tax computations
- ii. Ensuring all taxable payments are captured in the tax computations
- iii. Ensuring that taxes are prepared and paid within set timelines as below: PAYE by the 10th of the following month, Withholding taxes by 10th of the following month, Quarterly Corporate Income tax by the 15th of the due quarter, Corporate Income tax by the 15th March of the following year, Ensuring that they review all transactions for statutory compliance before processing

24. Procurement Policy and Procedures

24.1. Purpose

It should describe the procedures, methods, and documentation, to be used in the procurement of goods and services for use by the organization.

24.2. Introduction

Procurement means the acquisition of goods, works, and services. To comply with the Procurement regulations, every department is required to obtain and keep readily available to staff, among others, the following documents:

- i. Approved Procurement policies & procedures.
- ii. Procurement Plans which are guided and approved by Senior Management or College Council, as the case may be, in applying procurement procedures, special attention shall be paid to the following:

(a) While the price paid is important, what is far more important is obtaining value for money. The right quality to meet the specified need is vital and it is important to ensure that goods, works and services are delivered in line with planned schedules. It is also important to procure the correct quantity of materials having regard to the advantages of bulk procurement.

(b) In addition to the price, the procuring entity needs to take into account quality, quantity, source time, and internal and external factors, which are crucial to its decision-making.

(c) When selecting a supplier, the procuring entity shall endeavor to identify an organization that will meet its needs in quality, quantity timing, and dependability at the lowest cost through the Technical Evaluation process.

24.3. Procurement Plans

Procurement planning is mandatory for all departments, Procurement planning serves to: Determine what will be procured, at how much, and when, Funds to be committed in all procurements have been budgeted for, splitting of orders to circumvent approval ceilings is not allowed, and cannot subsequently be excused. All departments must ensure they prepare in advance their Procurement Plans which they will follow during the financial year. These plans must be approved before they are applied. The Procurement Plans must be filed with Finance and/or other authorized receiving departments. Ad-hoc purchases are not permitted. In case of emergency purchases supporting documentation must be prepared and approved before execution. Heads of Departments who are

charged with procurement responsibilities must ensure that procurement plans are prepared in line with their annual budgets and implemented. They must therefore monitor the implementation of procurement plans quarterly and make adjustments as necessary. Procurement planning is the responsibility of all those charged with procurement responsibilities of the organization. Procurement is a complex function and requires the participation of all actors. It is also important for all actors to co-ordinate in performing their roles for the success of the procurement function.

The annual procurement plan should have the following details (where applicable):

- ☐ Contract package
- ☐ Estimated cost
- ☐ Proposed procurement method
- ☐ Dates for completion of key procurement activities including:
 - (i) Preparation of tender documents
 - (ii) Opening tenders
 - (iii) Selection of consultants
 - (iv) Working drawings
 - (v) Receiving proposals/tenders
 - (vi) Tender evaluation
 - (vii) Procurement Committee adjudication and contract award
 - (viii) Signing of contract agreements
 - (ix) Implementation process to completion
 - (x) Payment to supplier/contractor

24.4. Choice of Procurement Procedure

Procurement will generally be done using any of the following methods:

- (i) Open Tender
- (ii) Quotations
- (iii) Restricted/Tendering
- (iv) Direct Procurement
- (v) Request for Proposals
- (vi) Specially permitted method (to be approved by Public Procurement Disposal “Act”

upon justified request).

The above methods are described as follows:

(1) Open Tender System

The preferred procurement method of the College is the Open Tender System. Where any other procurement method is used, a record of the reasons for the choice of that other procedure shall be made before its use and approval in writing given by the Procurement Committee. The process of the open tender system in the Africa College of Theology shall be as follows:

- i. Submissions of requirements in line with procurement plans by the user departments to the Procurement Officer. The submissions shall incorporate technical specifications.
- ii. Invitation of tenders through the local media in at least two (2) national newspapers of wide circulation with clear details of tendering procedures.
- iii. Opening of tenders shall be done by a committee of at least three responsible officers appointed by the accounting officer in the presence of tenderers one of whom shall be an officer not directly concerned with processing of the Tender. Each tender shall have a different opening committee.
- iv. Evaluation by Technical Evaluation Committee comprising experts in the particular area concerned.
- v. Tender awards by the College Procurement Committee.
- vi. Examination and Evaluation of Tenders: The tender examination and evaluation criteria that would be followed by the procuring entity should be disclosed in the invitation to tender. Where possible a tender should be evaluated for technical qualification, followed by the financial evaluation. Technical evaluation should be done by a Technical Evaluation Committee appointed for that purpose. The committee should be professionally qualified to rate all the tender offers concerning quality and performance. the Technical Committee should be furnished with the following by the Procurement Department:
 - i. Tender documents
 - ii. Samples
 - iii. Any literature received from tenderers
 - iv. Qualification of candidates to participate in Public Procurement shall be based on the following criteria:
 - Possession of the necessary professional and technical qualifications and competence;
 - Financial resources, equipment, and other physical facilities;

- Managerial capability, experience, and personnel to perform the contract;
- Legal capacity

To speed up the tendering process to be in line with tender price validity, the technical evaluation committee should be given a specific time frame within which to give its written and signed report. During or after procurement proceedings, no procuring entity and no employee or agent shall disclose the following:

- Information relating to a procurement whose disclosure would impede law enforcement or whose disclosure would not be in the public interest;
- Information relating to procurement whose disclosure would prejudice legitimate commercial interests or inhibit fair competition;
- Information relating to the evaluation, comparison, or clarification of tenders, proposals, or quotations; or
- The contents of tenders, proposals, or quotations.

(II) Quotations

A procuring entity may use a request for quotations for a procurement if:

- The procurement is for readily available goods for which there is an established market; and
- The estimated value of the goods being procured is less than or equal to the prescribed maximum value for using requests for quotations is RWF 100,000

(III) Direct Procurement

A procuring entity may use direct procurement if the following are satisfied:

- There is only one person who can supply the goods, works or services being procured
- There is no reasonable alternative or substitute for the goods, works, or services. A procuring entity may use direct procurement if the following are satisfied:
- There is an urgent need for the goods, works, or services being procured;
- Because of the urgency the other available methods of procurement are impractical;
- The circumstances that gave rise to the urgency were not foreseeable and were not the result of dilatory conduct on the part of the procuring entity.
- The total cost of the goods to be procured in bulk is below the Rwf 100,000 threshold as provided for under the Petty Cash Payments

(IV) Restricted Tendering

The procuring entity may use this method when:

- i. Competition for the contract, because of the complex or specialized nature of the goods, works, or services, should be limited to qualified candidates;
- ii. The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured

(V) Request for Proposals

The procuring entity may use this method when it seeks to obtain consulting services for which open or restricted tendering is not suitable because of the difficulty in defining precisely the services, the proposals shall be addressed to not less than three, and not more than seven candidates selected by the procuring entity.

The request for proposal shall contain at least the following information:

- i. Name and address of the procuring entity.
- ii. A description of the services required, normally through terms of reference.
- iii. Criteria for evaluating the proposals.
- iv. The place and deadline for the submission of proposals.
- v. The candidates shall be given adequate time to prepare their proposals.
- vi. The place and deadline for submission of the proposals should be indicated.

Each procurement activity for goods, works, and services should be assigned:

- i. The responsible and relevant officials with appropriate training
- ii. Time within which it should be completed.
- iii. Appropriately equipped office.
- iv. Regular and up-to-date reports.

24.5. Tender (Procurement) Committee

Refer to the procurement manual.

24.6. Stock and Stores Accounts

The Finance Department shall be responsible for proper accounting for stocks and stores. Departmental stores should requisition for items required by the departments. The following store procedures shall apply:

All requisitions for stores shall be on the prescribed Internal Stores Requisition and Issue Notes:

- i. All departments shall be answerable to the Finance Department for the custody and proper accounting of stocks and stores under their charge and shall implement all stores procedures;
- ii. The stores shall maintain adequate records for stock control such as Stock Control Ledger and bin cards;
- iii. All goods shall be inspected by the Inspection Committee Officers to determine compliance with quality and quantity specifications;
- iv. A delivery note signed by the storekeeper or any other authorized officer receiving goods shall accompany any invoice submitted for payment. The delivery note shall be signed at the time of delivery of goods;
- v. A Stores Issue Note shall accompany all goods from the store;
- vi. All receipts and issues of stores must be recorded in the Stores/Ledger/Bin Cards immediately after each transaction takes place;
- vii. There shall be regular stock counts by the Storekeeper or Accountant in charge. Any discrepancies between the physical stock and the bin cards shall be investigated for appropriate action;
- viii. There shall be an annual stock-taking at the end of every financial year, and the result shall be incorporated in the annual accounts. An independent officer together with the Internal Auditor shall attend and participate in the annual stock-taking.

24.7. Records Maintenance and Other Regulations

- i. Procurement records must be kept for 6 years from the date any procurement proceedings have been concluded or as per donor regulations for donor-funded projects.
- ii. A record of proceedings can be made available to participating candidates who participated but information given should be restricted to summaries.

25. Reporting

25.1 Purpose

ACT requires accurate financial information that will assist management in:

- ✓ developing policies and planning future operations;
- ✓ making informed and effective decisions on the allocation of resources;
- ✓ measuring the performance of the Organisation; and
- ✓ Controlling and monitoring the operations.

This section sets out the requirements and processes for preparing the management reports.

25.2 Objectives

This section describes the minimum procedures to be followed in preparing routine monthly and year-end financial reports. The reporting procedures are meant to improve the level of the Management Information System (MIS) by ensuring that the resulting information is relevant, reliable, and timely. The cashbook is the primary source of ACT's financial information. To achieve any meaningful reporting levels, the cashbook should be updated regularly, preferably daily with all financial transactions that have occurred. Further, the data inputted in the computer system must be subjected to prior and post-review procedures to minimize errors and omissions. It shall be the responsibility of the Deputy Principal of Finance and Administration to ensure that routine, monthly, quarterly, and year-end financial reports are prepared and presented within the stipulated deadlines. The Rector will always review and approve the reports before forwarding them.

The objective of any management information system is to provide:

- ✓ Useful and meaningful information to the recipient that will assist them in performing their duties more effectively;
- ✓ Relevant information for decision-making;
- ✓ Timely information; and
- ✓ Accurate information to an acceptable level.

25.3 Basic Routines

The following are the basic routines:

- i. Preparation of weekly/monthly financial reports.
- ii. Weekly/monthly cash flow status reports or cash requirements reports.
- iii. Accounts payable aging, including commitments.
- iv. Accounts receivable aging
- v. Bank reconciliation and review of the cash books.
- vi. Petty cash reconciliation
- vii. Payroll creditors' reconciliation.
- viii. Preparation of cumulative imprest, with the number of days the imprest has been outstanding
- ix. Preparation of journal entries/vouchers
- x. Review of ledger balances and control accounts
- xi. Preparation of supporting schedules
- xii. Cut off procedures.
- xiii. Prepayments
- xiv. Accruals
- xv. Extraction of a trial balance
- xvi. Preparation of monthly/annual variances against budget
- xvii. Income and Expenditure Account.
- xviii. Balance sheet.
- xix. Preparation and submission of Income tax returns concerning Pay as You Earn (PAYE).

25.4 Monthly Procedures

The following are the monthly procedures. These procedures should be completed within 10 working days after the end of the month.

Reconciliations

- i. Preparation of reconciliation statements for all the bank accounts
- ii. Preparation of the petty cash reconciliation and review petty cashbook
- iii. Reconciliation/analysis of other cashbook accounts, including any suspense accounts

- iv. Expenditure ledger reconciliations
- v. Reports
- vi. Budget execution report
- vii. Monthly stock returns
- viii. Monthly fuel consumption reports
- ix. Debtors and creditors report
- x. Any other report or management information that be may requested.

25.5 Monthly Management Accounts

Monthly management accounts are prepared and reviewed by management. The management accounts comprise the following separate but linked reports:

Financial reports: typically comprise the balance sheet, income statement, and cash flow statement. The statements shall show the comparison of actual and budgeted figures, and explanations for the major variances. These statements are supplemented by an overview (Notes to the Accounts) highlighting the key matters in the financial performance of the month.

The analysis of key performance statistics (KPIs) for the month: For example, the number of students per semester in comparison with the estimate, and key financial ratios. The statistical analysis shall show a rolling trend over several consecutive months, preferably twelve months. The determination of the various KPIs, which are outside the scope of this manual, would have been done during the business planning and budgeting session. Primarily, the monthly management accounts provide the necessary information to determine whether:

☐ The financial performance is on track. This facilitates the timely identification of deviations from plans, budget variances, and the determination of remedial actions.

☐ The expenditures are keeping within budget or the extent of necessary revisions to be made to ensure achievement of the original performance objectives and targets. The non-financial KPIs provide corroborative evidence to give assurance that the reported expenditures are consistent with the underlying activities. It is the responsibility of the Accountant to ensure that the monthly management accounts are ready for review by the 15th day after the end of the month being reported. The monthly management accounts are distributed to the DF and Heads of Department. It is expected that a dedicated meeting will be held every month to discuss the management accounts.

25.6 Quarterly and Year-end Procedures

Quarterly procedures will be completed within 30 working days after the end of each quarter. Year-end – to be completed within 30 working days after the end of the year

- i. Submission to the College Council the quarterly budget execution report
- ii. Preparation of quarterly financial statements (Receipts & expenditure statement)
- iii. Preparation of the report on outstanding commitments report (arrears report)
- iv. Any other report or management information that may be required.

25.7 Annual Financial Statements

At the close of the financial year, the DF has the responsibility to:

☐ Prepare financial statements comprising a balance sheet as at the last day of the year, an income statement for the year ended, a cash flow statement, and supplementary notes explaining the major issues in the statements, ensure that those financial statements have been audited. The audited financial statements must be presented to the College Council for discussion and approval.

25.8 Profit Tax Declaration and Remittance

ACT is subject to taxation on any surplus income from its operations. Surplus is the excess of income over operating expenses. The tax declaration is made on a specific form prescribed by the RRA, which shall be accompanied by audited financial statements. The declaration is merely management's reasonable estimate of the tax liability subject to audit and final assessment by the RRA. In practice, the ultimate tax payable varies with the amount declared. It is recommended that continued contact and advice regarding tax management should be obtained from RRA.

25.9 Annual Report

ACT shall prepare an annual report for each year. The annual report shall be completed by 31st March. It is the responsibility of DF, in conjunction with the Heads of department and the Accountant to ensure that the report is prepared by this date. The College Council shall determine the format and content of the Annual Report. At a minimum, it shall contain the following sections:

- ☐ Report by the PRINCIPAL
- ☐ Financial report, including audited accounts;
- ☐ Operational/technical report
- ☐ Budget variance analysis and explanations, financial and operations
- ☐ Highlights of the current year's budget; and
- ☐ Any pertinent issues deemed necessary

26. Audit of Financial Statements

26.1 Objectives

By law, it is statutory that the accounts of ACT be audited by External Auditors. An audit is routine and is not an investigation for wrongdoing. It is intended to enhance the financial statements' credibility and offer corrective criticism and advice. To be well prepared, the management of ACT should be aware of the scope of the audit, which is summarized as follows:

- i. To obtain sufficient evidence to be able to confirm whether the financial statements show a true and fair view of the affairs of ACT – in other words, whether, in material respects, those statements are complete, accurate, and truthful.
- ii. To assess the adequacy of accounting and internal control systems at ACT.
- iii. To establish whether the assets of ACT are adequately safeguarded from misuse or loss.
- iv. To establish whether, in its operational activities, ACT complies with the relevant laws and regulations such as those regarding expenditure management, taxation, and procurements.
- v. To establish whether the management of ACT conducted its affairs with economy and operational efficiency.

If the auditor has been satisfied with the evidence obtained from the financial statements, the auditor will affirm that those financial statements show a true and fair view of the affairs of ACT. However, if the auditor has some reservations on any key matter in the financial statements, those reservations would be stated in the audit report on those financial statements. The timing of the audit shall be negotiated with the statutory auditors and audited financial statements must be available by no later than 28th

February to enable submission of the profit tax declaration within the statutory deadline of 31st March.

26.2 Financial Audit

The law requires that ACT have its accounts audited by the external Auditor annually. An audit report shall be submitted to the College Council not later than six months after each financial year, the management shall ensure that financial statements together with the supporting schedules shall be ready in good time, giving auditors adequate time in which to conduct and complete the audit. The auditor shall produce a draft audit report and present it to the Principal who shall formally respond to issues raised before a final report is produced. The formal response shall be copied to the College Council. The auditor shall complete and issue the audit report by 28th February of the following year. A copy of the audit report shall be submitted to the finance department any comments arising there from shall be addressed to the College Council. Internal control issues that the independent auditors may come across during their audits shall be communicated to the College Council by way of a management letter. The DF shall ensure that the audit observations and recommendations are implemented, or otherwise dispensed before the next audit. Note: The preparation and presentation of financial statements are the responsibility of ACT's Management. The external auditors shall only be responsible for expressing an independent professional opinion on the financial statements. In addition, the auditor should normally issue a report covering the strengths and/or weaknesses in the internal control systems, accounting, and other operational procedures. Such a report is usually called a "Management Letter" and contains the following information:

- i.** The audit observations – explaining the observed anomalies, their undesirable impact, and the probable risk to ACT. The management of ACT has the right to be told the size of the audit sample from which each of the anomalies has been noted to gauge the extent of the problem to ACT.
- ii.** The suggested auditor's remedial recommendations. It should be noted that the auditor is not working in ACT on a full-time basis to know all the details therein. Therefore, the suggested remedies must be discussed between ACT's management and the auditor to confirm their appropriateness.

- iii. The comments by the management of ACT, usually the Principal, DF, and the Heads of the department. Those comments include the committed target deadline dates for the implementation of the agreed remedies.

The management of ACT has an inalienable right to discuss the findings and recommendations of the auditor before they are reported to any other party. This is to ensure that there are no disagreements on the contents of the auditor's report.

APPENDICES

Appendix 1: Payment Voucher

AFRICA COLLEGE OF THEOLOGY
P.O Box 1294, Kigali
Rwanda
Tel: 0788320773/0788597923

Payment Voucher

Bank:

Date:

Payee's Name:

Cheque No

.....
.....

Account	Class	Description/Particulars	Amount
TOTAL			

Amount in Words:

Prepared by: -----Sign -----

Checked by: -----Sign-----

Approved BySign.....

FOR ACCOUNTS OFFICE USE ONLY

Cheque Prepared By..... Posted
By.....

Authorised By.....Receipts received
by.....

Appendix 2: Journal Voucher

JOURNAL VOUCHER

AFRICA COLLEGE OF THEOLOGY

JOURNAL VOUCHER NO.

Date	Particulars	A/c Code	Budget line	Debit	Credit

Narration:.....

.....

Prepared
by.....

Date:.....
.

Approved by:.....	Date:..... .
Posted by:..... .	Date:..... .

APPROVAL

This policy is duly approved by

THE SENATE AND THE SENIOR MANAGEMENT COMMITTEE

AUGUST 2023